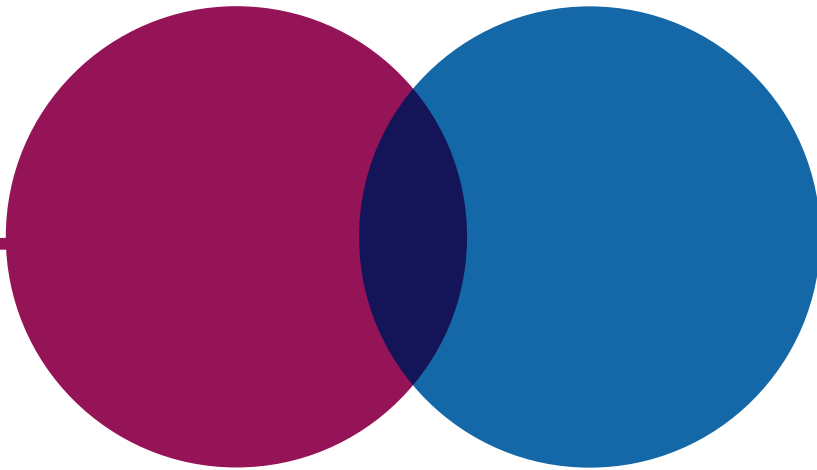




National Audit Office



REPORT

Investigation into the acquisition of the Northeye site for asylum accommodation

Home Office

SESSION 2024-25
15 NOVEMBER 2024
HC 305



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National Audit Office

Investigation into the acquisition of the Northeye site for asylum accommodation

Home Office

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 13 November 2024

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

Gareth Davies
Comptroller and Auditor General
National Audit Office

11 November 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 acquisition of the Northeye site in Bexhill-on-Sea.

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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 by providing financial support and accommodation while it determines their asylum claim.
- 2** Our March 2024 report *Investigation into asylum accommodation* examined the increased demand for asylum accommodation over recent years and how the Home Office had responded.¹ It reported that in 2023 the Home Office received 67,300 applications for asylum, nearly double the number received in 2019. It found that the Home Office had experienced increasing difficulty finding houses or flats in residential areas to accommodate people seeking asylum and was making greater use of hotels, intended as a contingency measure. By December 2023, the Home Office was providing accommodation for around 106,500 people, including 45,800 in hotels.
- 3** The previous government sought to reduce the use of hotels to accommodate people who seek asylum by trying to procure accommodation in local areas as well as by setting up large sites such as barges and disused military bases. As part of this policy, the Home Office decided to acquire the Northeye site in Bexhill-on-Sea from the vendors Brockwell Group Bexhill Limited Liability Partnership, who had previously bought the site in August 2022 for around £6.3 million. In January 2023, the Home Office initially offered the vendors around £14.2 million to purchase the site. In March 2023, the Home Office exchanged contracts with the vendors for an agreed price of £14.5 million, intending to develop the site as accommodation for single adult males seeking asylum. The Home Office completed the purchase of the Northeye site in September 2023 for around £15.4 million. The Home Office anticipated that the site would provide around 1,400 bed spaces through a mix of refurbished and new buildings. No work on the site has yet begun. The site is contaminated and requires remediating.
- 4** This report sets out the process by which the Home Office acquired the Northeye site and the reasons for the site not being operational yet. We undertook this work in response to concerns raised with us over the suitability of the site for asylum accommodation. Our report adds to the findings from our March 2024 report *Investigation into asylum accommodation*, which covered the Home Office's acquisition of other large sites in detail but did not include the Northeye site.

¹ Comptroller and Auditor General, *Investigation into asylum accommodation*, Session 2023-24, HC 635, National Audit Office, March 2024.

Scope of our work

5 Our report is factual and does not conclude on the value for money of the acquisition. It sets out:

- the timeline of events leading to completion of the acquisition, and subsequent events;
- the process to acquire the site followed by the Home Office; and
- how this process differs from standard practice.

Summary

Key findings

6 The Home Office dispensed with some established processes to acquire the Northeye site. The Northeye site was one of four pathfinder sites acquired by the Home Office under the direction of the Small Ministerial Group, a cross-Whitehall group of ministers and officials, chaired by the Chancellor of the Duchy of Lancaster. The Small Ministerial Group implemented changes to established processes, including dispensing with the requirement for a business case before approving the purchase. The Home Office's external property advisers recommended the Home Office undertook a 'Red Book' valuation for the site, as would normally be required for a site requiring remediation, but the Home Office and the vendors negotiated the purchase without one. The Home Office sought, but was not granted, an exemption from complying with standard approval of the acquisition by the Office of Government Property within the Cabinet Office. Following its review, on 27 March 2023 the Cabinet Office highlighted to the Minister for Immigration significant risks with the acquisition, but stated that if the Home Office believed it would be able to mitigate these risks, then the Cabinet Office would accept the Home Office's assurances. The Home Office went ahead with the purchase the following day (paragraphs 1.4, 1.12, 1.16, 1.17 and 1.22).

