



National Audit Office



REPORT

Investigation into asylum accommodation

Home Office

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HC 635



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National Audit Office

Investigation into asylum accommodation

Home Office

Report by the Comptroller and Auditor General

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National Audit Act 1983 for presentation to the House
of Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

12 March 2024

Investigations

We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.

We undertook this investigation to report on the Home Office's plans and progress in increasing the amount of accommodation it holds for people arriving in the UK to seek asylum.

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Contents

Key facts	4
What this investigation is about	5
Summary	7
Part One	
Introduction	12
Part Two	
Work to reduce the use of hotels	17
Part Three	
Cost and expected savings of large sites	23
Part Four	
Approach to delivering large sites	31
Part Five	
Future plans	38
Appendix One	
Our investigative approach	41
Appendix Two	
Contracts awarded for large sites	45

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The National Audit Office study team consisted of:


Chris Barrett, Ross Coron, Caroline Harper and Richard Lewis, under the direction of Oliver Lodge, with the assistance of Becca Nelson, Melody Streek and Rob Wilson.

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

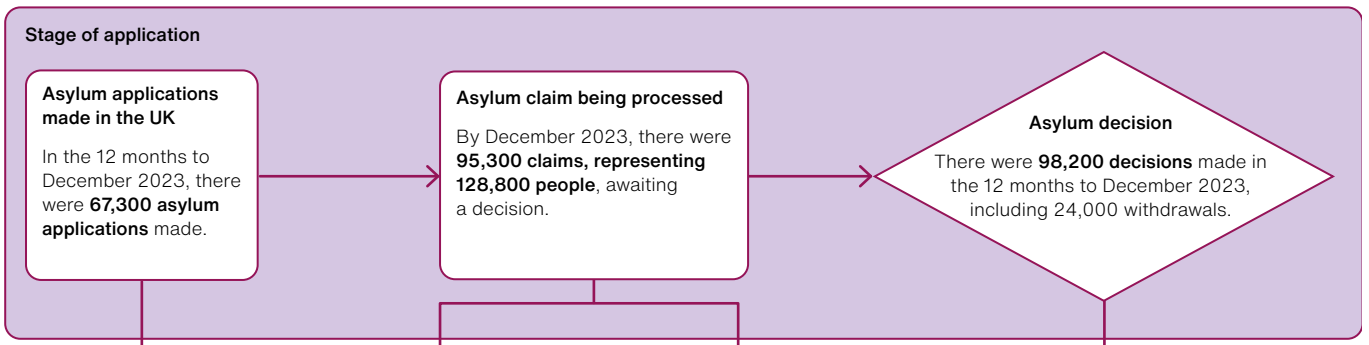
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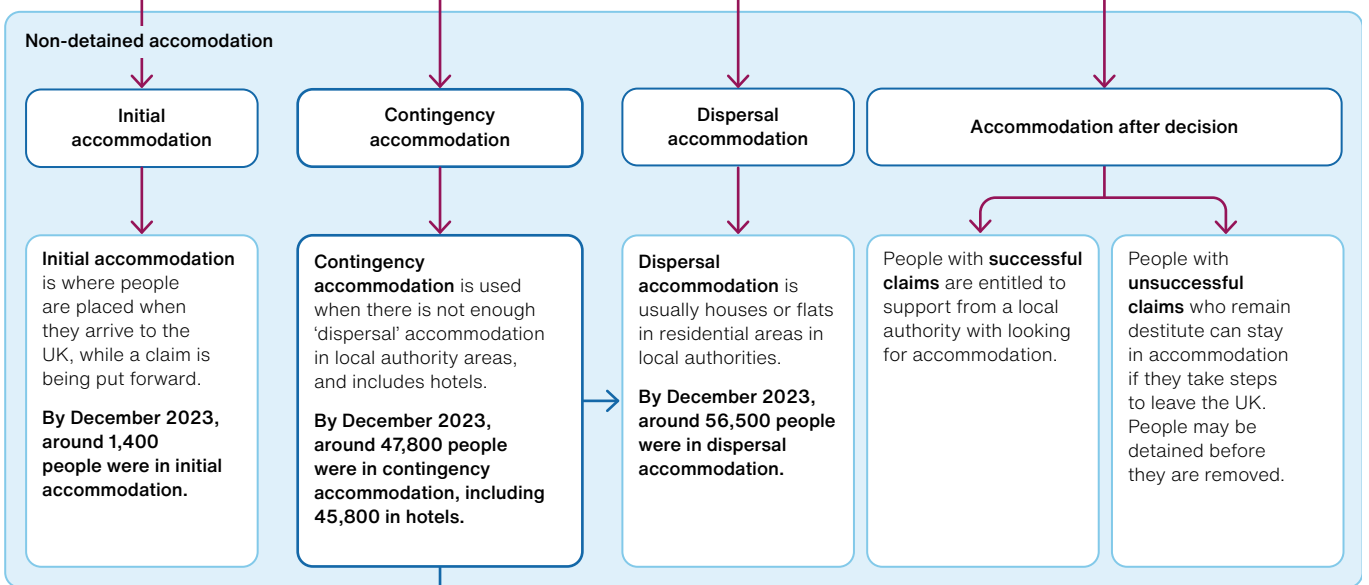
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Key facts

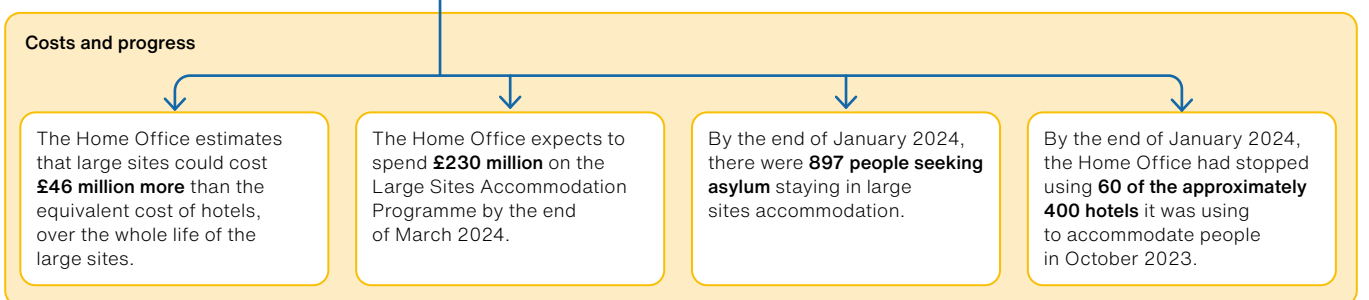
The Home Office is responsible for asylum and protection in the UK



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.

Part One

Introduction

1.1 The Home Office is responsible for asylum and protection in the UK, including ensuring compliance with the UK's legal commitments. It processes claims from and supports those seeking asylum who would otherwise be destitute by providing a subsistence allowance of up to £49.18 per person per week, and accommodation if they have nowhere to live.¹ The Home Office uses three main types of accommodation (**Figure 1**):

- **initial accommodation**, where the Home Office takes people when they arrive in the UK while determining whether it needs to provide ongoing support;
- **dispersal accommodation**, which is usually houses or flats in residential areas, procured by suppliers on behalf of the Home Office; and
- **contingency accommodation**, which the Home Office uses when there is not enough dispersal accommodation available to move people into. It often uses hotels as contingency accommodation. It has recently started using large sites such as vessels and ex-military bases.

Increased demand for asylum support, and the impact on demand for accommodation

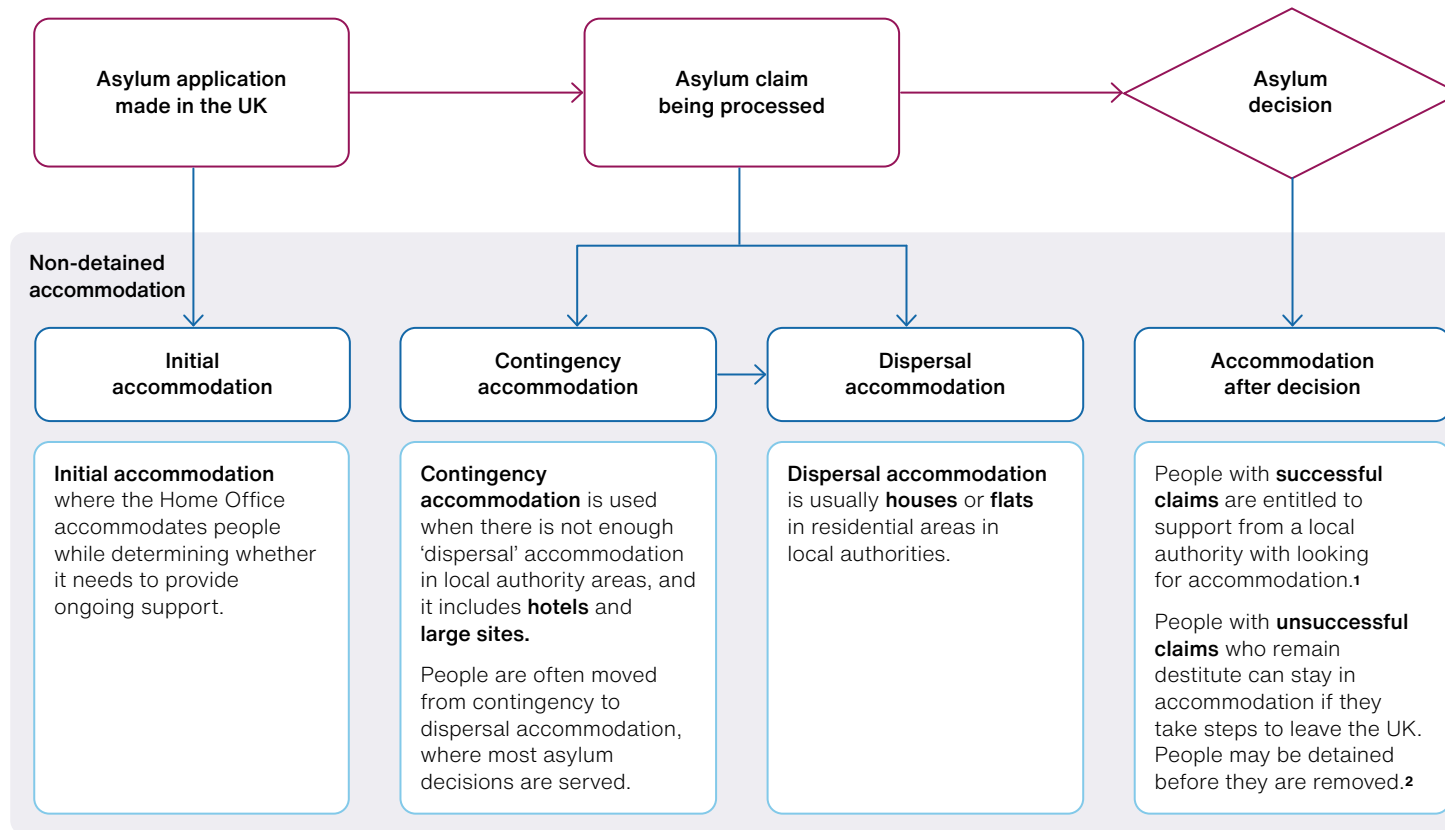
1.2 Since 2020, the number of people claiming asylum in the UK has increased. In the 12 months to December 2023, the Home Office received 67,300 applications for asylum, nearly double the number received in 2019. Until last year, it was also making fewer decisions on claims, which meant there was a growing number of people with outstanding claims. By December 2023, approximately 95,300 applications (representing 128,800 people) were awaiting a decision.

