



National Audit Office



REPORT

# Investigation into asylum accommodation

Home Office

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**Home Office**

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## **Report by the Comptroller and Auditor General**

Ordered by the House of Commons  
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This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House  
of Commons in accordance with Section 9 of the Act

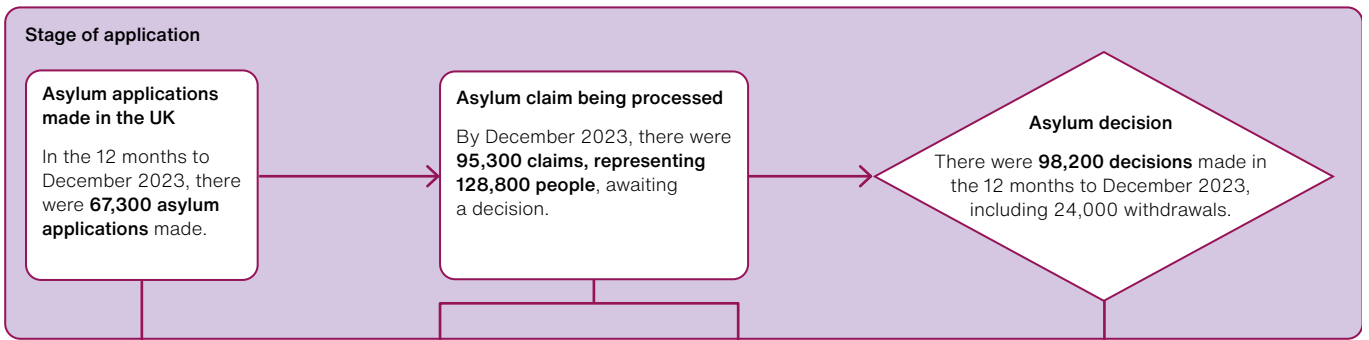
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**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

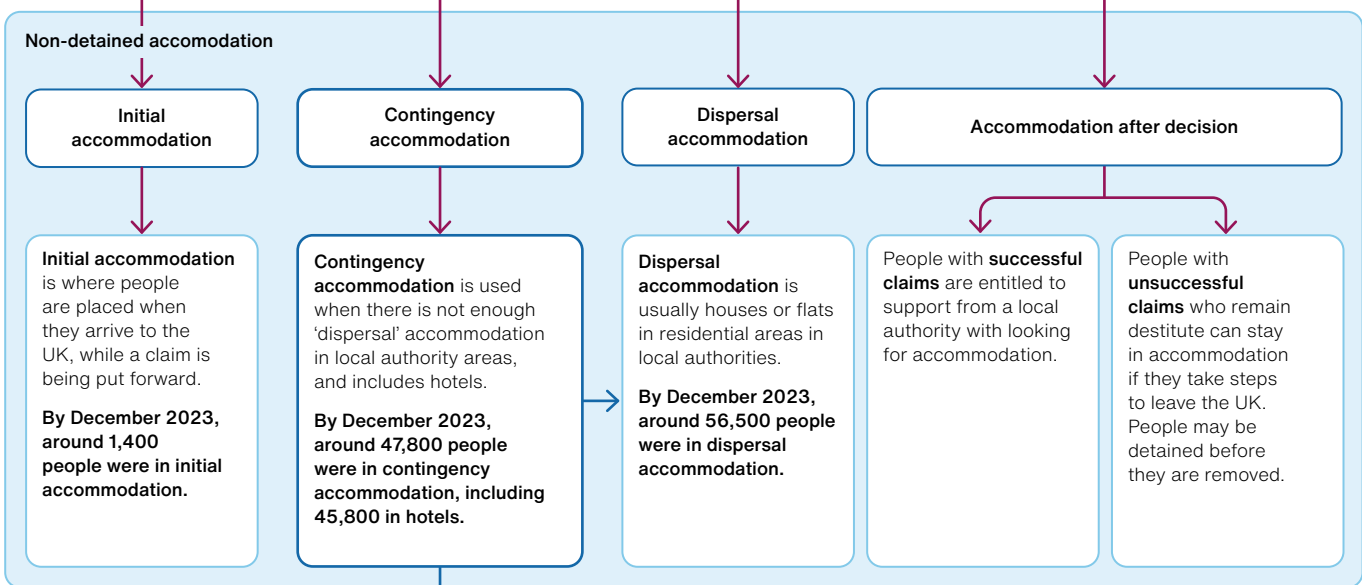
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# Key facts