7 Pressure to acquire the Northeye site at speed, from different parties at different stages in the acquisition, drove the variation from normal process. During the period between May and August 2022, the Home Office believed that it needed to acquire the site quickly or risk losing the opportunity. In December 2022, the then Prime Minister made a statement to Parliament on illegal migration, which included the aim of abolishing the backlog of initial asylum decisions by the end of 2023 and ending the use of hotels. This generated significant pressure within the Home Office to identify and secure sites for asylum accommodation at pace. In January 2023, the Home Office was endeavouring to exchange contracts with the vendors in early February, despite the technical due diligence and approvals process not having been undertaken or key elements commissioned. Full assessments of the remediation required at the site were not undertaken before contracts were exchanged with the vendors (paragraphs 1.3, 1.7 and 1.10).

8 The Home Office relied on contracted staff to take forward the acquisition of the Northeye site without having the expertise in-house to quality assure their advice and decisions. From 2016 until April 2024, the Home Office had a shared-services agreement with the Ministry of Justice's (MoJ's) property function to provide a range of business-as-usual property services on behalf of the Home Office. However, the four pathfinder sites were viewed by the Home Office as outside the scope of the shared-services arrangement. Contracted staff within the Home Office led on the acquisition of the Northeye site, including the planning and commissioning of the technical due diligence and approvals required, liaising directly with the vendors, and determining the terms of the contract for the purchase of the site. The Home Office did not directly involve the MoJ property function in the acquisition and rejected offers of advice and support from the MoJ team. The Home Office did not put in place arrangements to oversee the work of the contracted staff. For example, incorrect advice by the contracted staff led to the Home Office paying the vendors an additional £0.9 million, in part because the Home Office underestimated the time it would take between exchanging contracts and completing the purchase (paragraphs 1.4 to 1.6, 1.21 and 1.24).

9 The amount and cost of remediation required at the site was underestimated prior to the Home Office becoming locked into the purchase. Preliminary surveys of the site warned of potentially high remediation costs. The Planning Appraisal, completed in February 2023, highlighted contamination across the site as a high risk. A geo-environmental review, undertaken in February 2023, concluded that the primary contamination risk was from asbestos-containing materials in existing buildings and contaminated ground. It recommended supplementary investigation to further understand the risks before establishing the cost of remediation. The technical due diligence report, also February 2023, indicated that repairs to buildings on the site could cost in excess of £20 million; however, this did not feature in the Accounting Officer Advice. When the Chief Secretary to the Treasury approved the acquisition on 25 March 2023, he noted that the value-for-money case was marginal and based on assumptions that were highly uncertain. In May 2023, the Home Office concluded that the site was unsuitable for the non-detained asylum accommodation programme and moved the site to the programme for detained accommodation (paragraphs 1.11 to 1.15, 1.18 to 1.20 and 1.23).

10 When purchasing the Northeye site, the Home Office did not apply lessons from previous cases where sites were developed for asylum accommodation but plans later abandoned. In February 2023, the Infrastructure and Projects Authority (IPA), which scrutinises the deliverability of major government programmes, found that the Home Office was not applying lessons learnt from its attempt to set up an asylum accommodation site in Linton-on-Ouse to the acquisition of the Northeye site in Bexhill-on-Sea. 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. From November 2022 to September 2023, all three reviews by the IPA rated the Home Office’s work on asylum accommodation as ‘red’, meaning that “successful delivery of the programme to time, cost and quality appears to be unachievable” (paragraphs 2.4 and 2.5).

11 The Home Office has made improvements to its property function in response to lessons learnt from the purchase of the Northeye site. In November 2023, the Home Office identified lessons learnt from the acquisition of the Northeye site, including that decisions had been made at a senior level with incomplete information and before exploring concerns about the suitability of the site. A further review by the IPA in March 2024 found that the Home Office’s asylum accommodation programme now had firmer foundations, realistic ambition and more deliverable plans. The IPA upgraded its rating from ‘red’ to ‘amber’. In April 2024, the Home Office brought its property function back in-house following a joint decision between the Home Office and the Ministry of Justice (MoJ) to end the shared-services agreement with the MoJ’s property function (paragraphs 2.5 and 2.6).

Concluding remarks

12 The Home Office’s attempt to acquire the Northeye site within just a few months of adopting it onto the non-detained asylum accommodation programme led it to cut corners and make a series of poor decisions. This resulted in it purchasing a site that was unsuitable for that original purpose, and it paying more for it than it needed to. While the site has been moved to a different programme and may yet fulfil a need the Home Office has, it remains to be seen whether the acquisition of the Northeye site results in benefits that justify its cost. It is encouraging that the Home Office has taken steps to understand what went wrong, and that it has made changes to improve its in-house property function. But this case exemplifies the need to adhere to minimum standards and not forgo due diligence, especially at times of intense pressure.