¹ The Home Office provides a subsistence of £8.86 per week for people seeking asylum who are staying in hotels or large sites, or where their accommodation provides meals.

Figure 1

Types of asylum accommodation

Asylum seekers are moved between accommodation types as their claims are progressed



- Stage of application ◇ Decision on application □ Type of accommodation
- Description of accommodation → Progress in application ➔ Movement into accommodation

Notes

- 1 Families and vulnerable adults may also be accommodated by local authorities under homelessness duties.
- 2 The Home Office can detain people if their asylum claim is unsuccessful and it expects to be able to remove the person within a reasonable period of time. When the Illegal Migration Act 2023 is implemented, the Home Secretary will have a duty to remove people arriving in the UK who are subject to the Act. The Home Office expects to detain people before they are removed.

Source: National Audit Office analysis of publicly available documents

1.3 The Home Office must provide housing to destitute people until all their rights to claim asylum are exhausted, so the increasing number of open applications increases accommodation needs. Conflicts in Afghanistan and Ukraine have also placed additional demand on accommodation. The demand for dispersal accommodation has outstripped supply, so the Home Office has increasingly used hotels as contingency accommodation. By December 2023, it was accommodating around 106,500 people, including 45,800 in hotels (**Figure 2** on pages 15 and 16). In December 2019 it was accommodating around 47,200 people, with 2,700 in initial or hotel accommodation.

1.4 The increase in applications and greater use of hotels have increased the total cost to the Home Office of asylum support. In the 2019-20 financial year, the Home Office spent around £739 million on asylum support, but in the financial year to March 2023, this increased to £3.6 billion. This included £2.3 billion on hotels, with the remaining amount mostly being spent on grants to local authorities, other types of accommodation and other asylum support costs. In 2023-24 it is forecasting it will spend £4.7 billion on asylum support, including £3.1 billion on hotels.²

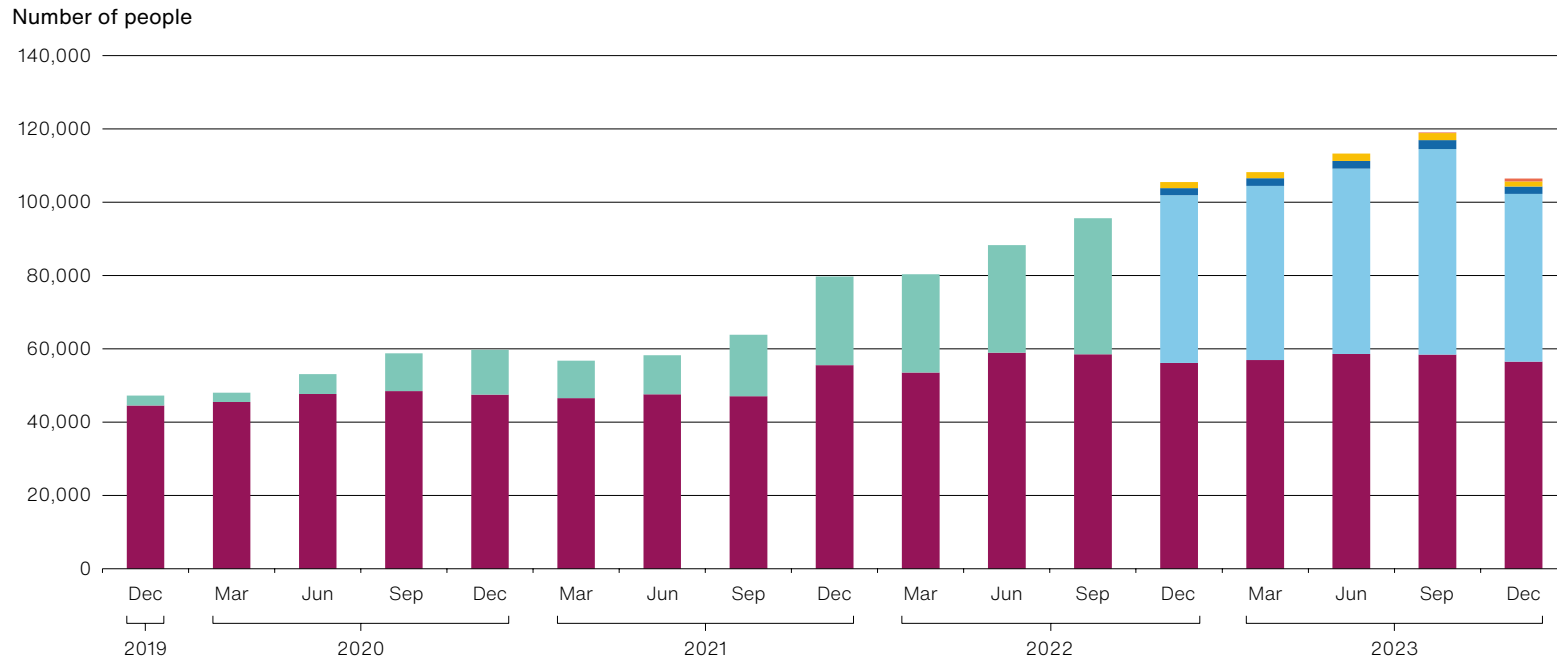
1.5 In December 2022, the Prime Minister made a statement to Parliament in which he pledged that the Home Office would “abolish the backlog of initial asylum decisions” by the end of 2023. He also said that the use of hotels to house people seeking asylum must end, although he did not state a date by which the government planned to achieve this. The Home Office’s original ambition had been to stop using hotels by December 2023.

² Figures for the 2023-24 financial year are unaudited at the time of publication.

Figure 2

Number of people living in different types of asylum accommodation, December 2019 to December 2023

The Home Office has increasingly used hotels to accommodate people as demand for accommodation has increased



People in receipt of support as at the end of month

	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	
Dispersal accommodation ¹	44,506	45,465	47,646	48,463	47,482	46,518	47,568	47,036	55,562	53,530	58,965	58,503	56,143	56,979	58,636	58,444	56,489	
Hotel (contingency accommodation)	-	-	-	-	-	-	-	-	-	-	-	-	45,775	47,518	50,546	56,042	45,768	
Other contingency accommodation ²	-	-	-	-	-	-	-	-	-	-	-	-	1,945	2,088	2,113	2,427	2,010	
Initial accommodation ³	-	-	-	-	-	-	-	-	-	-	-	-	1,659	1,651	1,979	1,968	1,398	
Initial and contingency accommodation ⁴	2,738	2,577	5,444	10,315	12,235	10,294	10,682	16,794	24,175	26,859	29,321	37,142	-	-	-	-	-	
Other accommodation ⁵	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	129	817

Figure 2 *continued*

Number of people living in different types of asylum accommodation,
December 2019 to December 2023

Notes

- 1 'Dispersal accommodation' usually consists of flats and houses and is often where people stay while their asylum claim is processed.
- 2 'Contingency accommodation' usually consists of hotels and is used when there is not enough dispersal accommodation available. The published statistics do not define what accommodation is included in 'other contingency'.
- 3 'Initial accommodation' is where the Home Office takes people seeking asylum while it assesses their claim for support.
- 4 Before 31 December 2022, data for people accommodated while their initial asylum claim was assessed did not distinguish between those in initial accommodation and those in contingency accommodation.
- 5 'Other accommodation' was first included in the published data in September 2023. The Home Office describes this as "a variety of sites procured as an alternative to the continued use of hotels".
- 6 Not all asylum seekers need accommodation. Some have their own accommodation or move in with family or friends, and some receive subsistence support but not accommodation.

Source: National Audit Office analysis of *Immigration system statistics, year ending December 2023*, available at: www.gov.uk/government/statistics/immigration-system-statistics-year-ending-december-2023

Part Two

Work to reduce the use of hotels

2.1 In this part we set out what the Home Office is doing to reduce the number of hotels it is using.

2.2 By the end of December 2023, the Home Office was housing approximately 45,800 people in hotels (see Figure 2). In the month of December 2023, the Home Office paid £274 million for hotels, which can together hold up to 64,000 beds.³ As part of this, the Home Office maintains a ‘buffer’ of up to 5,000 beds to make sure there is enough space for new people arriving and to avoid the risk of overcrowding, such as it experienced at Manston in November 2022. The Home Office had initially hoped to end hotel use by December 2023.⁴ Its modelling for future accommodation, running to December 2026, shows the Home Office expects to make significant use of hotels throughout this period.