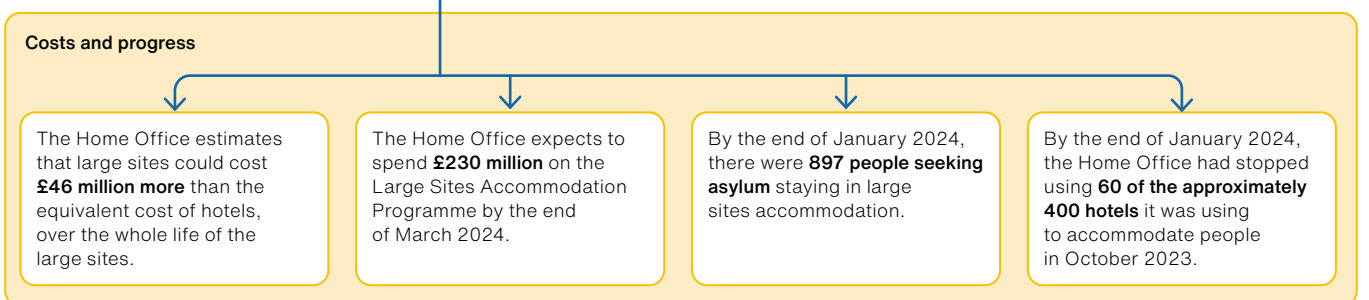
## The Home Office is responsible for asylum and protection in the UK



## The Home Office supports destitute people seeking asylum by providing accommodation and/or financial support



## The Home Office has set up large sites as alternative accommodation to try to reduce hotel usage and costs to the taxpayer. In 2022-23, it spent £2.3 billion on accommodating asylum seekers in hotels, and expects to spend £3.1 billion in 2023-24



## What this investigation is about

- 1** The Home Office is responsible for asylum and protection in the UK, including ensuring compliance with the UK's legal commitments. It is responsible for supporting destitute people seeking asylum while it makes a decision on their asylum claim by providing financial support and accommodation.
- 2** Since 2020, the number of people claiming asylum in the UK has increased. In the 12 months to December 2023, the Home Office received 67,300 applications for asylum, nearly double the number received in 2019. By December 2023, because of the increased number of applications and a period without a corresponding increase in decisions, about 95,300 applications (representing 128,800 people) were awaiting a decision.
- 3** The Home Office supports people who are destitute until their claim has been resolved, and so the increasing number of applications has meant the Home Office has required more accommodation. The Home Office tries to source 'dispersal accommodation', which is usually houses or flats in residential areas in local authorities, but greater competition for rented accommodation and rising rental prices has made this harder. Instead, the Home Office has increasingly used hotels as a contingency measure. By December 2023, it was providing accommodation for around 106,500 people, including 45,800 in hotels.
- 4** Increased demand and greater use of hotels has meant costs for asylum support (which covers accommodation costs, grants to local authorities and weekly subsistence payments) have increased. In the financial year to March 2024, the Home Office expects to spend £4.7 billion on asylum support, including £3.1 billion on hotels. The Home Office has stated that it intends to reduce the number of hotels it is using and reduce costs to the taxpayer. As part of this, it is identifying alternatives to hotels, such as vessels or ex-military bases (large sites) for single adult males, increasing room-sharing in hotels and increasing the amount of dispersal accommodation.

**5** This investigation was prepared in response to public and parliamentary concerns about the Home Office's plans to accommodate people seeking asylum. In this report we set out the facts about the Home Office's plans and actions to reduce the use of hotels and the costs to the taxpayer. We have focused our work on the Home Office's efforts to set up 'large sites', but we also cover plans to increase room-sharing and dispersal accommodation. The report sets out:

- the demand for asylum accommodation and how this has changed over the last few years (Part One);
- the Home Office's efforts to reduce hotel use (Part Two);
- the costs and expected savings from large sites (Part Three);
- the approach to delivering large sites (Part Four); and
- future plans (Part Five).

**6** This investigation does not seek to evaluate the efforts by the Home Office to reduce the number of people seeking asylum in the UK, or to conclude on the value for money of the Home Office's procurement and management of asylum accommodation. It also has not assessed the quality or suitability of the Home Office's accommodation.