Part One

Acquisition of the Northeye site

Introduction

1.1 The Home Office is responsible for asylum and protection in the UK, including supporting destitute people who seek asylum by providing financial support and accommodation. The Home Office is also responsible for removing people from the UK who arrive illegally, including those with unsuccessful asylum claims. People with unsuccessful claims who remain destitute can stay in accommodation if they take steps to leave the UK. Some people may be detained before they are removed, for example Foreign National Offenders.

Acquisition of sites for asylum accommodation

1.2 The Home Office has customarily used three main types of accommodation for people seeking asylum.

- Initial accommodation, for people upon arrival in the UK and while the Home Office determines whether it needs to provide ongoing support.
- Dispersal accommodation, usually houses or flats in residential areas, procured by suppliers on behalf of the Home Office.
- Contingency accommodation, which the Home Office uses when there is not enough dispersal accommodation available to move people into, typically hotels.

1.3 In December 2022, the then Prime Minister made a statement to Parliament on illegal migration, which included the aim of abolishing the backlog of initial asylum decisions by the end of 2023 and ending the use of hotels to house people seeking asylum.

1.4 Around November 2022, the Small Ministerial Group was established to support the government's plans to tackle illegal migration. The group was responsible for identifying accommodation options that might be suitable for the Home Office to house non-detained people seeking asylum.² The group comprised ministers and officials from across Whitehall, including the Minister for Immigration (Home Office), and was chaired by the Chancellor of the Duchy of Lancaster. The group was tasked with progressing the swift delivery of four pathfinder sites that it had already identified as potential sites for large-scale accommodation – the former MoD sites at Wethersfield and Scampton, the Bibby Stockholm vessel docked at Portland Port, and the Northeye site. The Small Ministerial Group was supported by officials in the Home Office, who led on most aspects of the process to acquire the pathfinder sites.

1.5 Since 2016, the Home Office has had a shared-services agreement with the Ministry of Justice's (MoJ's) property function to provide a range of business-as-usual property services on behalf of the Home Office. The Home Office made minor use of its shared-services arrangement with the MoJ during the acquisition of the Northeye site, specifically through engagement of a firm providing commercial property services through a contract that MoJ held, to undertake some aspects of due diligence. The Home Office did not expect the MoJ's property function to be directly involved in the acquisition of the Northeye site. However, the MoJ's property function was aware of the acquisition and approached the Home Office to offer advice and direct assistance, but these offers were not taken up.

1.6 In April 2021, the Home Office engaged staff previously contracted to the MoJ's property function, to provide in-house expertise in commercial property transactions. The staff were recommended by the Government Chief Property Officer, based in the Cabinet Office. The contracted staff were responsible for managing the Home Office's interests in the Northeye site from August 2022. The contracted staff accompanied the Minister for Immigration to view the site in November 2022 and subsequently led on the acquisition through to the Home Office's purchase of the site in March 2023.

² People seeking asylum who are in the process of being removed from the UK may be detained prior to removal in accommodation designed for that purpose, termed 'detained accommodation'. 'Non-detained accommodation' refers to other accommodation for people seeking asylum.

The Northeys site

1.7 The Northeys site first came to the Home Office's attention in May 2022, when Clearsprings Ready Homes (Clearsprings), an existing holder of an Asylum Accommodation and Support contract with the Home Office, notified the Home Office about the potential use of the site for asylum accommodation (**Figure 1** on pages 12 and 13).³ Clearsprings had been approached by a group of investors, who were in the process of buying the site from the United Arab Emirates (UAE), with the suggestion that the site could be suitable for asylum accommodation. The investors incorporated as Brockwell Group Bexhill Limited Liability Partnership (hereafter 'the vendors') in July 2022. Negotiations from May to August 2022 between Clearsprings and the vendors centred around the Home Office leasing the site for a rent of around £6 million per year. At this time, the Home Office believed it needed to move quickly to confirm it wanted to acquire the site, or risked losing the opportunity.

1.8 The vendors bought the site on 11 August 2022 for around £6.3 million. Initially, Clearsprings continued to act on behalf of the Home Office, negotiating the lease of the site with the vendors. In late August 2022, Clearsprings stepped away from the leasing of the site, on the expectation that it would be involved in the start-up, mobilisation and running of the site after acquisition. From August 2022, the Home Office, through its contracted staff, negotiated directly with the vendors on the basis that the Home Office would lease the site.

1.9 Around December 2022, the Home Office decided to acquire the Northeys site through purchasing it from the vendors rather than lease the site. The site would become Crown land, enabling the Home Office to obtain planning permission to use the site for non-detained asylum accommodation for 12 months through permitted development rights for Crown emergency situations.⁴ The Home Office intended to later regularise the planning law position for a longer period by means of a Special Development Order, through which a secretary of state can grant planning permissions.