The Home Office’s plans to stop using hotels

2.3 In October 2023 the Home Office was using approximately 400 hotels to house asylum seekers, and it announced that, by the end of January 2024, it would stop using 50 of these hotels. The Home Office’s initial data showed that it intended to stop using 53 hotels and, at the time of the announcement, these hotels were accommodating around 3,600 people. Between the announcement and the end of January 2024 it had stopped using 60 hotels, and it plans to have stopped using a further 84 hotels by the end of April 2024. We estimate that these hotel exits could reduce the daily cost of hotels by around £1.9 million (**Figure 3** overleaf), although some of these savings will be offset by moving people into other asylum accommodation.

2.4 The Home Office has been able to stop using these hotels through a combination of tactical measures and operational improvements, including:

- increasing hotel room-sharing;
- increasing the amount of dispersal accommodation;
- speeding up asylum decisions; and
- setting up large sites.

³ It is not possible for all hotel spaces the Home Office pays for to be occupied at any given time, as time is needed to clean and prepare rooms in between residents.

⁴ Comptroller and Auditor General, *The asylum and protection transformation programme*, National Audit Office, Session 2022-23, HC 1375, June 2023.

Figure 3

The impact of the Home Office's plans to stop using some hotels on its hotel spending

The Home Office's data suggest that stopping the use of ('exiting') asylum hotels by 30 April 2024 should reduce spending on hotels by around £1.9 million per day

Date hotels will be exited by	Number of hotels exited	Number of beds procured in these hotels	Average price per bed per night	Estimated daily reduction in hotel costs
			(£)	(£mn)
31 January 2024	60	6,250	95	0.6
29 February 2024 (estimated)	28	3,968	104	0.4
31 March 2024 (estimated)	23	4,357	106	0.5
30 April 2024 (estimated)	33	4,147	99	0.4
Total	144	18,722	101	1.9

Notes

- 1 On 24 October 2023, the Home Office announced it would stop using 50 hotels by the end of January 2024 with further exits in later months. It was using approximately 400 hotels to house asylum seekers at the time of the announcement.
- 2 In data on this topic, the Home Office noted that it had already stopped using three hotels before 24 October 2023. These hotels have been excluded from the exits detailed above.
- 3 The dates for exiting hotels are based on the contract end date for using the hotels. The Home Office has confirmed that hotels shown as exited before 31 January 2024 were no longer in use after that date. The timing of our report meant that we did not obtain information about hotel exits beyond 31 January 2024.
- 4 Hotels shown as being exited after 31 January 2024 are where the Home Office expects contracts to end and that it will not use the hotels beyond the end of the contract.
- 5 We have calculated the price per bed per night and the daily reduction in hotel costs using annual values of the contracts the Home Office has with each hotel. We have not sought to verify these amounts.
- 6 Not all hotels included in the table have been used as asylum accommodation. The Home Office has been paying for the Stradey Park hotel in Llanelli, for example, but has not been able to use it.
- 7 While exiting these hotels will reduce hotel costs, some people leaving these hotels will be moving to other asylum accommodation, including hotels. There will be new costs incurred when somebody leaves a hotel and moves to other types of asylum accommodation.
- 8 VAT is not included in the price per bed per night or the estimated reduction in hotel costs stated.

Source: National Audit Office analysis of Home Office documents

Increasing hotel room-sharing

2.5 In June 2023, the Home Office introduced ‘Project Maximise’ to increase room-sharing in hotels. The project aimed to make an additional 11,500 beds available by September 2023 and had made 6,600 available by this time. By the end of December 2023, the Home Office had made a total of 11,800 beds available through the project. It estimated that Project Maximise would reduce average hotel costs from £148 in April 2023 to £134 per person per night (including VAT).⁵ We discuss how the Home Office allocates individuals to rooms in Part Four.

Increasing dispersal accommodation

2.6 The Home Office prefers to accommodate people in ‘dispersal accommodation’ in local authorities. In our June 2023 report on the asylum and protection transformation programme, we reported that the Home Office was not achieving the targets it had set for finding additional dispersal accommodation.⁶ Since this report, the Home Office has made some progress (**Figure 4**), although it is still not meeting its ambitions. The Home Office told us pressures on housing in local areas, through greater competition for rented accommodation and rising rental prices, has affected its ability to secure local accommodation.

Figure 4

The Home Office’s progress on ‘dispersal’ asylum accommodation targets, June 2023 and December 2023

Since we reported on the asylum and protection transformation programme in June 2023, the Home Office has made progress against its targets for dispersal accommodation, but has not met them completely

Target	Position at the time of our June 2023 report	Position as of December 2023
To distribute people seeking asylum equitably by region, relative to the size of the general population in the area	147 local authorities (41%) had no people seeking asylum living in dispersal accommodation in April 2023 ¹	110 local authorities (30%) had no people seeking asylum living in dispersal accommodation in December 2023
100,000 dispersal beds by December 2023	55,000 occupied at the end of April 2023	56,500 occupied beds by December 2023 65,000 dispersal beds capacity ²

Notes

- ¹ ‘Dispersal’ asylum accommodation is usually houses or flats in residential areas.
- ² At the time of our report in June 2023, the Home Office only provided data on occupied dispersal accommodation and not on total capacity. Data provided for this investigation showed that the Home Office had a capacity of 57,000 dispersal beds in April 2023.

Source: National Audit Office analysis of Home Office documents

- ⁵ Note that the reduction in hotel costs that the Home Office expected from Project Maximise was based on a different calculation for the price per person per night than is shown elsewhere in the report. We have included this to demonstrate the scale of price reduction the Home Office expected from the project.
- ⁶ Comptroller and Auditor General, *The asylum and protection transformation programme*, National Audit Office, Session 2022-23, HC 1375, June 2023.

Speeding up asylum decisions

2.7 By making asylum decisions more quickly, the Home Office can reduce the time people spend in accommodation it pays for. It also means there is less need for new accommodation, as people flow through the system more quickly.

2.8 The Home Office has worked to meet the Prime Minister’s December 2022 pledge to “abolish the backlog of initial asylum decisions” by the end of 2023. By 31 December 2023, it had reduced the backlog of legacy claims to approximately 3,900, down from 88,400 at the end of December 2022. Newer claims have, however, continued to arrive, and in total there were 95,300 claims awaiting an initial decision. In our June 2023 report on the asylum transformation programme, we reported that the Home Office was making around 1,310 decisions a week in April 2023, including substantive decisions and withdrawals. Between October and December 2023, it increased this to an average of 3,580 decisions a week. In total, the Home Office made around 98,200 decisions in 2023, of which approximately 24,000 were withdrawals.⁷

2.9 The Home Office expects people to move out of its accommodation 28 days after receiving a positive asylum decision, and the local authority in which the refugee was staying must try to help them find housing.⁸ The increase in asylum decisions from the Home Office has increased the pressure on local authorities to find housing for refugees, leading to increased risks of homelessness and associated challenges such as rough sleeping. The Home Office has started to share more data with local authorities so they have greater sight of the pipeline of refugees they may need to accommodate in the future.

Setting up large sites

2.10 In January 2022, the Home Office planned to open just one centre for approximately 1,500 people at a former military base at Linton-on-Ouse in North Yorkshire. The Home Office cancelled the project after the Ministry of Defence withdrew its offer of preferential access to the land in August 2022.

⁷ Withdrawals can be ‘explicit withdrawals’, where a person seeking asylum withdraws their claim or ‘implicit withdrawals’. The Home Office may consider a claim implicitly withdrawn if, for example, a person seeking asylum leaves the UK before an asylum decision is made, fails to attend an asylum interview, or fails to complete an asylum questionnaire when asked to do so.

⁸ Home Office guidance says that asylum support, including accommodation, will end 28 days after someone receives a positive decision (or 21 days after a negative decision). When refugees receive a positive decision, they can then use a ‘biometric residence permit’, which should arrive within 10 days of a decision, and is needed to access accommodation, apply for benefits and/or work, and arrange a bank account. Local authorities also provide support to families and vulnerable adults under homelessness duties.

2.11 However, to meet ambitious targets for non-hotel bed spaces, the Home Office expanded its plans. By July 2023 it had created its Large Sites Accommodation Programme.⁹ The Home Office defines a 'large site' as one that:

- accommodates at least 1,000 people if on land, or 500 people if a vessel;
- mostly accommodates single adult males who are free to leave and enter the site as they wish, through signing in and out processes; and
- provides a range of facilities and wraparound services on site, such as catering, and leisure facilities. Sites also have their own medical facilities, with doctors and nurses visiting and medical screening services.

2.12 The Home Office is developing four large sites, two of which were accommodating a total of nearly 900 single adult male asylum seekers at the end of January 2024 (**Figure 5** overleaf). The Bibby Stockholm vessel docked at Portland Port was providing accommodation for 321 adult males at the end of January 2024 and the Home Office had planned for it to accommodate up to 430. The site in Wethersfield, Essex, was accommodating 576 adult males at the end of January 2024. The Home Office had planned for Wethersfield to accommodate up to 1,445 people. However, it is now considering reducing the number of occupied beds at the site but has not confirmed this number. The Home Office expects that the other two sites will start to accommodate people from April 2024 (Scampton) and May 2024 (Huddersfield). We discuss large sites in more detail in Parts Three and Four.

⁹ The Home Office intends that people will be accommodated at large sites for between six and nine months before being moved to other asylum accommodation. People will not receive asylum decisions while they are living at the site.