# Summary

## Key findings

Home Office's progress in reducing hotel use

**7 In December 2023, the Home Office paid £274 million for up to 64,000 beds in hotels, 45,800 of which were being used.** It is not possible for all hotel beds the Home Office pays for to be occupied at any given time, as it takes time to clean, maintain and move people into hotel rooms once the previous occupant has left. The Home Office keeps aside a 'buffer' of around 5,000 beds in hotels to ensure it has enough space to accommodate people newly arrived in the UK to seek asylum (paragraph 2.2).

**8 By the end of January 2024, the Home Office had stopped using 60 hotels.** In October 2023, the Home Office announced that it would stop using 50 hotels (housing 3,600 people at the time of the announcement) by the end of January 2024. At the time of the announcement, the Home Office was using approximately 400 hotels to house people seeking asylum. Between the announcement and the end of January, it stopped using 60 hotels, and it intends to stop using a further 84 by the end of April 2024. It has managed to move out of these hotels because it has:

- increased the amount of room-sharing in hotels, adding hotel beds without needing to source new hotels;
- slightly increased the amount of dispersal accommodation;
- increased the number of asylum decisions it is making, which allows people to flow through its accommodation quicker; and
- moved some people into its new large sites (paragraphs 2.3 to 2.12 and Figures 3, 4 and 5).

**9 By the end of March 2024, the Home Office expects to have spent at least £230 million on developing four large sites and, in January 2024, it was accommodating nearly 900 people across two of them.** The Bibby Stockholm vessel docked at Portland Port was providing accommodation for 321 single adult males at the end of January 2024 and the Home Office had expected it to be accommodating 430. The former RAF base at Wethersfield, Essex was accommodating 576 single adult males and the Home Office had expected it to be accommodating 1,445. The Home Office expects to move people into the former RAF base in Scampton, Lincolnshire by April 2024 and former student accommodation in Huddersfield by May 2024. In total it expects its Large Sites Accommodation Programme to cost £1.2 billion (paragraphs 2.12 and 3.2 and Figures 5, 6 and 7).

**10 The Home Office has incurred losses of at least £3.4 million developing sites that it will not use.** While trying to find alternative accommodation quickly, it has looked at a range of options, including vessels, ex-military sites, holiday camps, converted office buildings and hard-sided tents. Some options incurred costs before the sites were found to be unsuitable or unavailable. For example, the Home Office spent £2.9 million in 2022-23 preparing the former RAF base in Linton-on-Ouse to accommodate people, but it later cancelled plans for using the site. It also paid around £0.5 million to reserve vessels it had earmarked as asylum accommodation but was unable to use as it could not secure a suitable port (paragraphs 3.3 and 4.2 and Figure 6).

**11 The Home Office's analysis suggests that large sites will cost more than hotels.** The Home Office proceeded with its large sites on the basis that they would cost less than hotels. It also hopes that the large sites will be more "appropriate and sustainable" than hotels. But its latest assessments of value for money do not consider these benefits and suggest that, when sunk costs are included, the four large sites will cost approximately £46 million more than using hotels. The Home Office's estimates contain significant uncertainty and are sensitive to its assumptions, specifically the following.

- **Hotel costs:** The Home Office initially assumed that hotel costs would rise to approximately £143 per person per night (excluding VAT) by the time large sites were ready to accommodate people. In subsequent analysis, the Home Office recognised that hotel costs fluctuate. In January 2024 the Home Office estimated that a £10 change in the cost of hotels per person per night could change the savings from large sites relative to hotels by approximately £60 million. Between April 2023 and January 2024, the cost of hotels ranged from around £127 to £148 per person per night.
- **Set-up and fixed costs:** The Home Office initially expected refurbishment and set-up costs to be approximately £5 million each for Wethersfield and Scampton. These costs have since increased to £49 million for Wethersfield and £27 million for Scampton.



- **Occupancy of sites:** The Home Office assumed sites would be about 85% to 90% full within a few months of opening. On this basis, the Home Office expected to have around 1,875 people in large sites by January 2024, but they accommodated nearly 900 people (approximately 48% of expected occupancy). The Home Office is now considering reducing the maximum number of people it accommodates at sites in Wethersfield and Scampton. At Wethersfield, it estimates that this could reduce savings relative to hotels by up to £54 million (paragraphs 3.4 to 3.9, and Figures 7, 8 and 9).