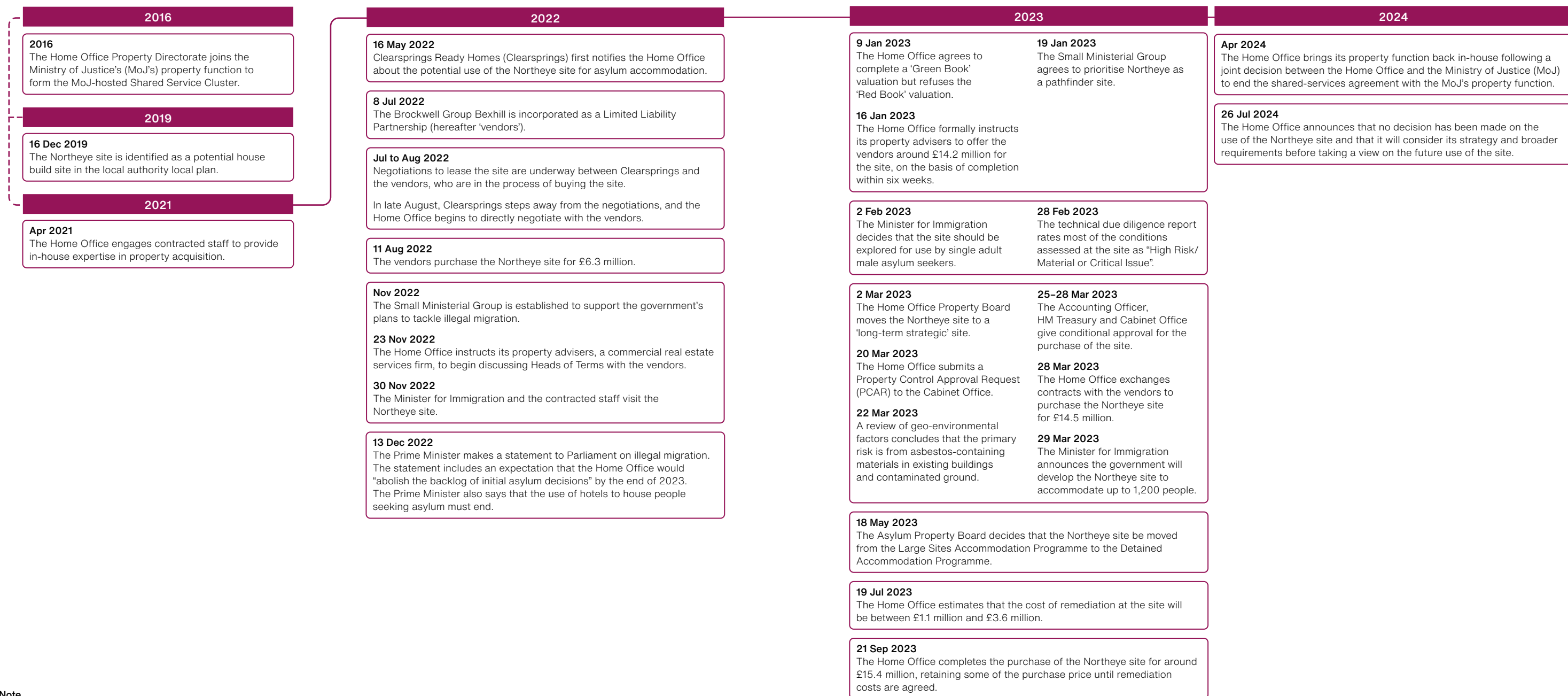
1.10 Over December 2022 and January 2023, the Home Office negotiated a purchase price of £14.2 million for the site, down from an opening offer from the vendors of £19.6 million. The purchase price was on the condition that the purchase complete within six weeks of exchanging contracts.

³ Through Asylum Accommodation and Support contracts, suppliers identify and secure accommodation for people seeking asylum.

⁴ Class Q of Part 19 of Schedule 2 to the Town & Country Planning (General Permitted Development) (England) Order 2015.

Figure 1
Timeline of the Home Office’s acquisition of the Northeye site and related events, from 2016 to July 2024

The Home Office completed the purchase of the Northeye site in September 2023



Note
1 This is a simplified timeline and not all events relating to the purchase are included.

Due diligence on the Northeye site

1.11 The Northeye site in Bexhill-on-Sea was originally constructed in the 1940s as an RAF base, then became a detention centre in the 1980s. The site was later acquired by the UAE and used as a training facility, before being closed in 2010. Over the ensuing 13 years the site fell into heavy disrepair, with buildings becoming dilapidated and the ground becoming heavily overgrown.

1.12 The Small Ministerial Group, established around November 2022, implemented concessions to the process of acquiring sites, including dispensing with the requirement for a full business case before approving acquisitions (**Figure 2**). The Home Office began drafting an outline business case for the acquisition of the Northeye site, dated 1 March 2023, but it was never completed.

1.13 The Home Office commissioned some surveys and sought some additional professional advice on the state of the site, although not all the recommendations in these were actioned.

