

International Development Committee

Oral evidence: Aid spending in the UK, HC 898

Wednesday 8 February 2023

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Members present: Sarah Champion (Chair); Mr Richard Bacon; Chris Law; Nigel Mills; David Mundell; Kate Osamor; Mr Virendra Sharma.

Treasury Committee Member also present: Harriett Baldwin.

Questions 55 - 175

Witnesses

I: Mr Andrew Mitchell MP, Minister of State for Development and Africa, Foreign, Commonwealth and Development Office; Robert Jenrick MP, Minister for Immigration, Home Office; John Glen MP, Chief Secretary to the Treasury, HM Treasury.



Examination of witnesses

Witnesses: Mr Andrew Mitchell, Robert Jenrick and John Glen.

Q55 **Chair:** Welcome to this International Development Committee session, where we are looking at the use of the ODA budget, the foreign aid budget, to support refugees in the UK and the pressures that is putting on the ODA development budget internationally.

Gentlemen, thank you very much for making the time. We know it has been quite a jigsaw trying to fit all of you in together so we are very grateful that you have made the effort to be here today. It is a lot of money that we are talking about, so we think it is appropriate that we follow the money and scrutinise exactly where it is being spent.

I would like to welcome the right honourable Robert Jenrick, who is the Minister for Immigration in the Home Office, the right honourable Andrew Mitchell, who is the Minister of State for Development in the Foreign, Commonwealth and Development Office, and the right honourable John Glen, who is the Chief Secretary to the Treasury, to our session today. Thank you all very much for coming.

To give a bit of context to why we are focused on this, in the past two years the amount of foreign aid spent in the UK has increased significantly. In particular, aid spent by the Home Office in the UK, which predominantly covers the cost of hosting refugees, has shot up by 74% to more than £1 billion in 2021 compared with 2020. The aid budget spent on supporting refugees in the UK in 2021 was almost five times higher than in 2015, which means that in 2021 almost £1 of every £10 of the aid budget was spent in this country.

Let us bear it in mind that we have not been able to get the figures from you for the spend in the current year. We can only assume from our research and from talking to people on the ground that aid spending in the UK by the Home Office this year is going to increase dramatically again.

By the nature of this Committee, we completely accept that people coming to our shores to seek refuge should be treated with respect, but we question whether that should be coming from the foreign aid budget. We are concerned that £1 spent on settling the bill for a hotel on a ring road in a town somewhere in Britain might have been better spent on food, clean drinking water or, indeed, shelter and stability for the world's poorest people.

I would like to start with Minister Jenrick. On 6 December, Minister Mitchell told us the ODA budget was "effectively out of control". Is that because of your Department's spending?

Robert Jenrick: Thank you very much for the invitation this afternoon. The Home Office has statutory duties under successive Immigration Acts to support those individuals who come here claiming asylum, as you are aware. Unless we choose to change those duties, we have to abide by



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those obligations. As you know, there is frequent and understandable litigation to ensure the Home Office does meet those obligations.

Those obligations do carry a significant cost. I understand why you would want to investigate this today, but it is not within the Home Office's realm to decide not to support those individuals. We have to support them and meet our statutory duties, and we have an obligation to do so in a way that provides value for money to the taxpayer. We understand and appreciate the consequences of that for the ODA budget and, as you said in your introduction, the other good things that money could be doing at home or abroad.

How it is apportioned really is a decision for the Treasury and others within Government. The role of the Home Office in this regard is to account for our spending, which we do every month, to both the FCDO and HMT, explaining and evidencing the proportion of our spend that we believe can be set against ODA, as we understand the DAC's clarifications. The FCDO and the Treasury in turn have a role in scrutinising that and advising us if, for whatever reason, we have overstated or understated how much could be placed against the ODA budget. That is the limit of the Home Office's involvement in that regard.

It is a Government decision by the FCDO and the Treasury whether to set this against ODA and whether to continue to comply with the DAC's clarifications. I understand why the Government would choose to do both of those things. We do not want to change the DAC's clarifications. It has been a longstanding position in this country, as in many others, that asylum and refugee schemes are set against ODA budgets.

Q56 Chair: We want to drill down into value for money in further questions. We completely accept that you have a statutory duty to support these people. I find it interesting, though, that the costs are the same, proportionately, in Germany, France and the other G7 countries, but they are not putting anywhere near as much of those statutory costs towards ODA, whereas this Government have chosen to do so. It is interesting that you are saying that the choice to do that has come from Minister Mitchell and Minister Glen. We will pick away at that, if we may.

Robert Jenrick: It is a whole-of-Government decision.

Chair: If I could finish speaking, it is probably news to them that it is their fault that your Department's budget—

John Glen: It is not a question of fault.

Robert Jenrick: With respect, it is nobody's fault.

Chair: It is a choice.

Robert Jenrick: The Home Office's budget is met by general taxation, and the proportion of it that is placed against the ODA budget is entirely



in line with longstanding tradition and the DAC's rules. There is no surprise or anything novel in that.

Q57 Chair: We have been told that, while it is technically permissible, it is not in the spirit of the DAC. We do have that. I am also very interested to see that you are accounting on a monthly basis, but this Committee was unable to get the figures for this year. If you are able to give us that breakdown, that would be extremely helpful. Could you follow that up in writing, please?

Robert Jenrick: I would be happy to. I understand—John may correct me—that the Government reporting on this spend is done in April. The most accurate public figures will be published in a matter of weeks. It may be better to wait for that point rather than for us to give you an estimate in the interim.

Chair: We have waited about six months so we are very happy to wait a couple of weeks to get the proper breakdown.

Q58 Chris Law: I have two questions. First, why can we not have the monthly figures? I know you have annual figures. It would be really interesting to get a flavour of this. If you cannot tell us the figures, in the last couple of months, what sort of percentage increases are you seeing month on month?

Robert Jenrick: We have made some public statements, such as when the Prime Minister set out our plan for asylum at the end of last year. We were clear that the cost of supporting asylum seekers in hotels is now around £7 million a day. You can read into that that there has been a very substantial increase in the cost.

Q59 Chair: All of that has been put against ODA.

Robert Jenrick: It is in accordance with the rule, which is that it is for the first 12 months only. If an individual were to stay in hotel or other accommodation such as dispersal accommodation, for example, for longer than that, as I understand it, that would not be able to be set against ODA.

If I could just step back for one moment, two things have really happened in the last two or three years that have had a profound impact on the asylum and immigration system generally. The first is that the UK has taken a decision to implement a series of humanitarian schemes that are very significant in scale.

More humanitarian visas have been issued in the last 12 months than at any time since the Second World War. There is a whole range of them, Ukraine being perhaps the most prominent, but also Afghanistan, Syria and, although slightly different, the BN(O) Hong Kong scheme that we have introduced, which is not ODA-able but has brought a significant number of people into the country for, in one sense, humanitarian purposes.



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Those schemes command broad support, but they come at a very significant cost to the taxpayer.

Q60 **Chair:** It is the same cost that other countries have borne, but they have not taken it from the pockets of the poorest.

Robert Jenrick: If I could just finish my point so that you understand the context, that is one very significant element of what we have done.

The second one is that the number of people crossing the channel in small boats illegally has also escalated. As long as we want to continue to meet our statutory obligations to look after those people while their claims are being processed or while we are seeking to remove them from the country, that also carries a very significant cost.

These two things coming together at the same moment has meant that the overall cost of the asylum and refugee system has increased, as you said, very substantially in the year before last; then in 2022 it has increased once again. When the figures are published in April you will see that. It is no secret that it is a very substantial increase.

How we choose to account for that is perhaps a question best put to my colleagues, but we have done it in the same way as we have always done it, in accordance with the DAC's clarifications, setting it against ODA where it is appropriate.

Q61 **Chair:** Again, we will pick away at that. My point was that other countries have taken millions—I am thinking of Germany—of refugees in similar circumstances, but they are not putting all of the costs on to their ODA spend. It is a political choice this Government have made. That is what we are picking away at.

If I could turn to Minister Mitchell, what impact has that choice had on your ability to support the poorest in the world?

Mr Mitchell: If I may just clarify one point, Chair, all the money spent in the first year of an asylum seeker's time here is ODA-able.

Chair: We know that.

Mr Mitchell: The Germans have the same DAC. My point is that all of it is defined as ODA, but the Treasury, because of this situation, granted us an additional £2.5 billion. That all scores as ODA, but it is extra money. I would like to take this opportunity to thank the Treasury very much for finding that extra money for us.

Just to return to your original question about the budget being out of control, that is technically correct in the sense that the Foreign Office is the funder of last resort. When we have a commitment under the ODA budget, like for Robert's Department, it falls finally to us.

At the outset it is worth making the point that we are aware that, to do our duty by the poorest of the world, who the British ODA budget seeks



to serve, we need to bear down on the value of that and make sure we are getting the best possible value for money. That is why the Government have decided that John and I will chair a committee that we will do precisely that: it will bear down on the quality of the spend.