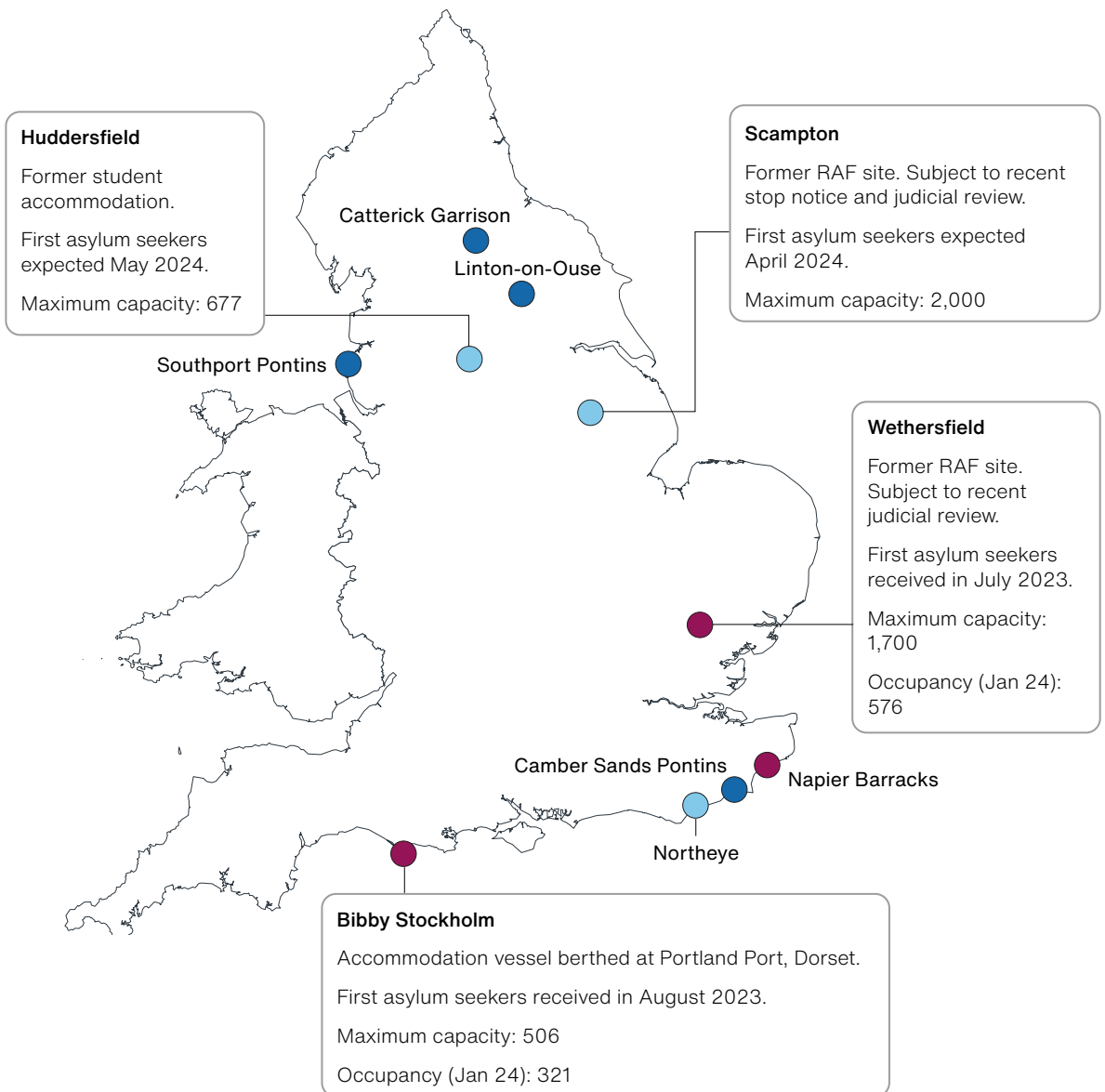
Figure 5

A selection of large accommodation sites the Home Office has considered

Two large accommodation sites began accommodating people in 2023; some sites are still in development while others have been cancelled

Status

- In use
- Planned
- Cancelled



Notes

- 1 Since September 2020, the Home Office has accommodated asylum seekers at Napier Barracks, Kent.
- 2 The Northeye site at Bexhill is currently being explored by the Home Office for use as an immigration detention facility.
- 3 In August 2022, the Home Office cancelled plans to use the proposed site at Linton-on-Ouse.
- 4 The maximum capacity for sites is the maximum number of beds the Home Office expected each site to eventually hold, when it was completing its initial analysis to decide whether to proceed with each site.

Source: National Audit Office analysis of Home Office documents

Part Three

Cost and expected savings of large sites

3.1 The Home Office's Large Sites Accommodation Programme has looked to identify large sites to accommodate people on the basis these will be cheaper than using hotels. This part sets out:

- what the Home Office has spent on large sites, and how much it expects to spend in the future; and
- how the Home Office assessed the value for money of the large sites.

Spending on large sites

3.2 The Home Office expects to have spent a total of £230 million by the end of March 2024 and expects its Large Sites Accommodation Programme to cost around £1.2 billion (**Figure 6** on pages 24 and 25). This includes the cost of setting up and running the sites. It also includes grants to local authorities, funding for policing and health services, and payroll costs for Home Office staff.

3.3 The Home Office has incurred costs on plans that will not result in any additional accommodation. For example, in its 2022-23 annual report and accounts it declared fruitless payments of £2.9 million preparing the former RAF base at Linton-on-Ouse but later cancelled this project after the Ministry of Defence withdrew its offer of preferential access to the land in August 2022.¹⁰ The Home Office also paid around £0.5 million to reserve vessels it hoped to use as asylum accommodation but was unable to as it could not secure a suitable port.

¹⁰ Home Office, *Annual report & accounts 2022 to 2023*, HC 1355, September 2023. The accounts showed a £2.9 million loss relating to sunk costs for Linton-on-Ouse. The loss related to "costs incurred in physical works and provision of personnel".

Figure 6

Actual and expected spending on the Home Office's large asylum accommodation sites between April 2022 and March 2034

The Home Office expects to spend around £1.2 billion on its Large Sites Accommodation Programme

Site and expected period of use	Type of spending	Total expected spending	Detailed spending breakdown					
			2022-23	2023-24	2024-25	Spending in each of the two years 2025-26 and 2026-27	Spending in each of the six years 2027-28 to 2032-33	2033-34
		(£mn)	(£mn)	(£mn)	(£mn)	(£mn)	(£mn)	(£mn)
Wethersfield 2023-24 to 2026-27	Site acquisition, lease and set-up	105.1	0.0	105.1	0.0	0.0	0.0	0.0
	Running costs	176.0	0.0	26.7	49.8	49.8	0.0	0.0
	Other	57.6	0.0	13.9	16.7	13.5	0.0	0.0
	Total	338.7	0.0	145.7	66.5	63.3	0.0	0.0
Bibby Stockholm vessel 2023-24 to 2024-25	Site acquisition, lease and set-up	14.5	0.0	6.1	8.3	0.0	0.0	0.0
	Running costs	15.4	0.0	6.2	9.2	0.0	0.0	0.0
	Other	4.9	0.0	3.4	1.5	0.0	0.0	0.0
	Total	34.8	0.0	15.8	19.0	0.0	0.0	0.0
Scampton 2024-25 to 2026-27	Site acquisition, lease and set-up	36.4	0.0	28.2	7.6	0.3	0.0	0.0
	Running costs	265.3	0.0	0.0	88.4	88.4	0.0	0.0
	Other	102.0	0.0	5.3	41.5	27.6	0.0	0.0
	Total	403.7	0.0	33.5	137.5	116.3	0.0	0.0
Huddersfield 2024-25 to 2032-33	Site acquisition, lease and set-up	62.7	0.0	1.7	7.1	6.2	6.2	4.6
	Running costs	239.3	0.0	0.0	22.7	24.7	24.7	18.6
	Other	56.4	0.0	0.2	9.0	5.4	5.4	4.1
	Total	358.4	0.0	1.9	38.8	36.3	36.3	27.3
Other costs	Spend on 'no go' sites	3.4	2.9	0.5	-	-	-	-
	Programme costs	46.0	11.5	18.1	16.4	-	-	-
Total		1,185.1	14.4	215.4	278.2	215.9	36.3	27.3

Figure 6 *continued*

Actual and expected spending on the Home Office's large asylum accommodation sites between April 2022 and March 2024

Notes

- 1 Information presented is from the Home Office cost trackers for each site that were used to produce the Accounting Officer advice for the sites in January 2024. We have updated these following quality assurance.
- 2 Information in the cost trackers does not always align to the length of time that the value-for-money assessments in the January 2024 Accounting Officer advice expected the sites to operate. In the assessments, Huddersfield was expected to operate until September 2033, but costs are provided until the end of December 2033. Scampton was expected to operate until March 2028, but costs were only provided until the end of March 2027. Wethersfield was expected to operate until May 2027, but costs were only provided until the end of March 2027.
- 3 Figures in the 2022-23 financial year are based on actual expenditure. For 2023-24, figures show the Home Office's expected spend by the end of the financial year, which is unaudited and may be subject to change. The Home Office has also stated that spend at the sites in future years is a projection and may be subject to change.
- 4 'Site acquisition, lease and set-up costs' cover the set-up costs of sites. For Scampton and Wethersfield, the category also includes the transfer price for the sites and lease costs arising before the transfer. Huddersfield and the Bibby Stockholm vessel are being leased for the duration of use as accommodation, and lease costs for these sites are also within this category, spread over the period of the lease.
- 5 'Running costs' include the expected impact of inflation. The Home Office has assumed that inflation will be 2% throughout the period the large sites are expected to be used.
- 6 'Other' category includes payments for policing, health and local authorities. It also includes optimism bias and contingency to allow for uncertainty. 'Other' category also includes asylum support payments, which the Home Office has included at £1.30 per person per night.
- 7 Spend on 'no go' sites includes spend on sites that are no longer expected to be used for asylum accommodation. These include £2.9 million spent on Linton-on-Ouse and £0.5 million spent securing vessels that were not used. No estimate of future spend on 'no go' sites is included.
- 8 Programme costs include staff costs for the programme, and other costs that cut across all sites. The Home Office does not yet have a forecast for the programme costs beyond 2024-25.
- 9 Totals may not sum because of rounding.

Source: National Audit Office analysis of Home Office documents

Value for money case for large sites

3.4 The Home Office proceeded with three of the four sites on the basis of Accounting Officer advice, so it could initiate projects quickly.¹¹ Usually, departments would be expected to prepare business cases, ahead of starting any work, which would include a range of potential options for achieving the intended outcome.¹² Aside from the option to use large sites, the Home Office did not consider alternative options to increase its asylum accommodation in its Accounting Officer advice.

3.5 The Home Office concluded on the value for money of its plans by comparing the cost of large sites to the equivalent cost of accommodating people in hotels. The savings it expected were heavily dependent on a range of highly uncertain assumptions (**Figure 7** on pages 27 and 28). As it has gained experience in setting up large sites, it has updated these assumptions, but the value-for-money assessments remain sensitive to changes, including the following.