- Planning Appraisal, completed by a commercial real estate services firm for the Home Office in February 2023.
- Technical due diligence report, completed by the same firm in February 2023, which principally examined the state of the existing buildings on the site.
- Broker's opinion of value and cost feasibility report by the same firm.
- Geo-environmental review (22 March 2023), completed by a geotechnical site investigation firm, which assessed contamination across the site.
- Inspection report, completed by a consultancy and construction firm.
- Report on Title, completed by a law firm.
- Environment Agency sampling tests.

1.14 The geo-environmental review concluded that the primary onsite risk related to asbestos-containing materials in existing buildings and contaminated ground. It recommended supplementary investigation to further understand the risks before the cost of remediation could be estimated. The report suggested that the potential cost of replacing contaminated topsoil could be between £100,000 and £1 million, and the potential cost of asbestos removal could be considerably more.

1.15 The technical due diligence report indicated that repairs to buildings on the site could cost more than £20 million. The report recommended further investigation of the site before the extent of remediation could be determined. The Planning Appraisal highlighted contamination as a high risk.

Figure 2

Approvals process for the Home Office's acquisition of the Northeye site

The Home Office dispensed with some established processes to acquire the Northeye site

Expected approval	Actual approval
Full business case	The Small Ministerial Group dispensed with the need for a full business case before approving the acquisition. The Home Office began drafting an outline business case for the acquisition of the Northeye site, dated 1 March 2023, but it was never completed. A full business case was never developed.
Planning Appraisal	Completed by a commercial real estate services firm for the Home Office in February 2023.
Technical due diligence report	Completed by the commercial real estate services firm for the Home Office in February 2023.
Property Control Acquisition Request (PCAR)	Required by the Cabinet Office's Office of Government Property. The Home Office sought, but was not granted, an exemption. It submitted a PCAR on 20 March 2023. However, the Office of Government Property identified significant risks with the acquisition. The Cabinet Office Parliamentary Secretary responded to the Minister for Immigration on 27 March 2023. He referred to significant risks with the acquisition identified by the Office of Government Property, including contamination, flooding, and risks around mains connection for utilities. He stated that if the Home Office believed it would be able to mitigate these risks, then the Cabinet Office would accept the Home Office's assurances. He highlighted that the Home Office should engage with HM Treasury to ensure value for money.
'Red Book' valuation	The Home Office did not commission a 'Red Book' valuation – a formal opinion of value – of the Northeye site.
HM Treasury approval	The Chief Secretary to the Treasury approved the acquisition on 25 March 2023, noting the marginal value-for-money case and the significant work required to get the site ready. HM Treasury approval was conditional on the Home Office developing a full business case. However, this has not happened because the Home Office told us it has not yet made a decision on whether to develop the site for non-detained asylum accommodation, the purpose it was purchased for.
Accounting Officer Advice	The Home Office undertook an assessment against the Accounting Officer tests, concluding that the proposal met the tests of regularity, propriety and feasibility.

Source: National Audit Office analysis of Home Office documentation

1.16 The Home Office sought an exemption from complying with the Property Control Approval Request (PCAR) process, required by the Cabinet Office's Office of Government Property.⁵ The Home Office was not granted an exemption, and on 20 March 2023 it submitted a PCAR. The Cabinet Office Parliamentary Secretary responded to the Minister for Immigration on 27 March 2023. He referred to significant risks with the acquisition identified by the Office of Government Property, including contamination, flooding, and risks around mains connection for utilities. He stated that if the Home Office believed it would be able to mitigate these risks, then the Cabinet Office would accept the Home Office's assurances.

⁵ Government bodies must seek approval from the Cabinet Office's Office of Government Property for property purchases, aiming to reduce unnecessary spend, encourage cross-government collaboration and deliver value for money.

Approval of the acquisition of the Northeye site

1.17 The Home Office did not commission a 'Red Book' valuation – a formal opinion of value – of the Northeye site. The MoJ's property function and the firm the Home Office had engaged to provide commercial property services advised the Home Office to complete this valuation. The Cabinet Office's response to the Home Office stated: "There is a risk of overpayment, with the proposed purchase price representing an uplift in value from the last declared sale price for the property in August 2022, which ought to be properly approved by HM Treasury."

1.18 The then Chief Secretary to the Treasury gave conditional approval for the acquisition on 25 March 2023, subject to a full business case being developed and signed off by HM Treasury. He noted that the value-for-money case for the acquisition of the Northeye site was marginal and based on assumptions that were highly uncertain. He also noted that significant work was required to get the accommodation into full operation. The Home Office has not yet developed a full business case for the site. It told us this is because it has not yet made a decision on whether to develop the site for non-detained asylum accommodation, the purpose it was purchased for (see paragraph 2.3).