## Risks associated with the Home Office's plans

**12 The Home Office rated its plans to deliver large sites as high risk or undeliverable, as did the Infrastructure and Projects Authority (IPA).** The IPA, which scrutinises the deliverability of major government programmes, has undertaken three reviews of the Home Office's work on asylum accommodation since November 2022. All reviews rated the plans as 'red', meaning that "successful delivery of the programme to time, cost and quality appears to be unachievable". The IPA recommended that the Home Office be clearer about the scope and objectives of its programmes and said its plans were unrealistic. The Home Office also recognised the challenges to delivery, rating its own assessments of progress as 'red', and has repeatedly revised its targets for beds in large sites accommodation downwards (paragraphs 4.3 and 4.4).

**13 To meet its ambitious accommodation timetables, the Home Office has prioritised the speed it awards contracts over generating competition.** In several instances, the Home Office has chosen to modify existing contracts, use Crown Commercial Service frameworks, and use contracts awarded by the Ministry of Justice to help increase its asylum accommodation. It has also developed some of the contractual requirements after or alongside writing contracts and, in some instances, work began before contracts were in place. The Home Office sought legal advice about its commercial approach, but it acknowledges that it has not been able to eliminate the risk of successful legal challenges entirely. The Home Office also acknowledges that these practices mean there is a risk of not getting the best prices and that competition could have enabled it to obtain improved terms (paragraphs 4.5 and 4.6 and Figure 11).

**14 The Home Office has secured some large sites before communicating with the local stakeholders about its plans, to reduce the risk of local opposition affecting its negotiations.** It has also used emergency planning regulations so it can start work on sites quickly. The Home Office has faced legal challenges on the grounds of planning regulations, the impact on local populations, and the impact on planned regeneration projects. After confirming sites, the Home Office has engaged with local groups, and taken steps to respond to some of the challenges faced by local communities, for example, by providing additional funding. The Home Office acknowledges its engagement was limited, but it is trying to improve this (paragraphs 4.8 to 4.10).

**15 The Home Office is responsible for the safety of people it is accommodating, but in January 2024 it was still working with providers to develop specific measures to assess how well accommodation providers were keeping residents safe in large sites.** The Home Office told us it was discussing with contractors a set of measures it would use to monitor performance at the Bibby Stockholm vessel. The large sites at Wethersfield and Scampton are covered by the Asylum Accommodation and Support contracts, which set out safeguarding expectations for accommodation providers. The Home Office received its first reporting pack specific to Wethersfield in January 2024, which included complaints and incident reporting for the site, and highlighted it was still developing the key performance indicators, reporting and governance structures. There have been high-profile incidents in large sites, and the Home Office seeks to identify lessons from these (paragraphs 4.11 to 4.15 and Figure 10).

#### Future accommodation plans

**16 The Home Office is developing a longer-term accommodation strategy.**

The Home Office expects to have developed a 10-year accommodation strategy by spring 2024. It expects this will consider the type and amount of accommodation it wants to have, how it will work with partners in local authorities and options for funding. Alongside the strategy, it is resetting the Large Sites Accommodation Programme. It is reducing the number of beds it intends to provide through such sites and proposing to identify smaller sites that will accommodate between 200 and 700 people (paragraphs 5.2 to 5.5).

**17 The changes that the Illegal Migration Act will introduce make it more difficult to assess how much and what type of accommodation the Home Office will need.**

The number of people seeking asylum in the UK is affected by global events and therefore inherently uncertain. Once implemented, the Illegal Migration Act will require the Home Secretary to arrange to remove people who arrive in the UK by small boat or other irregular means, and the Home Office will need to detain them before removal. This could change the balance of detained and non-detained accommodation that the Home Office needs. The Act aims to deter people arriving irregularly in the UK and, if successful, may reduce the number of people the Home Office needs to accommodate. These uncertainties about the amount and type of accommodation the Home Office will need to provide make it difficult for the Home Office to develop firm plans (paragraphs 5.6 to 5.8).

## **Concluding remarks**

**18** The Home Office has made progress in its plan to reduce the use of hotels to accommodate people seeking asylum. But, in rapidly progressing its plans to establish large sites, it has incurred nugatory spending and increased risk. The site at Scampton is yet to open, and Wethersfield and the Bibby Stockholm are accommodating far fewer people than originally planned. It appears inevitable that, collectively, these early sites will now cost more than the alternative of using hotels.

**19** The Home Office's plans to develop a coherent strategy for the type and quantity of accommodation it needs are welcome, but it will need to build in flexibility, because of the inherent difficulty of predicting the number of people who might choose to seek asylum, and the uncertainty created by the implementation of the Illegal Migration Act. It should also reflect on the lessons from its attempts to establish accommodation at large sites and work in a coordinated way with central and local government, particularly given the wider pressures on available housing.