¹¹ Accounting Officer advice assesses whether an initiative meets the four Accounting Officer standards set out in *Managing Public Money* of regularity, propriety, value for money, and feasibility. Guidance for Accounting Officers states that, if the four key tests are not met, the Accounting Officer should seek a ministerial direction to proceed.

¹² Good practice in managing public money requires departments to prepare business cases ahead of major investment decisions. These should consider the costs and benefits, and any potential alternative options.

- a **Hotel costs:** The Home Office assumed that people in large sites would otherwise be accommodated in hotels (rather than, for example, dispersal accommodation). In its initial assessments, the Home Office's assumption was that hotel costs would rise to £143 per person per night (excluding VAT), and used this to work out how much large sites could save in comparison. The Home Office compares the cost of large sites to a three-month rolling average of hotel costs to remove some variation, though its analysis now recognises that there is constant fluctuation in the price of hotels. For example, three-month averages ranged from £127 to £148 between April 2023 and January 2024 (see **Figure 8** on page 29). If the Home Office manages to reduce the amount it pays for each hotel bed, it will reduce the savings it could achieve from its large sites.
- b **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.
- c **Number of people accommodated at sites:** The Home Office assumed that Wethersfield and Scampton would have 3,700 beds between them, and that it would use around 3,145 of these beds once the sites were fully operational.¹³ It has taken longer than expected to create and fill the beds at Wethersfield and, at the end of January 2024, the site was accommodating 576 people. Low occupancy levels increase the average cost per person per night because the Home Office pays some costs in full regardless of how many people are staying at the sites. The Home Office is now reconsidering its capacity plans at these two sites, which would reduce the maximum number of people at each. These decisions are integral to the value-for-money case and the Home Office will not be able to confirm the potential costs or savings from these sites until it makes these decisions.

3.6 In the Home Office's initial assessment of value for money, it found that three of the four sites showed only marginal savings compared to hotels (**Figure 9** on page 30). For the vessel at Portland, the Home Office based its decision to proceed on an indicative value-for-money assessment showing the Bibby Stockholm would cost marginally less than hotels per night, but did not calculate an overall expected saving. In total, these initial assessments concluded that using Wethersfield, Scampton and Huddersfield would cost £94 million less than hotels.

¹³ The Home Office assumed approximately 85% to 90% occupancy to allow time for rooms to be cleaned and prepared in between residents.

Figure 7

The Home Office's assumptions in its assessment of the value for money of large sites for asylum accommodation

The savings the Home Office expected to achieve from the large sites depended on several uncertain assumptions

Variable	Assumption when first proposed ¹	Latest analysis ²
Cost of hotels	Hotel accommodation will cost £143 per person per night (pppn). ³	<p>Hotel accommodation costs have fluctuated, from £134 pppn in April 2023 to £127 pppn in September 2023 and £148 pppn in January 2024, making it challenging to pin down the level of savings large sites will achieve.</p> <p>In assessments of value for money in January 2024, the Home Office provided a range of hotel costs. These latest assessments considered hotel prices ranging from £95 pppn to £156 pppn, and estimated around a £60 million change in the value-for-money case of large sites for every £10 change in hotel prices pppn.</p>
Cost to set up sites	Setting up sites and refurbishment was expected to cost around £5 million each for Wethersfield and Scampton.	Set-up costs have increased at both sites. Wethersfield is now expected to cost £49 million, and Scampton £27 million.
Occupancy levels	Large sites will consistently accommodate 85% to 90% of their maximum capacity within four to seven months.	By the end of January 2024, Wethersfield housed 576 people (40% of expected occupancy by this date) and the Bibby Stockholm vessel housed 321 people (75% of expected occupancy by this date). In total, the two sites were expected to be housing 1,875 people by January 2024, and were housing 897 people (48%). A proportion of costs are fixed, meaning they are paid in full regardless of how many people are staying at the sites. Therefore, low occupancy levels increase the pppn cost of large sites and reduce the value-for-money case against hotels.
Number and type of beds on sites	Wethersfield would hold 1,700 beds and Scampton would hold 2,000 beds, both using a combination of building types for accommodation.	<p>The Home Office had expected to provide the accommodation by refurbishing buildings already at the sites and hiring 'modular' portable accommodation blocks. But connecting the modular accommodation to utilities is expensive and challenging.</p> <p>In January 2024, the Home Office was considering reducing the number of beds at the sites and reducing its reliance on modular accommodation. The Home Office expects this to reduce the value-for-money case of the sites by a further £29 million.</p>
Choice of counterfactual	People accommodated at large sites would otherwise be accommodated in hotels.	The Home Office compared costs of large sites to hotels on the grounds that people would otherwise be accommodated in hotels. In the impact assessment for the Illegal Migration Bill, the Home Office used a blended cost of hotels and dispersal accommodation, which it estimated to be around £85 pppn.

Figure 7 *continued*

The Home Office’s assumptions for its assessment of the value for money of large sites for asylum accommodation

Variable	Assumption when first proposed ¹	Latest analysis ²
Sale value of sites	The Home Office will be able to sell Wethersfield and Scampton at the value they were transferred to the Home Office.	It is not possible to predict the land value of either site at the end of the period of use. ⁴

Notes

- 1 The assumptions above are those presented in the March 2023 Accounting Officer advice or advice to ministers for the Wethersfield and Scampton sites and for the Bibby Stockholm vessel, and in an expedited business case produced for the Huddersfield site in May 2023. The Home Office decided to proceed with the sites on the basis of these analyses.
- 2 The Home Office’s analysis has increased the estimated cost of sites to reflect optimism bias in putting together its calculations.
- 3 Stated hotel costs per person per night do not include VAT.
- 4 Huddersfield and the Bibby Stockholm vessel are leased from the private sector and so do not have a transfer value.

Source: National Audit Office analysis of Home Office documents

3.7 The Home Office updated its value-for-money assessments in January 2024. The new assessments changed how long some sites would be used, and excluded ‘sunk’ costs of around £199 million, so the investment decision was focused on the additional spending that would be required.¹⁴ These assessments concluded that large sites would be around £153 million cheaper than hotels.

3.8 However, the Home Office expects that, when the sunk costs are included, the sites will, in total, cost £46 million more than using hotels over the same period.¹⁵ Most of the additional cost compared to hotels comes from using the Scampton site. The Home Office hopes that the large sites will bring other benefits over hotels, including that they will be more “appropriate and sustainable”. But, to date, it has not included these benefits in its analysis. It told us that it expects to update its analysis of the value for money of sites quarterly, and plans to produce a full benefits strategy.

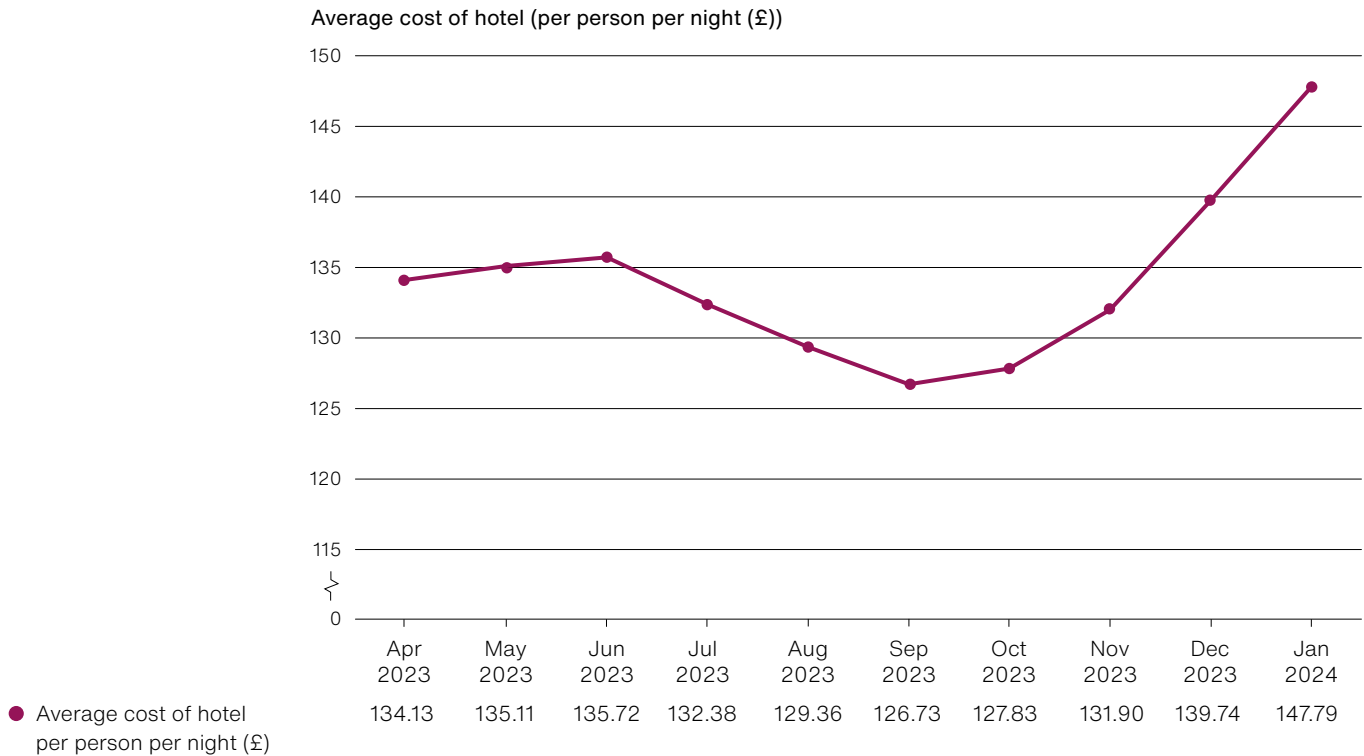
14 Sunk costs are costs that the Home Office had spent setting up sites, or was already committed to spending on the sites, when it produced the updated value-for-money assessments in January 2024. It is in line with HM Treasury Green Book guidance to exclude sunk costs when appraising decisions still to be made.