1.19 The Home Office assessed the acquisition against the Accounting Officer tests, concluding that the proposal met the tests of regularity, propriety and feasibility, presented in the Accounting Officer Advice. The assessment found that the use of the site for asylum accommodation represented value for money when compared with the cost of housing people seeking asylum in hotels over a period of five years. There is limited reference to the potential scale of contamination or the need for further investigation in the Accounting Officer Advice, despite reports raising this as an issue with potentially high associated costs. The advice reported that the Environment Agency had conducted local sampling of water courses on 13 February 2023, which had not identified water contamination. It referred to the geo-environmental review report, indicating that it had found that contamination may not be harmful to humans and may be manageable as a feasibility risk.

1.20 Advice submitted to the Minister for Immigration on 28 March 2023 included the Accounting Officer Advice, which stated that the Home Office had received HM Treasury and Cabinet Office property controls approval. The Accounting Officer Advice noted significant risks to feasibility, including the critical risk that the site could not be connected to utilities. The advice stated the Home Office was seeking that the vendors remain liable for any identified historic contamination. The Minister for Immigration approved the acquisition of the site on the same day. Full investigation of the level of contamination and feasibility had not been completed before the Home Office entered into a contract to purchase the site.

Home Office purchase of the Northeye site

1.21 On 28 March 2023, the Home Office exchanged contracts with the vendors for an agreed price of £14.5 million, with the intention of completing the purchase by 9 May 2023. The contract contained conditions that meant that the longer it took the Home Office to complete the purchase beyond a six-week timeframe, the more money it would pay. Despite these terms being questioned by some of the Home Office's advisers, those leading the purchase felt that the terms would never be enacted as, if contracts were not exchanged within six weeks the purchase would fall through. Once contracts were exchanged, there was little recourse for the Home Office to withdraw from the agreement without heavy financial penalties. The Home Office told us that the inclusion of conditions that were unfavourable to it stemmed from a lack of necessary expertise within its property function at that time.

1.22 The exchange of contracts was on the condition that the vendors fully quantify the contamination risk. The contract stated that, if the cost of remediation was less than £1 million, the Home Office would be obliged to complete the purchase, with the vendors contributing £500,000 to the remediation cost. If the remediation cost was over £1 million, then the vendors should agree to reduce the purchase price by the amount more than £1 million, otherwise the purchase would fall through.

1.23 In May 2023, the Home Office's Asylum Property Board decided the site was more suitable for the development of detained accommodation for people seeking asylum. In July 2023, a formal submission was made to the Home Secretary and the Minister for Immigration to transfer the site to its programme to develop detained accommodation. The submission stated that the site was now assessed as being unsuitable for non-detained accommodation, based on the anticipated scale of remediation work, associated costs and the time required to complete remediation. The submission indicated a broad estimate of remediation costs in the range of £1.1 million to £3.6 million. It stated that additional surveys were required to fully understand the scale and cost of remediation, and that such an assessment was in progress.

1.24 In September 2023, the Home Office completed the purchase of the site from the vendors for around £15.4 million. The final purchase price included an additional £0.5 million because it took six months from exchanging contracts to completing the purchase of the site. In addition, the price included a special payment of £0.4 million to the vendors in relation to legal action around the acquisition of the site. The Home Office currently retains some of the purchase price in anticipation of the cost of remediating the site.

Part Two

Lessons learnt and progress on delivering the Northeye site

2.1 The Home Office had initially planned to deliver the Northeye site by March 2023, but this was delayed due to issues around the remediation costs and challenges with getting the site operational. In March 2023, the Home Office changed the site's status to a 'long-term strategic site', expecting that it would take six to nine months to deliver the site. In this part we set out:

- the Home Office's current plans for the Northeye site;
- the lessons learnt from attempts to develop previous asylum accommodation sites; and
- the lessons learnt from the acquisition of the Northeye site.

The Home Office's plans for the Northeye site

2.2 After the Home Office completed the purchase of the Northeye site in September 2023, the site moved to the detained asylum accommodation programme, which took up responsibility for the future use of the site. No work on the site has yet begun.

2.3 In July 2024, the Home Office announced that no decision has been made on the use of the Northeye site and that it will consider its strategy and broader requirements before taking a view on the future use of it. As a consequence, the Home Office has not yet developed a full business case for the site. The Home Office told us that changing government policy may result in the Northeye site being unsuitable for asylum accommodation, meaning the Home Office would sell the site instead.⁶ It also told us it believes it may be able recoup its costs if the site is sold for housing development, and that there are organisations already interested in the site for that purpose.

⁶ In July 2023, the Illegal Migration Act was introduced, placing a duty on the Home Secretary to remove adults who arrived in the UK via various irregular routes. The Home Office expected that most people removed under the Act would be detained before they are removed. In July 2024, the current government made amendments to the Act and promised to resume processing asylum decisions for those previously deemed inadmissible and subject to the removal provisions under the Act.