Q62 Chair: We will come to that, but the question was, "What impact has the Home Office spend had on your ability to support the poorest people in the world?" That is what most taxpayers think their foreign aid money is going on.

Mr Mitchell: The quick answer to your question is that it means the money is very constrained. As you and your Committee will appreciate, development is essentially long-term. Not being able to define the spend on long-term development is extraordinarily difficult, but we are creative and inventive. We therefore seek to find multipliers to lower the dangers of that.

For example, since I last appeared before your Committee, just before Christmas, I went to Somalia. Before I went we did a small deal of \$4 million with the Saudis, which involved them putting money into the World Food Programme to help people who were starving in Somalia. There are various multipliers. We have developed guarantees, for example. We were able to guarantee \$1 billion of lending from the African Development Bank. That meant they could lend more, and it was not a threat to their rating status. That had a multiplier itself, in that between \$2 billion and \$3 billion were able to be lent.

We have insurance products. London is the centre of the insurance market. That is now flowing. There are now examples of where insurance premiums have been paid and money is flowing in that respect. We also have the whole of the Bridgetown agenda, which, as you know very well, is designed to turn billions into trillions.

Although it comes out as 0.7% and the 0.7% is very constrained—

Chair: It is down to 0.5%.

Mr Mitchell: Yes, it is now 0.5%. In fact, thanks to the generosity of the Treasury, it is now 0.55%. In spite of that, we are quite deliberately finding ways, because we must, to increase and boost the budget.

Q63 Chair: What I am hearing is that we are having to lean into other nations to the fill the gap that the Home Office has left in your budget.

Mr Mitchell: We are doing some co-financing, but that was only one of the four methods I mentioned for how we are trying to boost it. I am not asking for the rules to be reopened. I accept that the first year is squarely under the rules. The rules are very specific. For reasons this Committee will well understand, I am absolutely not seeking to open a discussion about whether the rules should be changed.

Chair: Neither was this Committee.



Mr Mitchell: No, I am sure.

David Mundell: To follow up with Mr Jenrick and the Chief Secretary, in the debates about the amount spent on the issues you referenced in the Chamber and elsewhere, there was no explicit linkage made by the Government to the fact that spending money on hotels, for example, would lead to an increase in the aid budget. Instead, it is presented that it would actually save money full stop. That tends to lead to a view that this is all a covert excise where the money is being used in this way without the Home Office in particular acknowledging that this is the case.

I have not heard you, the Home Secretary or even the Prime Minister, when quizzed about the amount of money being spent, saying, "Yes, if less money was spent, we would have more money for Mr Mitchell's budget".

Robert Jenrick: There is no intention to be anything other than open and transparent about that. As I say, we share our monthly spend with the Foreign Office and with the Treasury.

Q64 **Chair:** Do you share that retrospectively or do you ask for approval?

Robert Jenrick: It is shared on a retrospective basis. They, in turn, share it with the OECD. These numbers are in the public domain. They are open to scrutiny.

Q65 **Chair:** Why are you not sharing them with Parliament? It is taxpayers' money. Parliament is meant to be accountable for this.

Robert Jenrick: The spend of the Home Office, as with any other Government Department, is shared with Parliament on a regular basis.

Chair: That is once a year.

Robert Jenrick: The point I am trying to make is that, in addition to that, there is regular internal reporting within Government, which enables scrutiny as to whether the Home Office is correct in its assumptions that some spend is ODA eligible and other elements are not.

To your broader point, I am pleased to be open about the trade-offs that are involved here. We all have to appreciate that, when we enter into new humanitarian and refugee schemes, those carry very significant costs, which are borne by taxpayers and, in some cases, impact the other good things that the United Kingdom would like to do around the world. I do not accept that referring to the Home Office and the work that is done by this Department is code for not supporting the most vulnerable people.

Chair: In reality, that is what is happening.

Robert Jenrick: No, I do not think that is correct.

Chair: It literally is.



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Robert Jenrick: I do not agree with you, with all due respect. The people who are being supported are meeting the OECD definition of refugees. It is only for the first 12 months of their stay in the United Kingdom, and it is paying for things that are within our statutory duties, like shelter, food and basic supplies such as cosmetics and sanitary products. These are not luxury items. These are individuals who are here in many cases because they are likely to be classified as refugees.

Q66 **Chair:** You did not mean cosmetics, did you? Sanitary products I would take, but you did not mean cosmetics, did you?

Robert Jenrick: I did mean that. Individuals are given a small budget they can spend on life essentials, whether that is toothpaste, cosmetics, sanitary products and so on. These are not large sums of money, if that is your question. It is a basic allowance for asylum support. It would be wrong to say the budget is not being spent on people who are, in many cases, vulnerable and deserving of our support as a country.

Chair: That is not our argument at all.

Robert Jenrick: You are absolutely right to say that we should be very concerned about value for money, and we need to bear down on excessive costs in the way in which we support individuals while they are here and their claims are being processed.

Q67 **David Mundell:** The amount you are spending directly affects the amount available to spend elsewhere. I am not aware of that linkage having been acknowledged by the Home Office in any debate or discussion in Parliament before this discussion today.

Robert Jenrick: I take your point. Certainly in the public comments I have made and those made by the Prime Minister and the Home Secretary, we have always been clear that we want to reduce the spend on this group of people as far as one can. It is not an easy challenge because, on the one hand, we have legal routes and resettlement schemes where we have made a choice as a country, and on the other hand we have people who are coming here in an illegal and irregular manner in very large numbers.

The task for us is to ensure that, while meeting our obligations to those genuinely fleeing persecution and human rights abuses around the world, we bear down on those who are coming here for other purposes. It is only by doing that successfully that we will be able to reduce the costs in an enduring way.

Q68 **Chair:** You are not using ODA money on that bearing-down, are you?

Robert Jenrick: What do you mean by that?

Chair: You are not using foreign aid money to bear down on people you describe, incorrectly, as illegal.



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Robert Jenrick: We only deploy funds against ODA where it meets DAC's clarifications, which are for the three principal headings I have described, shelter, housing, etc.

Q69 **David Mundell:** Coming to you, Chief Secretary, in allowing the Home Office to spend such a large proportion of the ODA budget, has the Treasury effectively given the FCDO credit card to the Home Office without any spending limit on it at all?

John Glen: The Home Office is doing everything it can to reduce the costs. That is pretty plain from all the efforts in place to deal with those who are coming here on small boats. Simultaneously and in parallel, they have set up schemes to take on board those who have fled Ukraine, of whom there are 160,000 in total, and those coming from Afghanistan as well. It is the application of those DAC rules for the first year, as Rob has set out.

From our conversations with the Foreign Office, we are acutely aware of this. I had a meeting with Andrew and the Foreign Secretary before Christmas where we recognised the impact of these different flows of money. They are all under the same international rules. That is why we brought forward the £2.5 billion of taxpayers' money to reflect that.

Yes, it is a pressure. That extra money was a reflection of the fact that money is being spent in ways Andrew would not have originally envisaged before these streams of money had to be spent.

Q70 **David Mundell:** There does not seem to be any limit on it. In my experience, the Treasury is always very keen to enforce limits on spending totals. You do not seem to have put any constraint on the amount of money the Home Office can access from the ODA budget.

John Glen: I would not look at it like that. I would say there is a humanitarian obligation in multiple contexts at the same time. When one has a legal obligation and sets up a scheme like this country did last year, compassionately, comprehensively and urgently, it will involve spending money. Even at the time the scheme was being set up, we were not certain how the DAC rules would apply to some elements of that support package.

When we have then seen what would be permissible and accountable against it, we have done that. We have reflected the implications of that expenditure with the additional sums that we put in at the autumn statement, which, as we can all acknowledge, in the context of the public finances at the time, was a significant intervention.

It is not a question of trying to control it. Across Government, the work the Home Office is doing, which Rob is leading, in terms of dealing with these additional flows and costs, is absolutely imperative. It is also imperative to stand by the 0.5% obligation. A couple of years ago, when Andrew was on the Back Benches, he was pretty reluctant to accept that.



I feel that pressure. I want to maximise the amount of money we can spend in the way Andrew would expect.

Q71 David Mundell: Is it the Treasury position that anything that can technically be claimed as ODA should be claimed as ODA rather than sourced from elsewhere?

John Glen: We look at the rules and work with the Foreign Office on the interpretation of those. We have an agreed position across Government on how those numbers should be reflected. The additional £2.5 billion is the consequence of that. That is a reality that needed to be addressed based on the fact that significant money had been spent. It has been difficult to anticipate that through an evolving humanitarian intervention where the flows varied over time.

Q72 David Mundell: I very much welcome your £2.5 billion, but, even when that happened, you were not very explicit about that. You have now explained that so much of the ODA budget was being used up by the Home Office that you felt the Treasury had to give extra money in order to meet your international obligations. The most significant criticism of what has happened is the covert nature of it at the start and during the process, rather than the arguments you are making explicitly today.