15 The Home Office makes payments to local authorities based on the number of occupied beds at large sites. Such payments are also made for dispersal accommodation but not for hotels. The cost of these payments is not included in the value for money expectations stated. The Home Office initially expected these payments to total around £17 million.

Figure 8

Nightly hotel accommodation rate paid by the Home Office, April 2023 to January 2024 (three-month rolling average)

The nightly rate the Home Office pays to accommodate people has fluctuated over time from around £127 to £148

**Notes**

- 1 Hotel prices do not include VAT.
- 2 The Home Office uses a three-month rolling average of hotel costs. It uses this approach to compare the cost of large sites to hotels in its economic assessments.

Source: National Audit Office analysis of Home Office documents

3.9 The Home Office is also considering reducing the use of ‘modular’ portable accommodation at Scampton, which it believes could strengthen the value-for-money case of the site by around £15 million. The Home Office would still, however, expect the site to cost around £30 million more than hotels, and for it to accommodate significantly fewer people. The Home Office is also considering capping the number of people staying at Wethersfield at 800, which it expects would reduce the value for money of the site by around £54 million.

Figure 9

The Home Office's value-for-money assessments of its four large sites

The large sites were all expected to cost less than hotels in the Home Office's initial value-for-money assessments, but two are now expected to cost more

Site	Approval to proceed granted on the basis of	Expected end date for site use when approved	Initial estimate of the cost or saving of using the site compared to using hotels	Updates in January assessment
Wethersfield	Accounting Officer advice in March 2023 ¹	April 2028	Cost £66 million less than using hotels	Cost £0.5 million less than hotels, with site used until May 2027
Scampton	Accounting Officer advice in March 2023	July 2025	Cost £5 million less than using hotels	Cost £45.1 million more than hotels, with site used until March 2028
Huddersfield	Business case in May 2023	September 2033	Cost £23 million less than using hotels	Cost £2 million more than using hotels, with no significant change to period of use
Bibby Stockholm vessel	Ministerial submission in April 2023	December 2024	No assessment provided ²	Cost £0.8 million less than using hotels, with no significant change to period of use

Notes

- Accounting Officer advice assesses whether an initiative meets the four Accounting Officer standards set out in *Managing Public Money* of regularity, propriety, value for money, and feasibility. Guidance for Accounting Officers states that, if the four key tests are not met, the Accounting Officer should seek a ministerial direction.
- For the Bibby Stockholm vessel, the Home Office based its decision to proceed on an indicative value-for-money assessment showing the Bibby Stockholm would cost marginally less than hotels per night, but did not calculate an overall expected saving.
- The comparison of cost and savings to hotels is taken from analysis completed by the Home Office. We have not sought to verify the accuracy or completeness of the models, or of the inputs to these models.
- The costs and savings compared to hotels include the amounts the Home Office paid to set up the sites. If these costs and others that the Home Office has already incurred are removed from the January assessments, then the Home Office expects that accommodating people at each site will be cheaper than using hotels.
- The Home Office makes payments to local authorities based on the number of new and occupied beds at large sites. Such payments are also made for dispersal accommodation but not for hotels. The cost of these payments is not included in any of the value-for-money assessments stated above. The Home Office initially expected these payments to total around £17 million.

Source: National Audit Office analysis of Home Office documents

3.10 The analysis currently underpinning the value-for-money assessments assumes that current asylum rules continue. However, the government intends that the Illegal Migration Act will reduce the number of people seeking asylum in the UK and therefore the need for accommodation, so those sites with longer lease terms may prove more expensive if accommodation is not required. The Home Office has estimated that the impact of the Illegal Migration Act could worsen the value-for-money case for the large sites by up to £587 million. The Home Office has told us it will include any changes caused by the implementation of the Illegal Migration Act in its quarterly updates of the value-for-money cases.

Part Four

Approach to delivering large sites

4.1 The Home Office has tried to deliver large sites quickly. It began considering ways to open large sites from November 2022 and, in February 2023, it was hoping for the first large sites to be running by March 2023. This has influenced the commercial decisions it has made for the sites, its engagement with local authorities, and its approach to safeguarding. In this part we set out:

- the risks of delivering sites quickly;
- the commercial arrangements for the large sites;
- how the Home Office engaged with local authorities; and
- how it has approached the safeguarding of residents in Home Office accommodation.

The risks of delivering sites quickly

4.2 The Home Office had initially aimed to deliver up to 25,000 beds in large sites by the end of 2023. It considered many different types of accommodation, including vessels in ports, holiday camps, converted office buildings and hard-sided tents. It aimed to introduce up to seven large sites, which together would provide 4,000 beds by June 2024 and 12,000 beds by 2026. However, it is now reviewing its plans, which we cover in Part Five.

4.3 The Home Office’s plan to open large sites very quickly carried a lot of risk. The risk has been highlighted by the Infrastructure and Projects Authority (IPA), which scrutinises the deliverability of major government programmes. The IPA has reviewed three iterations of the Home Office’s plans, rating each as ‘red’, meaning successful delivery of the programme to time, cost and quality appears to be unachievable.¹⁶ The IPA recommended that the Home Office be clearer about the scope and objectives of its programmes and said its plans were unrealistic. In its most recent report, from September 2023, the IPA concluded that while this programme had made good progress since the last assurance review, and had a more focused scope, the programme was “effectively in a cycle of working hard to deliver a series of unachievable top-down targets, resulting in missed milestones and significant delivery risks”.

4.4 The Home Office recognises the risks in its programmes, and assesses many of its own delivery risks as ‘red’. The Home Office acknowledges that the pace of its work means it has taken tactical and untested approaches and has learned as it has gone along. It has also told us that it is reviewing its programmes and their delivery timescales to ensure there are realistic delivery timetables in the future, with appropriate contingency. We discuss future plans in more detail in Part Five.

Commercial arrangements for large sites

4.5 The Home Office considered that it had to award contracts quickly to meet its ambitious timetable. To proceed quickly, while attempting to manage the risk of legal challenges, the Home Office chose to adapt existing contracts or use Crown Commercial Service frameworks to acquire and operate large sites.¹⁷ 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. In some instances, the Home Office has developed requirements and signed contracts after activities have commenced. For example, the Home Office asked Portakabin to begin work to provide temporary buildings at Wethersfield and Scampton in February 2023, but did not award the contract until September 2023.

¹⁶ The full description of an IPA assessment red rating is: *Successful delivery of the programme/project to time, cost and quality appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The programme/project may need re-baselining and/or its overall viability re-assessed.*

A red rating from IPA also brings the following conclusion: *This programme/project should not proceed to the next phase until these major issues are managed to an acceptable level of risk and the viability of the programme/project has been re-confirmed.*

¹⁷ Framework agreements generally involve an initial competition for suppliers to gain access to a framework, followed by a shortened call-off process for contracts to be awarded to one of those framework suppliers. This means that, once a framework agreement has been put in place, departments can more quickly set up contracts with suppliers, without going through a full procurement exercise each time.

4.6 While awarding contracts without a full competition is faster, it creates a risk of not getting the best possible terms, including price, since only a single supplier is consulted. The Home Office awarded contracts to suppliers worth £254 million in total, of which £244 million (96%) was awarded without a full competitive process (see Appendix Two).¹⁸ It did this by doing the following.

- **Modifying the existing Asylum Accommodation and Support (AAS) contracts:** To provide the main service managing the Wethersfield and Scampton sites, including furnishings, security, and travel services, the Home Office modified the AAS contracts for the relevant regions with Clearsprings and Serco, respectively. It increased the Clearsprings contract value by £101 million (2%) and told us that the Serco contract value would increase by £72 million (7%), but that this had not yet been agreed. The Home Office did not adapt the key performance indicators in the AAS contracts, which had been designed for contracts where the accommodation is identified by the supplier, to reflect the differences of operating the Wethersfield and Scampton sites. While the AAS contracts require suppliers to identify and secure accommodation to meet demand, on large sites, people are only admitted when bed spaces are available.
- **Using existing commercial frameworks:** The Home Office used Crown Commercial Service frameworks to award some contracts. This includes the contract for the Bibby Stockholm vessel, which it awarded to Corporate Travel Management (CTM). The framework used is for government travel and venue booking and the Home Office used it to award a contract for asylum accommodation for around £23 million. CTM is the only supplier that was successful in bidding to be on the part of the framework used (“lot 2”). The Home Office considered that the award was compliant with procurement rules because the terms of lot 2 allowed for optional “air, boat and helicopter chartering”.
- **Using contracts awarded by another government department:** The Home Office contracted some services through Ministry of Justice (MoJ) suppliers. The Home Office told us that it had taken this approach because the MoJ contracts had already been through a competitive process and were available to the Home Office through a memorandum of understanding. The Home Office used two MoJ contracts to identify potential locations for large sites and for renovation, repair and maintenance of buildings at Wethersfield and Scampton.

¹⁸ Some contracts were awarded using frameworks that allowed direct award, or where there was only one supplier on the part of the framework used.

Local engagement

4.7 The Home Office has designed its large sites to be largely self-sufficient. For example, it provides food and transport services to the local towns and has worked with the NHS to provide some healthcare on site. The Home Office believes that, by providing these services on the site, there should be little impact on the local community. However, large sites cannot function effectively in isolation. To work well, the Home Office needs to collaborate with the local authorities to ensure that all support, facilities and regulations required by law are in place.¹⁹ At the Bibby Stockholm vessel in Dorset, we heard reports of the growing positive engagement with the local community, including provision of language lessons at the local library, walking tours for which the council has provided wet weather gear, and, links to local sports clubs and to many organisations in the town offering to support people on the vessel.

4.8 To allow it to secure potential sites quickly, the Home Office undertook 'limited engagement' with local stakeholders and used emergency planning regulations. It negotiated agreements to use the sites before engaging with the relevant local authorities or making public announcements. It took these steps to reduce the risk of local opposition influencing the outcome of negotiations to secure the sites. The Home Office has faced opposition to its plans since they became public, including legal challenges against the use of short-term, emergency planning regulations for Scampton and Wethersfield. In September 2023, it received notification to cease all works at Scampton. Sites have also faced opposition from residents, community members, and campaign groups.