Lessons learnt from previous developments of asylum accommodation

2.4 Between November 2022 and September 2023, the Infrastructure and Projects Authority (IPA), which scrutinises the deliverability of major government programmes, reviewed three iterations of the Home Office’s plans on asylum accommodation, rating each one as ‘red’, meaning that successful delivery of the programme to time, cost and quality appeared to be unachievable (**Figure 3** overleaf).⁷ The second of these reviews, in February 2023, found that the Home Office was not applying lessons learnt from a previous site developed for asylum accommodation to the acquisition of the Northeye site.⁸ It concluded that, while the Home Office had identified learning in relation to Linton-on-Ouse, these lessons were not being applied to some of the asylum accommodation sites it was delivering at the time. The IPA stated that the impact of not applying those lessons would likely be a continued high attrition rate of sites. It recommended that the Home Office embed the learning from all previous sites that had been cancelled during delivery to all new sites that are being developed.

2.5 A fourth review by the IPA of the Home Office’s asylum accommodation programme in March 2024 found that, following a new Senior Responsible Officer (SRO) joining its accommodation programme in October 2023, a full review of targets had been undertaken that involved the consideration of lessons learned from both previous and existing asylum accommodation sites within the programme. The IPA concluded that the Home Office had put in place strengthened leadership arrangements, with firmer foundations, a realistic ambition and more deliverable plans. The IPA upgraded its rating from ‘red’ to ‘amber’ meaning that successful delivery of the programme to time, cost and quality appears feasible, but significant issues already exist requiring management attention.⁹

Lessons learnt from the acquisition of the Northeye site

2.6 In November 2023, the Home Office identified five lessons learnt from the acquisition of the Northeye site under its non-detained asylum accommodation programme (**Figure 4** on page 21). The Home Office said it has made changes in response to these findings. In April 2024, the Home Office brought its property function back in-house following a joint decision between the Home Office and the Ministry of Justice (MoJ) to end the shared-services agreement with the MoJ’s property function.

7 The full description of an IPA assessment ‘red’ rating is as follows: “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.”

8 In January 2022, the Home Office began developing an asylum accommodation site at a former RAF base at Linton-on-Ouse in North Yorkshire. The Home Office spent £2.9 million in 2022-23 preparing the site but later cancelled the project after the Ministry of Defence withdrew its offer of preferential access to the land in August 2022.

9 An ‘amber’ rating from IPA brings the following conclusion: “This programme/project can proceed to the next stage with conditions, but the programme/project must report back to the IPA and HM Treasury on the satisfaction of each time-bound condition within an agreed timeframe.”

Figure 3

Summary of the Infrastructure and Projects Authority's (IPA's) reviews of the Home Office's asylum accommodation programmes, from November 2022 to March 2024

Between November 2022 and March 2024, the IPA reviewed four iterations of the Home Office's plans on asylum accommodation, rating three as 'red' but recording an improvement to 'amber' for the fourth

Review month	Programme	Rating	Key conclusions
November 2022	Asylum and Detention Accommodation Programme (ADAP)	Red	The ADAP is currently focused on increasing the available space for all accommodation types, including detained and non-detained capacity, as well as providing asylum services support contracts. Given the national priority of asylum accommodation, there is a high level of ministerial involvement in decision making, when, typically, this would be at the Programme Board level. This, together with senior leadership changes, has contributed to scope creep and diverting resources to address tactical issues. Despite significant work there is a high risk that sites are withdrawn or prove unviable, even at a late stage, as with Linton-on-Ouse.
February 2023	Asylum and Detention Accommodation Programme	Red	Fundamental challenges remain with unrealistic top-down delivery ambitions and high site attrition rates. For example, cancelled projects since the last review include The Lawns Student Accommodation, Hull, and the Holiday Parks at both Southport and Camber. It is apparent the short-term targets are feeding an intense weekly reporting cycle to the Small Ministerial Group that takes effort away from delivery. This is not sustainable.
September 2023	Large Sites Accommodation Programme (LSAP)	Red	The LSAP has made good progress since the last assurance review and has been rescoped with a narrower focus. The programme has made progress standing up three tactical sites, but the sites are controversial and have been subject to legal challenges, implementation issues, delays and changing cost profiles. The Programme is effectively in a cycle of working hard to deliver a series of unachievable top-down targets, resulting in missed milestones and significant delivery risks. There is a risk that tunnel vision on meeting targets against an extremely high-risk delivery backdrop, could create issues that could hamper progress further. The assumptions that underpin large site expansion plans are extremely ambitious and lack implementation detail.
March 2024	Asylum Support Resettlement & Accommodation (Non-detained)	Amber	The programme has put in place strengthened leadership arrangements and the programme environment is more stable, with firmer foundations in place, a realistic ambition, and more deliverable plans. Good progress has been made since the last review, with most of the recommendations being closed and action taken to address blockers. It is important to note that this remains a complex and high-profile programme and the Senior Responsible Officer will need to continue to manage a set of challenging issues.