John Glen: A written ministerial statement was put out in the second half of November that explained those additional sums. I have not sought at any time to be covert or hide anything. In the context of the public finances and the challenges that we faced—this was expressed quite clearly at the autumn statement and in the fiscal consolidation of £55 billion that took place—that money reflected the prioritisation we had to deal with a budget that had already been cut over recent years and reflects the priorities of the Government.

Q73 Chair: Can I just push you again on that a little bit? It was only when the FCDO's Permanent Secretary was in front of us in the autumn that we formally found out that the Home Office was spending this money on the refugees. We have put in a lot of written questions, which have just been batted away, to try to bottom out how much money the Home Office has been spending from the ODA budget. We do not get clear answers. I put it to you that the statement in November was the Government being reluctantly held to account rather than proactively coming forward. As my colleague David is suggesting, it would have been a better approach to be open about what the Government were doing.

Can I push you on one thing? I am hearing from you that you have not put a spending limit on the Home Office. Will you keep on putting eligible money against the ODA budget or have you said, "We have a ceiling of £5 billion or £6 billion"?

John Glen: What I have said is that, in the context of a legal obligation to deal with flows of people who in many cases are leaving distressed situations and warzones, we will do the right thing by those people. We cannot anticipate fully what the implications of that will be and we will



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deal with the implications of it. It would be wrong to put a restriction on it on the basis of the nature of the legal obligation. It is not a legal obligation that has some cap on it.

I spend most of my days talking to my Cabinet colleagues about their spending, trying to keep it to what we said at the spending review period and trying to find ways of spending money efficiently. I do that with the Home Secretary as much as I do it with Michael Gove or any other Cabinet Minister.

Q74 Chair: I am not interested in you putting limits on the support we give to vulnerable people seeking refuge here. I am interested in whether you are putting limits on the amount you choose to put against the ODA spend because other G7 countries are not putting anywhere near as much against it as we are. That is an accounting choice.

John Glen: We do not have a predisposition to have a limit. We look at the rules and see what is permissible—

Q75 Chair: Anything that is eligible you will put against ODA rather than protecting the FCDO's budget.

John Glen: We will work with the FCDO on a fair interpretation of those rules, consistent with our international obligations. We will account for it in that way.

Chair: I feel like we are somewhat going round in circles so I will go back to David, if I may.

Q76 David Mundell: On that point, for further clarity, in theory, the Home Office could consume the whole ODA budget and the Treasury would not intervene to stop that, if Mr Jenrick's efforts to reduce it were not successful.

John Glen: I would not accept that as the situation. What Rob set out, with the greatest respect, is the fact that we have an enduring legal obligation. You cannot have an enduring legal obligation where the Treasury then comes along and caps it. What you have to do is bear down on costs as much as you reasonably can.

I can talk to you about some of the conversations I have had with DLUHC, for example. As you will see, we had a significant iteration in the amount of money local authorities are receiving. It was down 43%. That is a function of the Treasury saying, "We have to look carefully at how we deliver this support in the most cost-effective and value-for-money way.

Q77 Chair: I do not know how to put this in a different way to the way we have now both put it. How much money you put against the declared ODA spend of this country is a choice.

John Glen: Yes.

Chair: You are making a choice.



John Glen: It is based on the rules and the typical interpretation of them, yes.

Q78 **Chair:** It is absolutely based on the rules. It would be batted back if you were not following the rules. Are you making the choice that every cost that is eligible under the rules for refugees coming to this country is put against the ODA budget and, therefore, taking out the ODA that potentially could come from water and sanitation in Sudan?

Are you choosing to put every eligible cost into that budget or have you put a ceiling on the amount you will allow to go through that budget? Other countries are putting it against Treasury reserves. You—not you personally, or it might be—are making that choice. Is it accurate that you will put everything against it that the Home Office throws in your direction and that is eligible?

John Glen: We use the DAC rules as they are to be used. I am not familiar with what other countries do.

Chair: We will provide you with that evidence.

John Glen: Can I just finish what I wanted to say? We have put in an additional £2.5 billion, which was not in the budget.

Chair: That is over two years.

John Glen: It is over two years. It is for one year and then an additional one and a half. That demonstrates that we recognise the pressure that has occurred on the FCDO's ODA budget and the constraints that that would inevitably place on the FCDO and its choices, had we not intervened.

Chair: We are grateful.

John Glen: The point is that, whichever way you look at it, there is an understanding that we have to deal with parallel pressures. There are pressures to discharge the Home Office's legal obligations as well as pressures to discharge the obligation we have in law to 0.5% and what is really intended by that in normal circumstances. As Rob said, these last 12 months have not been normal circumstances.

Mr Mitchell: David's eloquent point to the Chief Secretary was slightly unfair. As the Chief Secretary just said, it is not just a case of sending round the bills. It is the case that the Foreign Office has to pick up the bills, but it is not just a case of everything going into the limit. Faced with that problem, the Chancellor and the Chief Secretary agreed to this extra money. In that sense, those pressures led to the extra money being granted.

I stand to be corrected on this, but I do not think other countries that are putting in extra money are doing it significantly differently from the way we are doing it. Other countries that have ODA-scorable amounts will



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score them because that pushes up their figure and what they present to the international community. There is not an enormous difference in principle between the ways this is being done.

Chair: We are very happy to evidence that there is a big difference to what other countries are doing.

Q79 Chris Law: I just want to add context to this, if you do not mind, because we are talking around the subject. Let us be blunt. Poland has accepted over 1.5 million refugees from Ukraine. That compares with just over 150,000 in this country. That is 10 times the amount. When it comes to official development assistance rules, Poland has only taken 1.74% compared to our 8.89%. That is quite stark, is it not? The UK is supposed to be the sixth-wealthiest country in the world, yet we are doing so little for the most vulnerable people, who we are supposed to be serving. These are stark facts. They are not questionable; they are properly researched. What are your thoughts on that? How uncomfortable does it make each of you three feel?

Mr Mitchell: I do not have the figures for Polish ODA spend at my fingertips, but, from memory, they are significantly lower than the UK's.

Q80 Chris Law: It was in terms of percentage. Just to remind you, 1.74% of it was spent in country. We are spending almost 9%. I appreciate we are different economies. We are one of the wealthiest economies in the world. I am trying to point out that this is a deliberate choice being made by the Treasury, by the Home Office and, to some degree, by the FCDO. Maybe you can tell me who makes the ultimate decision, but there is a conscious choice to gobble up official development assistance money, which, in the spirit of the rules, not the letter of the rules, is designed to assist the poorest and most vulnerable in the world. Is that not the case?

Mr Mitchell: Perhaps my colleagues will want to chip in, but let me give you my take on that. We are faced with an exceptional situation here.

Chris Law: So is Poland.

Mr Mitchell: Yes, Poland also is, but we have never had this pressure from the three schemes that are resulting in people coming to our shores. We must look after them. As Chris says, the figure in 2021 was 9.2%, which was up from 2.01% in 2015 and, indeed, 4.34% in 2020. What you say about the scale is correct, but we are a generous country. We seek to look after those who are seeking asylum here. We have these schemes, which are, as we said a moment ago, unprecedented.

In my view, there are three constructive things we have to do. The first is to try to reduce this burden as much as we can. President Zelensky has just been talking to our Parliament. Everyone wants this dreadful act of Russian barbarity to be over as quickly as possible. That will make a significant difference. Secondly, we needed to get assistance from the Treasury, which we got, as was set out in the autumn statement. Thirdly, in order to be very clear to taxpayers that the money is being well spent,



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to answer part of what Chris said, we need to bear down on any waste or any non-value for money that is resulting from that.

Chair: You are happy with the status quo as it stands.

Mr Mitchell: To be absolutely clear, I will be pressing the Chief Secretary for more funding on all occasions. He has to make a judgment about how we cut the public spending cake, but I will be first at his door to put our claim in for extra money, of course. Do I accept that this money is ODA spend? Yes, absolutely.

Chair: No, we have got that. Honestly, I really do not want any of you to go over that any more, if that is okay.

Q81 **Mr Bacon:** The Center for Global Development has identified that the cost per recipient for refugees is much higher here than in many other DAC countries. Indeed, the costs per recipient have tripled in recent years. What is the main reason for that?

Mr Mitchell: We are a generous country. Rob set out how these figures are reached, but the Chief Secretary, who has been looking at these figures in great detail and who has managed to see them significantly reduced going forward, might want to comment on your question.

John Glen: We have a series of schemes. You will be very familiar with the schemes that have been set up to help refugees in different forms. As I said, my job is to look at those numbers. Of course, many of them were set up rapidly last spring and subsequently have changed and iterated.

There is not a single global norm for how these schemes should work and how to organise them in terms of local authority payments and so on. Believe you me, the conversation with DLUHC, which involved a significant change, in reducing the payments to local authorities from £10,500 to £5,900, was a reflection of the need to reduce those costs.

Q82 **Mr Bacon:** You halved it—not quite, but nearly—from £10,500 to £5,900. In doing that, were you guided by the UNHCR’s comment that Germany has four times as many refugees as we do, but only spends twice as much in-country on refugees? We are spending a lot more per recipient than Germany, even though they have far more refugees.