4.9 The Local Government Association told us that initial local authority engagement by the Home Office had been poor. Officials from the Department for Levelling Up, Housing & Communities agreed with this, but told us that relationships were improving, with more regular communication at all levels. For example, the Home Office participates in multi-agency forums with other public sector agencies and suppliers. These forums assess risks to the individual large sites and identify mitigating actions. Senior officials in the Home Office also regularly meet with the relevant local authority chief executives.

4.10 The Home Office also provides funding to local authorities for large sites. For each new occupied bed in a large site, the Home Office provides a one-off payment of £3,500, to help fund the local services that people seeking asylum use.²⁰ It has also provided additional funding of £377,000 to Dorset Council to support the voluntary sector, which helps to cover English classes and other voluntary support. By January 2024, only occupied sites had received payments.

¹⁹ This includes having appropriate planning regulations to change the use of the site, health and safety regulations, health and social care needs, and links to local communities to provide activities and support that people seeking asylum may need.

²⁰ The Home Office makes payments of £3,500 to local authorities for each new occupied dispersal bed. It does not make these payments for hotel beds.

Ensuring the safety and security of people in the Home Office's care

4.11 The Home Office is responsible for the safety of the people in its accommodation. It has produced guidance to help staff to identify and respond to the vulnerabilities of people seeking asylum, and people have access to healthcare and a helpline to report issues.²¹ The Home Office has incorporated safeguarding requirements, including for people with complex needs and specific vulnerabilities, into the contracts for running the large sites.²² However, the contracts do not specify penalties if these requirements are not met. In January 2024, the Home Office was developing specific performance reporting for large sites. It received its first draft reporting pack on Wethersfield in January 2024, which included complaints and incident reporting, but stated that it was still developing the key performance indicators, reporting and governance structures. The Home Office told us that, in January 2024, it was discussing with the contractor a set of measures it would use to monitor performance at the Bibby Stockholm vessel.

4.12 The Home Office has guidance for allocating people to different types of accommodation. This states that people who have more complex needs or specific vulnerabilities should not be considered suitable to be housed in a large site or vessel.²³ For example, when we visited the Bibby Stockholm in November 2023, we were informed that two people had been removed from the vessel due to mobility issues. The allocation guidance also states that such people should not need to share rooms, and that monitoring of suitability for accommodation types and room sharing should be an ongoing process.

4.13 The impact assessment for room-sharing and large sites recognised that large sites may not be suitable for people with disabilities and that more suitable accommodation would be found. It concluded that there was no direct or indirect discrimination on the grounds of sexual orientation or gender reassignment, but that these cases would be considered on a case-by-case basis if the individual raised exceptional reasons relating to their suitability for large sites. It considered that any indirect discrimination that might arise was proportionate to achieving its policy aims.

21 People claiming asylum, including people at large sites, have access to Migrant Help. Migrant Help offers services independently from the Home Office and accommodation providers, and allows people to report issues with asylum accommodation and to access other support.

22 The large sites at Wethersfield and Scampton are covered by the Asylum Accommodation and Support contracts, which set out safeguarding expectations for accommodation providers.

23 This includes victims of modern slavery, those with physical disabilities and complex health needs, victims of torture, rape or other psychological or physical violence, or those with serious mental health issues where there is a high risk of suicide.

4.14 The providers operating large sites are responsible for allocating people to rooms in accordance with the Home Office's allocation policy. On our visits to large sites, we asked about how decisions were made around room-sharing. We were told these were based primarily around people speaking the same language, but that it was made clear to people when they arrived that they would be expected to share a room. Since June 2023, the Home Office has recorded room-sharing as a potential factor in safeguarding incidents. By the end of January 2024, it had identified 857 incidents where room-sharing was considered as a potential factor, including nearly 283 incidents involving suicide or self-harm.

4.15 A number of safeguarding incidents have occurred at the Home Office's large sites, generating significant media attention. These incidents include reports of infectious diseases at Wethersfield and a suspected suicide on board the Bibby Stockholm vessel. The Home Office has responded to these incidents in a variety of ways (see **Figure 10**).

Figure 10

The Home Office's response to a selection of major safeguarding incidents at large sites

A number of safeguarding incidents have been reported at the Home Office's large asylum accommodation sites; the Home Office has taken action to address these

Issue	Summary of incident	Home Office response
Identification of legionella bacteria on board the Bibby Stockholm vessel	<p>On 7 August 2023, Dorset Council notified the accommodation provider that legionella bacteria had been detected, and then informed the Home Office on 8 August.</p> <p>On 10 August, the UK Health Security Agency (UKHSA) verbally recommended against any new embarkations. That evening, UKHSA wrote to the Home Office recommending no further embarkations and that some residents should disembark.</p> <p>All residents disembarked on 11 August.</p>	<p>The Home Office implemented a water control plan and removed remaining stagnant water. Staff received training on legionella and the Home Office engaged with the UKHSA and began work on a legionella risk assessment and control scheme. The Home Office has since completed a review of the decision to board the vessel. One conclusion was that it should have better differentiated between the responsibilities of the Home Office and its suppliers.</p>
Death on board the Bibby Stockholm vessel	<p>On 12 December 2023, a 27-year-old Albanian man died aboard the Bibby Stockholm in a suspected suicide.</p> <p>On 21 December, a coroner determined there was no evidence of suspicious circumstances or third-party involvement in his death.</p>	<p>The Home Office offered support following the incident to people on board the Bibby Stockholm vessel including priority access to a GP service. A review of all mental health related issues of occupants was also performed in addition to signposting to mental health charities and visits from religious leaders. A part-time clinical mental health/safeguarding officer has been appointed to the site.</p>
Detection of infectious diseases at Wethersfield	<p>In July 2023, a case of scabies was confirmed by the Home Office.</p> <p>Towards the end of July 2023, people tested positive for tuberculosis at the site.</p> <p>In November, there were media reports of further cases of scabies.</p>	<p>The Home Office implemented its Infectious Diseases Management Plan, which it already had in place. Additionally, it delivered a series of face-to-face prevention and control training sessions to on-site staff and introduced a package of mandatory learning.</p>
Unrest at Wethersfield	<p>In September and December 2023, some individuals conducted hunger strikes.</p> <p>Separately, there have been reports of fights and vandalism at the site.</p> <p>Between July and October 2023, 54 residents were relocated to hotels due to suitability concerns.</p>	<p>The Home Office and its supplier are working with the police to tackle unrest and understand the root causes. The Home Office plans to introduce a mobile CCTV system and has hired an additional 10 security staff to the site, including female officers. The Home Office also told us it was working to improve the quality of catering and Wi-Fi at the site, and making investments into enrichment activities through Braintree District Council to improve the quality of day-to-day living for service users.</p>

Notes

- 1 People claiming asylum, including people at large sites, have access to Migrant Help. Migrant Help offers services independently from the Home Office and accommodation providers, and allows people to report issues with asylum accommodation and to access other support.
- 2 The Home Office guidance for allocating people to rooms at large sites says that the suitability of accommodation that people are allocated to should be monitored on an ongoing basis.

Source: Home Office documents and news sources

Part Five

Future plans

5.1 In this part we set out how the Home Office is developing its longer-term strategy to accommodate people seeking asylum. We cover:

- the Home Office's development of its accommodation strategy; and
- the implications of the Illegal Migration Act.

The Home Office's development of its accommodation strategy

5.2 The Home Office's Asylum Support, Resettlement and Accommodation team is developing a longer-term strategy outlining its accommodation needs for the next 10 years. It expects to complete this by spring 2024. The strategy will consider the mix of accommodation the Home Office will need and how it will optimise this to meet demand in an uncertain and volatile environment. The Home Office is aiming to produce a comprehensive, system-wide view of asylum accommodation that addresses the challenges it has identified. It intends the strategy to cover:

- how much detained and non-detained accommodation it needs;
- the type and location of that accommodation;
- the roles that the Home Office, other government departments, local authorities and others should have in securing accommodation and providing services and support;
- strategic choices around contracting and funding; and
- contingency options for managing changes in demand.

5.3 As part of this work the Home Office has analysed its recent efforts to secure different types of accommodation. It envisages that some of the existing large sites could become part of its longer-term plans but acknowledges that they have yielded relatively small numbers of beds for high effort.

5.4 The Home Office considers that its experience in setting up large sites has been valuable because it now has a more realistic idea of the time, costs and risks associated with these accommodation options. It intends to make sure these lessons are fully incorporated into its revised Large Sites Accommodation Programme. It has, for example, lowered both its expectations on how many people its future sites will accommodate and its targets for the number of beds it will provide through these sites. It is now looking to make up to 2,500 beds available (but not necessarily occupied) by March 2024 and a total of 6,500 beds by December 2026 and it expects to find sites that will accommodate between 200 and 700 people in each, rather than more than 1,000 people.

5.5 The Home Office also recognises that it needs to work more collaboratively with local authorities, and that its actions over the past year have exacerbated many of the challenges that local authorities have faced, particularly around social housing demand and homelessness. Alongside its accommodation programme, the Home Office is starting to look at the feasibility of developing more sustainable accommodation in the future, which could potentially be used by a range of organisations (such as the Home Office for asylum accommodation, or local authorities for resettlement, social housing or easing homelessness pressures). These plans are in early stages, but the Home Office believes they have the potential to provide much cheaper alternatives to hotels in more humane and more suitable conditions.

Implications of the Illegal Migration Act

5.6 The government passed the Illegal Migration Act in July 2023. The Act requires the Home Secretary to make arrangements to remove people who arrive in the UK irregularly by small boat or other means to a safe ‘third country’. If the Illegal Migration Act works as intended, it will deter people from arriving irregularly and so reduce the number of people the Home Office is required to accommodate. The UK and Rwanda agreement is the only current agreement with a ‘third country’ to send people elsewhere to claim asylum under the Illegal Migration Act.