Notes

- 1 The IPA describes its 'red' rating as meaning that "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."
- 2 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."
- 3 The IPA describes its 'amber' rating as meaning that "successful delivery of the programme/project to time, cost and quality appears feasible but significant issues already exist requiring management attention."
- 4 An 'amber' rating from IPA brings the following conclusion: "This programme/project can proceed to the next stage with conditions, but the programme/project must report back to the IPA and HM Treasury on the satisfaction of each time-bound condition within an agreed timeframe."

Source: National Audit Office analysis of the Infrastructure and Projects Authority's reports from November 2022 to March 2024

Figure 4

The Home Office's lessons learnt from its acquisition of the Northeye site

In November 2023, the Home Office identified four negative lessons and one positive lesson from the acquisition of the Northeye site

Lesson impact	Title	Description	Outcome	Recommendation
Negative	Information cascade	Decisions are repeatedly made at a senior level that are not cascaded, leaving the project manager unaware of the full scope of agreements and information. There was no insight on the Heads of Terms for the project manager.	Disjointed and uninformed decision making, without the view of the project manager.	Project manager must be looped into all emails/meetings that impact the project, including any overarching issues.
Negative	Unrealistic timescales	Making delivery decisions with limited/incomplete information has resulted in unrealistic timescales being put forward. This has been exacerbated further by agreeing to external pressures to deliver more quickly.	Unmanaged expectations at a senior level, unnecessary pressures on delivery, poor reflection on project team.	Timescales should not be committed to/announced until there is a 'reasonable' degree of certainty they can be achieved.
Negative	Due diligence	There were a significant number of issues/concerns/blockers that led to this site not being delivered which could have been explored in more depth prior to accepting this site as a project.	Wasted project resource, lack of technical knowledge within project team, and working at pace that was not conducive to setting up a safe tactical site.	More thorough due diligence of proposed sites is required. Better knowledge of how and why Estates [Home Office's property function] have put forward a site would be beneficial to the project team.
Negative	Lack of standardisation/clear progression routes	Lack of clarity on roles and responsibilities and how to go about has led to confusion, passing the buck, things being missed and a lack of transparency.	Wasted project resource/time due to lack of transparency.	Should have a clear process route and roles/responsibilities for all the projects to understand who/where to go/ when. Escalation routes must be established. Enabling teams to have Service Level Agreements in place and dedicated email box if no-one is assigned. Need standardisation from enabling teams.
Positive	Delivery Manager onboarding	Onboarding a delivery manager with relevant tech experience to work alongside the project benefitted the direction of travel.	Saved time, enabling the project manager to move forward with other areas of the project and to talk through areas of uncertainty to build understanding.	If possible, onboard a delivery manager with relevant tech experience in the early (feasibility/inception) stage.

Source: National Audit Office analysis of the Home Office's Lessons Learned Log for the Northeye site

Appendix One

Our investigative approach

Scope

1 This investigation was performed in response to concerns raised with us over how the Home Office acquired the Northeye site in Bexhill-on-Sea and the suitability of the site for asylum accommodation. This report sets out the facts about:

- the timeline of events leading to completion of the acquisition, and subsequent events;
- the process to acquire the site followed by the Home Office;
- how this process differs from standard practice; and
- the future plans for the use of the site.

2 Our report sets out the facts. We have not made an evaluative value-for-money judgement on the Home Office's acquisition of the Northeye site or its overall approach to asylum accommodation.

3 We have not sought to review the Home Office's Asylum Accommodation and Support Contracts (AASC) and have not examined the performance of suppliers in acquiring asylum accommodation.

4 We conducted our fieldwork between August and October 2024.

5 This investigation builds on our previous report, *Investigation into asylum accommodation*, March 2024, which covered the Home Office's acquisition of other large sites in detail but did not include the Northeye site.

Methods

Interviews

6 We interviewed key officials from the Home Office to understand how the Northeye site was acquired, the process that was followed, and the challenges it faces in setting up the site for use as asylum accommodation. Those we interviewed included:

- officials responsible for the Asylum Support, Resettlement and Accommodation programme; and
- officials from commercial, property and finance teams.

7 We interviewed other stakeholders about the Home Office's acquisition of the Northeye site. This included the Infrastructure and Projects Authority and Clearsprings Ready Homes.

Document review

8 We reviewed published and unpublished documents from the Home Office and other sources to understand the actions and decisions the Home Office took to acquire the Northeye site and the extent to which it followed due process. The documents include:

- commercial documents relating to the purchase of the site;
- short business case for the Northeye site;
- surveys and appraisals conducted on the conditions of the site;
- Accounting Officer Advice on the site;
- submissions prepared for ministers providing information and seeking approval to proceed with certain actions; and
- public statements and legislation on the UK asylum and wider immigration process.

Limitations

9 We found that several of the officials involved in the earlier phases of the acquisition were no longer in post in the Home Office, which limited our ability of understand the process followed through interviews. Furthermore, there were aspects of the acquisition for which full documentation was not available, particularly around dates when decisions were made. However, these limitations have not affected the findings of our report, or our understanding of the sequence of events.

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