John Glen: I was guided by a sense that there was a conversation about value for money to be had. Given the nature of that population and the fact that over 80% of them were graduates who were capable of working—in fact many of them are now in employment; we are seeing that uptick all the time—there was a need to bear down on those costs. Those conversations were had with DLUHC, and that resulted in that number.

The same conversations happen across Government all the time. It is the same with the Home Office. Indeed, we are trying at the moment to



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reduce the hotel costs, as Rob said in his earlier answer, and find ways of reducing that number. That is of course an imperative all the time.

Q83 **Chair:** Can I just get another clarification from you? Of the asylum seekers who have come, are you saying that 80% are graduates and are now in work?

John Glen: I am talking about the Ukraine scheme.

Robert Jenrick: The way I look at this is that in recent years the number of people coming, both as asylum seekers in an irregular manner and on the humanitarian schemes, has been substantially more than we have had in the recent past and more than our system has been able to accommodate sensibly. As we all know—I do perhaps more than many, having served as Housing Secretary—local authorities are under a great deal of pressure. There is a significant lack of social housing and supported accommodation in all parts of the country, particularly in some places.

The number of people who have come into the country in a very short period of time has essentially put unbearable pressure on both our existing asylum accommodation infrastructure and has contributed, along with all of the other pressures on social housing, to even more pressure being placed on local authorities and their capacity to support us.

As a result of that, because we have statutory duties to these individuals, we have had to resort to accommodating them in ways none of us would ordinarily choose that are actually quite expensive ways of supporting people.

Chair: They are hugely expensive.

Robert Jenrick: Yes, they are hugely expensive. If one were designing schemes in a perfect world, they would be designed, for example, like the Syrian scheme, where you match local authorities that have social housing or other accommodation ready with individuals and families who are in country through the UNHCR, and they are brought to the UK at the moment they can be accommodated suitably. That would still be an expensive commitment for the UK.

When you are taking large numbers of people at short notice from, for example, Afghanistan or because they have arrived at the Western Jet Foil in Kent this afternoon and had their lives saved at sea by Border Force and the RNLI, we do not have those luxuries. We have to accommodate them in hotels, for example. Those solutions have proven to be extremely expensive.

My task—John is a supportive colleague on this, trying to push us to do better—is to find ways of accommodating those people and meeting our statutory obligations that are much less expensive to the taxpayer.

Q84 **Mr Bacon:** I am not aware—forgive me; it may be entirely my fault—that



you have made significant progress in doing that.

Most people would think it is crazy to accommodate them in hotels to the extent we are, not only because it is stupidly expensive and distorts the local hotel economy hugely. Very large numbers of constituents tell very large numbers of our parliamentary colleagues that they cannot have, and the local population does not want, 1,000 or 2,000 people suddenly landing on their doorstep and completely clogging up the hotel system.

I have not heard much about what other alternatives could be made available. This Committee recently visited a refugee camp in north Jordan only 10 or 20 kilometres from the Syrian border. We do not have refugee camps, but they would be a lot cheaper than putting people into hotels. Have you talked to manufacturers who have modern methods of construction and, if so, to what extent? What budget is being earmarked for this sort of work? What difference will it make?

Robert Jenrick: If I may answer that—

Chair: Be brief. We are slightly straying away from ODA at the moment.

Robert Jenrick: Yes, although this does cut to the core of how we can provide better value for money and return more to ODA or other purposes.

The strategy that has been pursued lately is to move away from hotels towards dispersal accommodation. That is where you ask local authorities to work with predominantly private-sector providers to find houses, office-to-residential conversions or apartment buildings and ensure those buildings are available for asylum seekers or refugees. That is very significantly cheaper than hotels. Per night, they are about a quarter or a fifth of the price of a hotel.

A national dispersal strategy was launched around spring last year, before my tenure in the Department. That sought to go out across the whole of the United Kingdom, ask local authorities what they felt they were able to bear and then work with the providers to do that. Today we have about 60,000 asylum seekers in that form of accommodation. That strategy sought to significantly ramp that up to a full national dispersal model.

The second thing we are doing—

Chair: This had better be ODA-related.

Robert Jenrick: Apologies, yes. It is to look at larger sites, just as you describe, and see whether there are ways we could make use of former military bases and other public land that is available and put decent but not luxurious accommodation on it, which would provide much better value for money for the taxpayer. We are working on that now.

Q85 **Chair:** Would you be more focused on that if the money was coming out of your budget and you could not employ police officers or you were



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having to cut passport staff? At the moment, I know you are doing your duty as a good Government Minister to get value for the taxpayers, but it is not your resources that are being impacted; it is predominantly the FCDO's projects that are being cut as a consequence. Where is the urgency to do this?

John Glen: Could I intervene there? There is maximum pressure from the Treasury on the Home Office on all line items.

Chair: You are the person who is kicking them to get this sorted.

John Glen: Rob, as a former Treasury Minister, would expect that function in our Government. I try to do it respectfully and courteously but insistently.

Chair: But are you?

John Glen: Yes. We have a meeting later this afternoon on this subject to look at progress in regard to those two categories. This is going on all the time.

Chair: That is good to hear.

John Glen: We have ongoing conversations about the numbers and the way local authorities are spending money as well. We look at different ways of releasing capital to avoid the RDEL cost. All of that is right front and centre and it has a material impact on the substantive interest of this Committee, which is to avoid diversion of that 0.5% to domestically spent pressures. I recognise that, but, as Rob says, it is very challenging.

Chair: It is very challenging.

John Glen: You cannot just conjure up 50,000 places overnight, but he is working pretty hard on it.

Mr Mitchell: On top of that, you have the new committee.

Chair: Minister Mitchell, I absolutely promise you that we will come to your committee.

Q86 **Mr Sharma:** You mentioned this idea of taking all these people out of hotel accommodation and asking local authorities to accommodate them locally. In London particularly, and many outside as well, local authorities have very long waiting lists, both hidden and in public. By "hidden" I mean where people are living in overcrowded conditions. Have you also considered that side of it and what benefits or advantages you are giving to local authorities?

Robert Jenrick: We have. You hit on the fundamental challenge here. There is a shortage of suitable accommodation, whether that be for asylum seekers, homeless people or those people who are generally wanting to rent in the private rented sector. That makes this issue so difficult. We do not want to find that the Home Office is competing



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against local authorities for accommodation and outbidding them to serve our own interests to the disbenefit of other important statutory duties and activities.

We do take that seriously, and we have tried to take a place-based approach, looking at all of the constraints a local authority finds on its housing. In fact, the senior official who leads on this issue in the Home Office is now working jointly in my Department and in DLUHC so we can ensure that those trade-offs are thought through carefully. That leads you back to some more novel solutions like the idea of creating larger sites. Those are not easy things to do, but they may be essential to build some extra capacity into the system for as long as we have such large numbers of people coming.

Q87 Mr Sharma: It is causing a lot of conflict between those who are permanently living, the refugees and other people.

Robert Jenrick: I completely understand. Very briefly, in answer to your question, I feel the frustration of everyone else at the amount of money that is being spent on these hotels. I was shocked when I came into the Department four months ago and saw the costs. It is absolutely essential that we reduce our reliance on hotels. I am working on this almost every day.

I also meet the providers of these hotels regularly to ensure that we are getting good value for money, that we are tackling the poor standards of accommodation that we have seen on occasion and that we do not see a small number of companies profiting very substantially from this.

Q88 Chair: Are you shocked at the cost of the hotel or the fact that it takes away money that could prevent people needing to flee their homes? I am thinking about conflict, instability and climate change. In reality, that is what it is doing. That would be the driver for me to get the cost down—not, “This is really expensive”, but, “Why are we not using this money in a better way?”

Robert Jenrick: Both of those things shock me. In Government, there are trade-offs. Whether we deploy this money to support the most vulnerable in society through overseas development aid or we deploy it for the NHS—

Chair: We are dealing with the outcomes rather than the cause here.

Robert Jenrick: In either case, a pound wasted on a hotel when we could accommodate somebody in a way that provides better value for money would be spent better somewhere else.

Q89 Chris Law: I was going to put questions to you, Robert, but Andrew is piggy in the middle here. If you do not mind, Andrew, I am going to ask you a few questions around this. It is good to have three different Departments here. In fact, it is unique in the nearly six years I have been on this Committee.



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Given the Home Office's spend, are you comfortable and confident, under clarification 5 of the OECD rules, that you are following both the spirit and the letter of the rules? If not, is that because the three of you do not see eye to eye on it?

Mr Mitchell: There is no dispute over the rules. As the Committee will well know, the rules are extremely detailed.

Q90 **Chris Law:** That is not what I am asking about. I will explain what clarification 5 is for those in the room. It states that countries should take a conservative approach to classing domestic spending on refugees as ODA. "Conservative" is the clue in what I am saying here. As Conservatives, I expect to hear a unanimous response. Andrew, would you describe the Home Office's approach to ODA as being conservative?