5.7 It is, however, difficult to predict the deterrent effect of the Illegal Migration Act and any agreements with ‘third countries’ where people could be sent to claim asylum. In April 2022, the Home Office Permanent Secretary sought a Ministerial Direction on the arrangements to send people to Rwanda, stating that “evidence of a deterrent effect is highly uncertain and cannot be quantified with sufficient certainty to provide ... the necessary level of assurance over value for money”.²⁴ In its impact assessment for the Illegal Migration Act, the Home Office estimated that to break even, the Act would need to deter 37% of people who would otherwise have arrived in the UK.

²⁴ The Ministerial Direction was in relation to the Migration and Economic Development Partnership (MEDP) with Rwanda, announced in April 2022. The MEDP was expected to enable processing of inadmissible asylum claims in Rwanda. The MEDP was part of the New Plan for Immigration programme, which came before the Illegal Migration Act.

5.8 The Home Office expects that most people removed under the Act will be detained before they are removed. This means the Act will also change the balance of accommodation the Home Office requires as an increasing number of people will need to be placed in detention. The uncertainty over the impact of the Act makes it difficult for the Home Office to plan what accommodation it will need in the future. Detained and non-detained accommodation have very different requirements, and it is not straightforward to repurpose non-detained accommodation so it can be used to detain people. The Home Office currently has capacity to detain approximately 2,200 people in immigration removal centres, residential short-term holding facilities and in prisons, and has plans to increase this by 1,000 places by re-opening centres at Haslar and Campsfield House. By the end of 2025, it expects to have capacity to detain over 3,500 people.

Appendix One

Our investigative approach

Scope

1 This investigation was performed in response to public and parliamentary concerns about how the Home Office is managing asylum accommodation. This report sets out the facts about:

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

2 Our report sets out the facts. We have not made an evaluative value for money judgement on the Home Office's approach to asylum accommodation.

3 We conducted our fieldwork between October 2023 and January 2024. We considered evidence received until early March.

4 This investigation builds on our previous reports, *The asylum and protection transformation programme* (June 2023) and *Asylum accommodation and support* (July 2020).

Methods

Interviews

5 We interviewed key officials from the Home Office to understand the range of accommodation programmes it is undertaking, its current and future plans, and to understand the challenges and constraints it faces in accommodating people who arrive to seek asylum. We also discussed the implications of the Illegal Migration Act on its plans. Those we interviewed included:

- officials responsible for the Large Sites Accommodation Programme and New Detained Accommodation Programme; and
- officials from commercial, finance, and data and analysis teams.

6 We additionally interviewed other government departments and stakeholders about the Home Office's plans for asylum accommodation. These included:

- HM Treasury;
- the Department for Levelling Up, Housing & Communities;
- the Infrastructure and Projects Authority;
- the Local Government Association; and
- senior representatives from Braintree District, West Lindsey District and Dorset Councils (local authorities for Wethersfield, Scampton and the Bibby Stockholm vessel respectively).

Document review

7 We reviewed published and unpublished documents from the Home Office and other sources to understand the actions and decisions the Home Office has taken, how it has considered the value for money of its sites and chosen approaches, how it is managing the risks associated with the work it is undertaking, and its approach to finding, securing, and overseeing sites. The documents include:

- documents setting out plans;
- business cases for sites and programmes, where available;
- Accounting Officer advice on selected sites;
- submissions prepared for ministers providing information and seeking approval to proceed with certain actions;
- reporting packs and various board minutes containing progress updates;
- risk registers;

- contracts and documents relating to the new accommodation sites; and
- public statements and legislation on the UK asylum and wider immigration process.

Fieldwork visits

8 In November 2023, we visited the operational large accommodation sites of Wethersfield and the Bibby Stockholm vessel to understand how they were operating, and the challenges associated with delivering and running the sites. During these visits, we were provided tours of the sites, including shared accommodation, medical facilities, recreational areas, and eating facilities. However, our scope does not include assessing the suitability or quality of accommodation. During these visits, we spoke to a range of individuals including:

- Home Office officials responsible for delivery and operational oversight;
- representatives from commercial contractors; and
- representatives of some wraparound support services.

Financial and data analysis

9 We have analysed departmental data including:

- management information on people accommodated at sites, hotel occupancy, and hotels the Home Office has stopped using;
- publicly available immigration system statistics on the number of people seeking asylum, decisions and receiving support; and
- departmental financial data, including spreadsheet summaries of cost information for large sites and the Home Office's accounting records.

10 We have reviewed the Large Sites Accommodation Programme's economic models to understand the assumptions the Home Office is making and how sensitive these assumptions are to the outcomes it is trying to achieve. We have not sought to verify the accuracy and completeness of the data. Where we examine the costs of hotels, these costs do not include VAT.

11 In most instances we have based our analysis on management information to the end of January 2024. Where the analysis differs from this date (for example, where it takes time to compile data, or we have used official statistics) we have stated the relevant dates for that analysis in the report.

12 We analysed management and financial information from the Home Office to understand its progress against its objectives and its spend to date on large sites. This information has been extracted from Home Office reporting packs and models, and underlying data systems. We have used this to present the most up-to-date information, while recognising that this presents the position of the programme at a specific point in time, and that this is a fast-developing programme. Where possible, we have sought to specify the extent to which future policy changes are incorporated in the data but we have not sought to verify the accuracy of the reporting packs or the underlying data provided to us. The information we have used has not been quality-assured to national or official statistics levels. We have not sought to verify the accuracy or completeness of the data provided to us by the Home Office.

13 Where we have referred to the amount that the Home Office has spent on accommodation in the 2023-24 financial year, these figures were not audited at the time of publication and may be subject to change before the publication of the Home Office annual report and accounts.

Appendix Two

Contracts awarded for large sites

1 This appendix sets out the contracts awarded to identify, design, and operate large sites. The Home Office has used contracts with a total value of £254 million, comprising £244 million awarded without full competition and £10 million fully competitive awards (**Figure 11** on pages 46 and 47).

Figure 11
Contracts for large asylum accommodation sites

The Home Office has awarded and used several contracts to identify, design and operate large asylum accommodation sites without using a competitive award process

Location	Service	Supplier(s)	Contract value and main pricing mechanism	Contract duration	Procurement route	Competition?
Various	Identification of large sites	Cushman & Wakefield	Not recorded by the Home Office	Not recorded by the Home Office	Existing Ministry of Justice (MoJ) contract	No ¹
Various	Design and architectural support (across three contracts)	AECOM Ltd, AtkinsRéalis PPS Ltd and Pick Everard	£10 million (across three contracts) Time and materials, with some cost-plus elements ²	From August 2023 to August 2025 (plus a possible extension to 2027)	Mini-competition using lot 1 ("built environment") of a Crown Commercial Service (CCS) framework for "Construction Professional Services"	Yes
Various	Environmental and health impact assessments	AECOM Ltd	£0.5 million Time and materials	From June 2023 (no specified end date)	Lot 1 ("built environment") of a CCS framework for "Construction Professional Services"	No ³
Bibby Stockholm	End-to-end service, including providing and maintaining the barge, security and transport	Corporate Travel Management (North) Ltd (CTM)	£23 million Fixed and variable priced elements plus an overall mark-up ²	April 2023 to February 2025, plus a possible extension to February 2026	Lot 2 ("Booking Solutions UK & Overseas Points of Sale – High Touch") of a CCS framework for "Travel and Venue Solutions"	No ⁴
Wethersfield	Renting prefabricated buildings	Portakabin Ltd	£8 million Fixed price	September 2023 (work commenced February 2023) to October 2025 (plus optional 'rolling' extension)	Lot 1.1 ("Built Estate including education (0>£15 million Purchase and Hire of 3D Turnkey Solutions)") of a call-off from CCS framework for "Offsite Construction Solutions"	No ³
Wethersfield and Scampton	Renovating and maintaining existing buildings	Kier plc	Not recorded by the Home Office	Not recorded by the Home Office	Existing MoJ contract	No ¹
Wethersfield	Operating the site, including furnishings, security, catering, travel, and other services for asylum seekers	Clearsprings Ready Homes Ltd	£101 million Fixed price, variable price and cost-plus elements ²	Site contracted from July 2023 for two years, plus a possible one-year extension. The contract itself runs until 2029	Modification of existing contract for asylum accommodation	No ⁵
Scampton	Renting prefabricated buildings	Portakabin Ltd	£39 million Fixed price	September 2023 to October 2025 (work began in February 2023), plus a possible one-year extension	Lot 1.1 ("Built Estate including education (0>£15 million Purchase and Hire of 3D Turnkey Solutions)") of a call-off from CCS framework for "Offsite Construction Solutions"	No ³
Scampton	Security, catering, and other services for asylum seekers	Serco plc	£72.25 million (not yet agreed) Fixed and variable elements ²	Not yet agreed	Modification of existing contract for asylum accommodation	No ⁴
Total	11 contracts	9 different suppliers	£253.75 million total value			

Notes

- 1 Work was delivered under existing MoJ contracts that allowed related services to the Home Office to be added, without a further competition. The original contracts were awarded using a competition.
- 2 'Variable priced' elements are where costs depend on the number of people accommodated. 'Cost-plus' pricing is where the supplier adds a fixed markup to the costs that it incurs providing the service.
- 3 Use of a framework that allows direct award.
- 4 CTM was the sole supplier on part of a framework intended for booking travel and accommodation, but which included chartering of vessels as an optional service. A call-off was made in March 2023, which modified the terms to include asylum accommodation, and this was further modified to specify the renting of the Bibby Stockholm.
- 5 The existing contracts for asylum accommodation were awarded through a competitive process in 2019, but the addition of large sites was not subject to competition.

- 6 The table does not show:
 - seven existing contracts for asylum accommodation: let via competitive process in 2019 – these have been amended, without further competition, for higher volumes, greater use of hotels and, in some cases, managing large sites;
 - contracts relating to the national reception centre at Manston, which is used for very short-term accommodation when people arrive by irregular means;
 - contracts for additional detention accommodation; or
 - contracts to provide hotels, which ended in early 2023 (which were awarded using a CCS framework), or construction advice (provided by MoJ suppliers until MoJ advised its contract could no longer be used by the Home Office).
- 7 Contract values are estimates, and the amount paid to suppliers may be different.

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