Mr Mitchell: I believe that the approach the Home Office is taking is foursquare within the ODA rules.

Chris Law: Is it in the spirit as well as the letter of the rules?

Mr Mitchell: No, the ODA rules are the rules. You are either within the framework or you are outside the framework.

Q91 **Chris Law:** Since you are on the same page with everyone else on the panel, how comfortable are you with the discussions, the considerations and the calamitous consequences you are now going to have to share in from the future cuts that are going to be borne by the poorest countries in the world as a result of the swallowing up of the money that has been taken by the Home Office? Ultimately, they will want to speak to you.

Mr Mitchell: The way I look at this is very clear. I am a member of the Government and I abide by collective responsibility. I make my case, along with many others, and the Treasury listens.

Chris Law: Does it, though? Does it really?

Mr Mitchell: As I have said consistently, they listened and they gave extra money because of the pressures you are referring to. I should be very clear. If it is within the ODA rules, we accept it, for the reasons the Chair does not wish to dwell on in this meeting because we all agree about that, and we have to live with the consequences.

I spend my time trying to mitigate the consequences on the poorest in the world, which you specify. I was in Washington last week. It is very clear that among the G7 countries it is Britain that stands up for the poorest in the international system, in Washington and elsewhere, and we are very proud of that.

I spend my time trying to make sure we stretch this budget, we augment it, and we find other means of getting extra money in to the best possible effect in delivering that mission. That is not only my mission in the Foreign Office; it is the mission of the British Government.



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Q92 **Chris Law:** I appreciate that answer, Andrew. John and Robert, I hope you are listening. He really wants to walk the walk as well as talk it.

My next question, then, is also to Andrew. How are you going to bring the UK back to being a global force for good? I seem to remember from the last Committee meeting we had that we have diminished our role in the world through the cuts. We have had a simple global GNI drop; we have had the 0.5% cut. We are now saying there is also less money for the poorest and most vulnerable because almost 10% of it is getting swallowed up by the Home Office.

How do you reverse that so the UK gets back to being at the front and doing what it used to do best in international development? What are your thoughts on that? How do you share that with John and Robert?

Mr Mitchell: I have spent just over 100 days now back in office after a long gap, and I have been using that time to try to answer that question about how we re-establish Britain's pre-eminent leadership in the field of international development. There are a lot of opportunities to do it.

The Foreign Secretary and I have been looking at ways of augmenting the Britain's ability to project international development leadership. I hope the refresh of the integrated review will have something to say about that when it is published, probably in March. That is a point about how international development is done by Government.

In terms of sweating the money, I have already set out the additional ways we have of doing that. If you look at the scale of the guarantees, the insurance and the possibilities through the Bridgetown agenda, they are a multiple of the difference between 0.55% and 0.7%.

If we are successful in making the merger work better—everyone accepts it can work better, and that is what I hope the refresh of the integrated review will show—and we sweat the assets we have in international development financing to do more, that will go a long way to answering Chris' question about how you re-establish our leadership on the international stage.

Chair: I am going to stop you there just for time.

Q93 **Kate Osamor:** I have a question for Minister Jenrick. Our Chair submitted written questions to the Home Office in both December and January about whether it attributed to ODA the costs of its contracts with the charity Migrant Help and the accommodation provider Mears Group. However, a clear answer was not provided. Would you be able to confirm whether ODA spending is contributing towards these contracts?

Robert Jenrick: I do not know whether the Migrant Help contract is set against ODA, but I would be happy to write to you. It provides good services to us in a range of settings to ensure that migrants get support and understand their legal rights and so on while they are in the UK. Mears is one of the providers that find and operate hotels and dispersal



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accommodation. It is particularly focused on Scotland; the providers operate, broadly speaking, on a geographical basis. Hotel and other forms of accommodation will be eligible for ODA because it is shelter, which is one of the core tenets, so some of the costs that it charges will be ODA eligible.

Q94 **Kate Osamor:** Thank you for confirming that you will get back to the Committee to confirm whether Migrant Help gets full funding from ODA. I know from my constituency work that Migrant Help is failing to provide assistance to many of my constituents, so it would be helpful for me to find out. We were told by Migrant Help that it cannot respond directly to MPs, so it is really important to find out who is funding it and why it is that asylum seekers are going to it. If the Home Office is not providing it with funding, we just need some clarification on that.

Robert Jenrick: The Home Office certainly provides it with funding, because it is one way in which we can ensure that people have access to the right information about their rights while they are in the UK and understand the services available to them. As I said, I cannot tell you conclusively whether we then consider that to be ODA eligible, but I am happy to clarify that.

Q95 **Kate Osamor:** Would you say that you are satisfied with these contractors?

Robert Jenrick: I have not had dealings with them, but I have heard from some senior officials in the Home Office, whose judgment I trust, that they have been very helpful in some settings, for example at Manston, where they have been available to provide support and guidance to people who have just arrived in the UK. If you have heard reports to the contrary, I would be pleased to hear them and form a more rounded judgment.

Q96 **Kate Osamor:** Thank you. We will take that offline and I will provide that information for you. Minister Glen, what evidence do you have that the Home Office spending on hotels and refugees in the UK represents value for money versus any other forms of accommodation?

John Glen: We probably universally accept that the hotel expenditure is not value for money. The question is about isolating alternatives as quickly as possible to move those who are in hotels to cheaper accommodation and for anyone else who comes here. Hopefully, those numbers will diminish through the broader actions that the Government are taking. I do not think that we start from the position that it is value for money, but it is what is of necessity, given the choices that are available and the emergency nature of the accommodation that needs to be provided.

Q97 **Kate Osamor:** Minister Jenrick, what is the average length of time that a refugee will stay in a hotel?



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Robert Jenrick: I do not have the length of time. It varies very widely, as you can imagine. We prioritise cases of the most vulnerable, so that they can be processed as swiftly as possible. It is fair to say that there has been a very significant backlog in cases in the Home Office, and that is one of the things that I have set about fixing. We have put in place now a vastly improved system to get through the legacy backlog of cases, which was around 90,000 when we started this work at the end of last year. I have high confidence that we will get through that. We are doing that by hiring far more decision makers. We have already doubled the number and are going to double it again by September of this year.

Q98 **Chair:** Could you write to us with that? Is it a week, a month or a year? Do you have a feel for how long they are there? Could you provide the specifics?

Robert Jenrick: I would be happy to write to you. Very briefly, the route to reducing reliance on hotels is through the dispersal accommodation that I mentioned earlier, pursuing large sites and processing people far more quickly than we do today. We have a plan that we have set out now to do that. I meet with the team who are delivering that every week and they are already making progress, so I expect that, over the course of this year, we will see very significant steps forward in that regard.

Q99 **Kate Osamor:** Lastly, Minister Mitchell, do you have any thoughts on the way that the aid budget has been spent in the UK on accommodation for refugees?

Mr Mitchell: Only to support my two colleagues here in bearing down on those costs, so that the costs are right and fair in terms of our obligations and duties, but that they minimise the impact on the ODA budget.

Q100 **Kate Osamor:** As a last question to all three of you, is there an incentive to actually find cheaper accommodation?

Robert Jenrick: There definitely is, because we want to be good guardians of the taxpayers' money and, indeed, your objective of ensuring that this is directed to the poorest and most vulnerable in society. I would just say that, having been in this role for a few months now, it is very difficult to find accommodation, for all the reasons we have described, at short notice.

When I first stepped into the Department, there were 4,000 people being accommodated at the Manston site in Kent. The law at that time said that we should accommodate people there for only 24 hours, unless there were exceptional circumstances. We have increased it now to five days, but we still want to process people very quickly and flow them into better accommodation. You can see that when, on a single day, 600 or more people can cross the channel in small boats, finding them accommodation in, say, a local authority property is extremely hard. That is why hotels, unsuitable and expensive as it might seem, have ended up being relied upon. The enduring solution is dispersal to large sites and reducing the



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number of people crossing the channel. If numbers continue to escalate, we will remain reliant on unsuitable solutions like hotels.

Q101 **Kate Osamor:** What I was going to add there is that maybe the process of dealing with applications needs to be sped up. Maybe that will help and make sure that people are not staying in accommodation for as long as they are.

Robert Jenrick: It will do, absolutely, and we will see significant progress on that. We already are.

Chair: For the record, we are not scrutinising the rights and wrongs of supporting refugees. We absolutely support that they need to have help. What we are scrutinising is why you are using the ODA budget to do it, whether that represents value for money, and whether there are better and more appropriate ways that we could be spending that money.

Q102 **Nigel Mills:** I am still slightly intrigued as to why we cannot know how much of the ODA budget you are spending a month in the UK. I am assuming that, today or maybe tomorrow, or maybe a week on Monday, we will see the supplementary estimates and there will be motions in the House to approve them. I would have assumed that, if you are saying that there has been significant unexpected spending on this issue in the year, that would factor into a supplementary estimate. We will, presumably, see a number or something in the 800 pages of detail that we will get, which will make that public, so can you not just give us the indication now?

John Glen: We always publish supplementary estimates in the same way at the same time, and we do it across all Departments. I recognise that there are lots of figures bandied around over what they may or may not be. I do not have them secretly hidden. We are still working on them, we will publish them in the normal way, after however many weeks, and that will be that.

Q103 **Nigel Mills:** That is imminent, is it not?

John Glen: It is, yes.

Nigel Mills: It is not April. It is going to be the next sitting day or something. We will have to see it.

John Glen: I am not sure exactly what day it is, but there is no attempt to hide from it. It is just about due processes, and we always do it that way.

Q104 **Nigel Mills:** There is no attempt to disclose it or make it transparent either.

John Glen: It is just about when, is it not? That is the point that you are making.

Q105 **Nigel Mills:** I would not have thought that it was unreasonable for a parliamentary committee, whose job is to scrutinise ODA spend, to be



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able to know, on a relatively ongoing basis, what the ODA spend is when it has changed by 25% in the year from being spent abroad to being spent in the UK. It makes our job impossible, does it not?

John Glen: As I say, at the start of the year, when we designed the Ukraine scheme, for example, there was significant uncertainty over how the DAC rules would apply to some elements of it. The flow is very considerable, and what we want, as I know you would expect, is accurate and fully accounted-for figures, which is what we will do as quickly as we can.

Q106 **Nigel Mills:** When the Prime Minister said that £7 million a day was being spent on hotels, that would be £200 million a month. That is quite a lot of money. That would be £2.4 billion a year. Is that what you would expect this number to be, roughly?

Robert Jenrick: I have the figures in front of me. In 2021, we spent £582 million on initial accommodation that was ODA eligible. Given the number of individuals who have come since then on any of the relevant schemes, you would expect it to be very substantially higher than that.

Q107 **Nigel Mills:** Andrew, your budget went down to £7.5 billion earlier in the year. That is roughly the number that I remember.

Mr Mitchell: Yes. The Committee has the figures. You inquired and we sent the full set of the existing figures to answer those questions.

Q108 **Nigel Mills:** You were expecting about £10 billion and it has come down to about £7.5 billion. Is that roughly right?

Mr Mitchell: You say that I was expecting it. There was a budget, which has had to be reduced significantly. In fact, it has been reduced three times. When I was before the Committee before, I made clear what a very painful experience this was. Our job is to live within our means and within the budget that we are set by the Government.

Q109 **Nigel Mills:** What are you expecting for next year? You said that this is long-term work.

Mr Mitchell: We have this extra money from the Treasury, for which let me once again express my—

John Glen: It is taxpayers' money, not mine.

Mr Mitchell: By the way, I just want to say that, as if by magic, the figures for Poland's ODA spend have appeared from behind me. While we spend down from 0.7% to 0.55%, I am advised that, in 2021, Poland spent 0.15%, so I hope that is helpful to the Committee.

Q110 **Nigel Mills:** You do not want to be, in 2023-24, starting out with a budget and then it going up and down throughout the year, so that you have no idea what you are spending at any one point. Do you have a reliable and stable forecast for programmes that you can support for the next financial year, or are you just watching how many people come



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across on a boat every day and crossing another five grand off for every one that is there?

Mr Mitchell: We are pretty good with figures. The development tradition from DFID is to be quite good with figures and projections. We have, for example, also an open-ended humanitarian spend. Owing to the tragedy of the earthquake in Turkey and Syria, we are now looking at deploying humanitarian expenditure there. There are always variables anyway, but, as Nigel implies, this is a significant variable.

From the bilateral budget, we budget a certain amount. We will regard some of that as conditional on the outturn later in the year, but we can budget the core part bilaterally. On the multilateral budget, we are often looking two or three years ahead, so we can make some changes with that. It is challenging and we do the very best that we can. Officials are very good at looking at the figures and trying to work out what we can commit. I am not saying that it is easy and I want to confirm everything that the Committee has heard about the challenge that we face, but we do the best we can.

Q111 **Nigel Mills:** Does your extraordinary, significant gratitude to the Treasury for the extra £1.5 billion for next year suggest that that was in line with what you asked for?

Mr Mitchell: There is a limit to the amount of plumbing that we can dig up, but we put the best possible case that we can to the Treasury, and then we abide by its judgment.

Q112 **Nigel Mills:** I assume that the best possible case was, “We had planned on the basis of 0.5%, which got roughly £10 billion, less whatever goes to other Departments. This year, we are going to be down in the sevens somewhere. Next year, we need to be somewhere nearer the 10 to deliver what we planned and what we need to. Can you give us a top-up, please?” Presumably that is roughly what you said.

Mr Mitchell: Chair, Nigel is an extremely senior, experienced Member of Parliament.

Chair: That is why we love him as a Committee member.

Mr Mitchell: He knows how the system works. All I can say to him is that, for 2023-24, the bilateral budget is incredibly constrained. Things get easier in 2024-25, and we are determined to use that opportunity to build the best possible bilateral programmes in the way that we usually do.

Q113 **Nigel Mills:** We all expect, because the Prime Minister has promised, that small boat numbers will be a long way reduced this year. Are you planning for a bonus in your budget or have you forecast on the basis that small boat numbers will be significantly down and, therefore, the cost of this will be much lower?



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Mr Mitchell: I am doing my very best to support Rob on his efforts to ensure that he delivers on the Prime Minister's policy.

Q114 **Nigel Mills:** I am just intrigued, because, in a matter of weeks, we will see the budget. You must have made assumptions for all of this, but you do not seem to be willing to talk us through the basis of these assumptions.

Mr Mitchell: The way in which these things work is that we have a planning total and we then allocate it. That is a long established process and it has been carried out in the normal way this year as well.

Q115 **Nigel Mills:** Just finally, then, there is no prospect that we would ever try to categorise anybody who had been here for more than a year as ODA spend. The spend on those is then not counted towards the ODA budget.

Mr Mitchell: The rules are absolutely clear and, after a year, they fall upon Robert's budget.

Q116 **Nigel Mills:** There is no discussion and no prospect of that being changed.

Mr Mitchell: You would have to change the ODA rules, and I refer you to the Chair's earlier remarks.

Q117 **Nigel Mills:** But you did not say, "No, there is no prospect of that being changed". There is no discussion. Nobody has suggested, "This is a huge amount of money. Can we not count it against ODA for two years?"

Mr Mitchell: I have never heard, across Government, the suggestion, since I have been back, which is only a hundred and a few days, that the ODA rules should be reopened. Remember that, if you reopen the ODA rules, you have to get agreement across more than 30 countries, all of which have their own agenda, so it is best to count on not reopening the ODA rules.

Q118 **Nigel Mills:** We could just ignore them. We could just say, "No, this money is coming out of the FCDO budget, because it has some and we want to use it". That is not going to happen.

Mr Mitchell: I do not think that anyone is suggesting that.

Q119 **Mr Bacon:** As a very quick follow-up on this point from Nigel Mills about how much per day, £6 million a day is just under £2.2 billion a year, and £7 million a day is just over £2.5 billion. These are staggering sums that are playing havoc with the overall DFID budget, are they not?

Mr Mitchell: They are staggering sums and you have heard what we are trying to do about them, but they are not new. They have increased, but we have looked at the figures for the last few years and we are living with that difficulty. The point that Richard is making is that this is a difficult time for the ODA budget, and I do not think that anyone would dissent from that view.



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Q120 **Mr Sharma:** Minister Jenrick, how transparent is the Home Office when it comes to providing information about spending from the aid budget?

Robert Jenrick: As I said in answer to a previous question, we provide regular spend to our colleagues in the Foreign Office and the Treasury, with the analysis of what proportion of that spend we believe is ODA eligible. They then, in turn, scrutinise that and challenge us if they think that we are making the wrong assumptions. Andrew will correct me if this is not correct, but I believe that the FCDO then shares that with the OECD. I appreciate that you would prefer more regular updates on spend, but we regularly publish how much of the Home Office's spend is set against ODA. I have the figures in front of me for 2021, which was £996.2 million.

Q121 **Mr Sharma:** Is the Home Office accounting for its aid spending in the UK to Parliament?

Robert Jenrick: We do it through the Foreign Office and through the normal publication of accounts and scrutiny to Committees like your own. I believe so, but, if you think that we are deficient in some respect, please tell me and I would be happy to provide further information.

Q122 **Chair:** We wrote to you on 15 December looking for written evidence for this session. We got the answers back yesterday. In your written evidence, you said that only a percentage of what the Home Office spends on asylum seekers is ODA eligible. Do you know what percentage that is?

Robert Jenrick: I do not have that number to hand, but there are a whole series of other things that we do to maintain the asylum and immigration system that are not ODA eligible, from the work we do to rescue individuals in the channel and how we initially accommodate and process them at places like Manston; through the visa application process for the Homes for Ukraine scheme, where we have deployed thousands of Home Office personnel to meet the level of demand; to how we accommodate people after the initial 12 months are up.

Some people's applications take longer than 12 months or, post 12 months, they are not able to be swiftly removed from the country, because they are perhaps from a country where we do not have a returns agreement. The overall system is far greater than the element that the ODA rules would enable us to set it against.

Q123 **Chair:** Would you be able to write to us about what that percentage is?

Robert Jenrick: Yes, I would be happy to.

Q124 **Mr Sharma:** Minister Mitchell, the recent finding by the 2022 Aid Transparency Index, collated by Publish What You Fund, reported that the FCDO had dropped seven places in the international rankings and lost its "very good" rating. What steps is the FCDO taking to improve transparency, particularly on ODA spending in the UK?



Mr Mitchell: When I was the DFID Secretary, I brought Britain into the International Aid Transparency Initiative. The traditions of development are about publishing everything and transparency. For whatever reason, we do less of that and we should do more. My commitment is to try to ensure that we move up that league table again now.

Q125 **Mr Sharma:** The FCDO has a comparatively better reputation for transparency on ODA spending than other Government Departments. Your Department is doing well on this. What steps is the FCDO taking to help other ODA-spending Departments to improve transparency?

Mr Mitchell: I would submit that we are going to answer that question when we come on to the Committee that John and I are jointly chairing, because that is the answer to your question.

Chair: As promised, we will get to it. We are incredibly fortunate that we have the Chair of the Treasury Select Committee with us now. For the record, we did ask the Home Affairs Chair or Committee members to come, but they are out of the country at the moment. Understandably, they are all very busy. I would now like to bring in Harriett Baldwin.

Q126 **Harriett Baldwin:** I am going to—

John Glen: Get to me somehow.

Harriett Baldwin: —confine my questions to the Chief Secretary, who is having to deal with the completely unpredictable nature of the Home Office budget and the long-term strategic nature of a lot of what the development budget will be working on. We have used the three-letter acronym ODA a lot in this Committee, but we should remind ourselves that it stands for overseas development assistance. All our constituents would be quite surprised to hear that it is being used to spend on hotels in Worcestershire, for example, where I come from.

I know that the trade-offs that you are having to make as Chief Secretary are very complex. When you are making those trade-offs and those decisions, to what extent are you thinking about the way in which our constituents are probably expecting overseas development assistance to be spent on some of their priorities, such as making sure that children get access to education, that refugees are educated near to their homes, that they have sanitation and that they have help with their healthcare and so on—the kinds of thing that we would traditionally associate with overseas development assistance? Can you talk us through the Treasury's thinking on that?

John Glen: Essentially, the answer is to be found in the classification of the expenditure and the consensus that exists across Government, as we have discussed, but we will not go into again, on the DAC rules and what that classification allows. I totally understand the expectation around overseas development assistance, but when you have people fleeing war or other forms of oppression, they are displaced people who would, as would your constituents and mine, expect us to discharge our obligations,



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treat those in the appropriate way and make provision for them to be sheltered and to be looked after.

However, I also recognise that the determination that was made a few years ago to reduce the amount of ODA expenditure by the UK has imposed a significant pressure. Therefore, we made a decision, after intense lobbying from Andrew in his first days in office, to assist and to give that additional £2.5 billion.

It depends on which way round you look at it. The point is that there was an attempt to reconcile two competing pressures that coexist within the rules of the definitions of DAC spending.

Q127 Harriett Baldwin: What I heard you say was that you were focused more on the definition and the 0.5% than on thinking about what the money was necessarily going on. Presumably, if the Home Office buys a lot of hotel accommodation, there is VAT that would be paid on that. Do you in the Treasury take into account the fact that you have the money coming back to you, when you are thinking about this shift that you have made from 0.5% to 0.55%? Was that one of the supporting arguments that you had in mind?

John Glen: I look at every single budget very closely. DLUHC and the Home Office are the main drivers. When I attend meetings with Rob, I know what the cost projections are for any alternative accommodation that is being lined up, per person, per night, against what the average is for hotels. With every Department, we do everything that we can to scrutinise the real costs, to bear down on them and to achieve value for money. In the same way, if Andrew submits a business case for expenditure in a multiyear investment in an aid programme, we would look at it as the Treasury, as you would expect, on value for money grounds, while respecting his right to make those determinations.

Q128 Chair: I do not think you answered the VAT point.

John Glen: I have never seen a VAT line item in a particular costing. It would be reasonable for me to write back on that, because it is an additional cost in some forms of expenditure. At the end of the day, we do it by the rules and we try to make the costs as low as possible.

Q129 Harriett Baldwin: In terms of the 0.5%, which we have heard today has gone to 0.55%, I understand that the target that the Treasury is working towards has changed from "meet but not exceed 0.5%" to "around 0.5%". Is that right?

John Glen: Yes.

Q130 Harriett Baldwin: Does that need to go through Parliament to be voted on?

John Glen: I do not believe so. There is a judgment to be made. Our obligation is on the 0.5%, but we are trying to reflect the pressure, which is not precise and is changing, with the obligation to Andrew's



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endeavours to both creatively maximise and multiply the impact that we have, but also to honour that commitment of 0.5% and the expectations around it.

Q131 Harriett Baldwin: The Prime Minister has set out in his five objectives for this year to reduce to zero these small boat crossings. Presumably, you are budgeting for this to go away and for the money to go back into Andrew's spending control by the end of the year.

John Glen: In my 100-odd days in office, I have learned that there is often a set of expectations that Ministers put to the Treasury, and then there is the delivery against them. I have to weigh up the expectations, plans and realities on every single budget. It is an iterative process and we will see what happens.

Q132 Harriett Baldwin: Would you put an upper limit in terms of trading off these two demands on public spending? Would you put an upper limit on how much could be spent within the UK of the around 0.5%?

John Glen: Andrew and I, as he said, have a lot of work to do to bear down on costs and to do everything that we can to maximise the money spent on ODA overseas, but also to honour the obligations, which Rob set out, that we have in law to refugees and to those seeking asylum.

Q133 Harriett Baldwin: Can you talk us through how the Treasury came up with the £2.5 billion over two years?

John Glen: That was through conversations with the Foreign Office and, I assume, with officials, and then the Chancellor and, I assume, the Foreign Secretary. I think it happened just before I got into office. We confirmed that and it was, like all bilateral conversations between the Treasury and other Departments, an iterative process based on different costings and constraints that exist. Frankly, there are two sides of the ledger: the money that is going to be available from savings we make overall; and the plans to spend it, how realistic they are and what prioritisation is put against them.

Q134 Harriett Baldwin: I know that I should know this, but remind me in which year you have scored the budget returning to 0.7% in the Red Book at the moment.

John Glen: We said at the autumn statement that we did not see any circumstance in which it would be before 2026-27, but I will need to write to the Committee to be clear about that. I am not precisely sure. Is that right, Andrew?

Mr Mitchell: I think it is.

Chair: Minister Glen, I would love to be in Government, but I would not like to be in your shoes right now.

John Glen: A lot of colleagues say that.

Q135 Chair: You seem to be between a rock and a hard place. Could I just pick



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away a little bit at this additional £2.5 billion over two years?

John Glen: I will try to help.

Q136 **Chair:** We are very grateful that that has been added in the autumn statement, but I wonder how and why that figure was focused on. The Center for Global Development estimates that the in-country refugee costs could exceed £3 billion in 2022.

John Glen: I think it said £3.2 billion.

Q137 **Chair:** That is an increase of nearly 300% from 2020. Is the £2.5 billion to offset that? Is it a contribution towards that or is it all you had at the time?

John Glen: It was not related to that. Indeed, our judgment of what the outturn is for the year will be made in due course, as I said to Nigel earlier. It was an attempt to try to balance competing obligations and aspirations.

Q138 **Chair:** Obligations or Ministers?

John Glen: I have a parallel obligation to satisfy the legal requirements that Rob and the Home Office are under, and also the 0.5% obligation and the spirit of that, which I recognise, but within rules that allow some elements of that 0.5% to be spent domestically. It seems to me that there is a judgment to be made, and that is, in the end, a judgment that the Chancellor and I have to make in conversations with Ministers. I would not want to underestimate the imperative that I have to work closely with Andrew to bear down on all those costs elsewhere across Government. As you know, several Government Departments have ODA-eligible spend. There are two or three lead Departments, but we will be scrutinising all of that.

Chair: That is reassuring to hear.

Q139 **Mr Bacon:** I have a quick follow-up to the Chair of the Treasury Committee's question about hotels. If you are spending £5.5 million a day on hotels, which is what the Prime Minister said it was in December, that is £2.007 billion a year. VAT on that would be £401 million. Is it correct that you are giving it to the Department, it is counting it as ODA, it is spending it on hotels, the hotels in Worcestershire or elsewhere get their £2.007 billion, and then you get £401 million back in VAT?

John Glen: Let me write to you to give you an accurate answer.

Q140 **Mr Bacon:** You have restored the 20% VAT rate for hotels. There was a temporary dampening of that, but that is now back to normal. It seems to me that, unless I have missed something—and I just did the calculation that £5.5 million times 365 is £2.007 billion—20% of that is £401.5 million. Are you getting that back in the Treasury? You are the recipient of VAT, are you not?

John Glen: Yes, but it would be best for me to write to you, if I may.



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Chair: If you could, we would be grateful.

John Glen: I have learned from my experience in Committees that it is always wise when you are dealing with specific numbers to reflect on that. I grasp the principles of what you are saying, but I am very happy to write to you in full about it.

Q141 **Kate Osamor:** Minister Jenrick, there have been lots of concerns about transparency, especially around ODA spend in the UK. The Home Office keeps coming up as the Department where it is questionable. Are there sufficient mechanisms in place to account for the money that it spends? In saying that, has the Home Office provided forecasts of its future ODA spending requirements to the FCDO and Treasury? If it has, what does that look like? Is it something that you regularly update them with or is it ad hoc when you think something is coming down the line and you respond in a chaotic way?

Robert Jenrick: We work with the FCDO and the Treasury to discuss what the future may hold and to try to forecast that, but I would not describe it as a chaotic situation. It is just a very difficult situation to predict, because so many factors are at play. If you think of the last two years, it would have been very difficult to predict, when we launched the Homes for Ukraine scheme, how many British people would open up their homes and choose to support it.

When we have established schemes like those for Afghanistan, having been in the meetings around Op Pitting, it was far from clear how many individuals we would be able to remove from Afghanistan at that moment in time. When the individuals are here in the UK, there are also some factors that are difficult to predict. For example, it is a great pity that over 8,000 Afghans who came under Op Pitting and subsequent schemes are still in hotels in this country.

Q142 **Kate Osamor:** What is the planning around the Afghans in hotels?

Robert Jenrick: We are working very hard to get those people out. It is difficult to predict the outcome of some of those factors.

Q143 **Chair:** If you have a plan, you must do budgets.

Robert Jenrick: We work with the Treasury and the Foreign Office to budget for what we know, but there has to be a degree of flexibility there, particularly, as I say, with schemes where there is a high degree of unknowns, like the ones I have just described, and then the most challenging situation of all, which is how many people will cross the channel in small boats every year, where we do not have any means today of preventing them from crossing the channel, other than the diplomatic initiatives and the cross-border work that we are doing with the security services and the NCA to bear down on the criminal gangs. Inevitably, there is a degree of unknowns as to the sheer number that will cross the channel this year, as there were in prior years.



Q144 **Kate Osamor:** Minister Jenrick, going back to those people who have come from Afghanistan and who are in hotels, why is there not a plan around how long they are going to stay in hotels? I do not want to focus just on the Home Office, but why do Government not have a plan for those people who have come from Afghanistan, when it was very clear that they were going to need to be evacuated and would end up in the UK or wherever they ended up? Why is there no plan?

Robert Jenrick: The Government do have a plan.

Kate Osamor: What does that look like? People are still in hotels.

Robert Jenrick: It is something that I have taken a particular interest in during my tenure in the Department. What we are seeking to do is triage those individuals as swiftly as possible into the private rented sector and enable them to get on with their lives. Remember that these are all people who have rights to remain in the UK, could work in the UK and have access to the benefits system.

Q145 **Kate Osamor:** Respectfully, we are aware of that. As a Department, are you aware of that—that these people have a right to be here, yet they are still in a hotel?

Robert Jenrick: The point is that anyone who has come under the ARAP scheme, for example, or ACRS has the right to walk out the door of that hotel tomorrow and find accommodation themselves in the private rental sector, as any other person in this country does, as well as to access the benefits system and to work. The challenge that some of those people have found is that they have struggled to find suitable accommodation while they have been here.

There are a number of reasons for that, one of which is that the average size of the family is very large. Another is that, for perfectly understandable reasons, they were put in hotels in city centres, some of which are in very expensive parts of the country, like central London, where it is not easy to find private rental accommodation.

I have sought, in my brief tenure in the Department, to work with the Ministry of Defence and DLUHC to create a cross-Government approach, whereby we bring the hotels to an end and encourage people to find their own accommodation, appreciating the challenges that some have faced, by putting in place a cross-Government team to go hotel by hotel and triage those people out into better forms of accommodation. I hope that we will start to make progress.

Q146 **Kate Osamor:** What plans do you have to purchase any new accommodation?

Robert Jenrick: The Treasury kindly supplied DLUHC with funding, so that it could work with local authorities and other providers to bring forward new accommodation. That housing fund is now being deployed to create accommodation for a variety of uses, not only for the Afghan



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population but also for Ukrainians who might find themselves homeless at the end of their matching with host families, or potentially for other refugees as well, once their status has been granted. That is a project that DLUHC is taking forward.

Q147 **Kate Osamor:** So it will not come out of the ODA budget.

Robert Jenrick: I do not believe that that would be ODA-eligible, because, in most cases, it would not be counted as initial accommodation, but I perhaps need to write you. It is not within my departmental responsibility. It is a DLUHC matter. You are right to point to the fact that a sustainable answer to this is building more suitable accommodation generally and trying to bring forward supported housing in particular, so that the most vulnerable people can get accommodation.

Q148 **Kate Osamor:** Lastly, Minister Jenrick, you spoke about Departments coming together. Is the work that comes out of that going to cost any money, and has that been presented to the Treasury?

Robert Jenrick: The aim of our cross-Government work is twofold. First, it is to plan for the numbers of people who may arrive in the months and years to come in a sustainable fashion and to ensure that we have the right accommodation, so that we do not get into situations like we did, for example, in the autumn, where Manston, as our principal reception centre for small boats arrivals, was overflowing with individuals. That is our primary interest, so that individuals can find decent and legal accommodation when they arrive.

A second but also important point is to find better value for money solutions. I would stress that this is a difficult task, but if we succeed in getting more dispersal accommodation across the country and finding large sites for people to stay in, the per person, per night cost that we are facing will come down very significantly. There are big hurdles there, as you will probably see if you read the press. Every time that we pursue a large site, the local community, Members of Parliament and councils are, understandably, very concerned by that and try to fight it tooth and nail.

I understand why they might feel concerned, but you can see that that, on a national scale, places a lot of challenges, because it means that it is hard to find those more sustainable, better value for money solutions, which, ultimately, just drives people back towards the hotels, which you quite rightly say are not the answer and not good value for money.

Q149 **Chair:** Minister Jenrick, I come back to David's opening question. Had there been more transparency and clarity about how and why you were spending this money, you could have taken the British population along with you, because they would understand, but it feels very much like, because there is not that transparency there, it is almost pitting communities against each other. Ultimately, it is the local authority, if these refugees become homeless, for example, that has to pick up the



costs. In my constituency, we literally do not have any surplus private rented accommodation, so what is the local authority meant to do? Trying to get the money to pay for those resources is proving almost impossible.

Going forward, is there any way that we could urge you to be more open about what you are doing? I really do not want to see any tensions arising between these two groups.

Robert Jenrick: I entirely understand. What you have just laid out are the trade-offs that we have to deal with every day. The sheer number of individuals who are coming here, either legally on the resettlement schemes, or illegally or irregularly as small boats crossings, is placing unbearable strain on the system. I hope that I have tried to be, as a Minister, completely transparent with the public about how difficult that is and how there are no easy solutions to that.

This is the reason why we are, for example, bringing forward more legislation to try to reduce the number of people crossing the channel. It is why we want to move to an asylum system that is distinct from the one that we have today, where, if you come here irregularly, you are very unlikely to find a route to staying in the UK, and we focus the finite resources of the UK on these targeted resettlement schemes, like the Afghan schemes, the Syrian scheme and the Ukrainian scheme. We can do better-planned, more targeted and better value for money solutions, which help people meet our quite rightly legitimate obligations internationally, and as a big-hearted country that wants to support those fleeing persecution, human rights abuses and conflict, but in a more sustainable manner than the way in which we are able to do so today.

Q150 **Chair:** Maybe I did not explain myself properly. The Government are choosing to use ODA money, which is money that is designated to go to the poorest and most vulnerable people in the world. You are spending that money on refugees who come here because they meet those definitions. It would be really helpful if you could make that relationship clear, because some of the language that comes out is quite toxic and does not give that clarity. I urge you, as you are spending money designated for the poorest, to make it clear that you are spending it on the poorest, but that they are in this country. I would choose that it came from Treasury reserves rather than dealing with the reasons that people are fleeing their homes, but we are where we are. If you are able to do that, that would help all of us.

Robert Jenrick: I will happily take that entreaty, and I would say two things in response. First, it is the case that, as I understand it, we have always, or at least in the recent past, treated in-country refugees as ODA eligible.

Chair: But you started off calling them "illegal migrants", which immediately sets up a flag.

Robert Jenrick: That is just the facts.



Chair: It is not.

Robert Jenrick: With respect, it is, because, if you come across in a small boat, that is in breach of the law under the Nationality and Borders Act. That is, I am afraid, just the legal position.

Chair: It is inflammatory language.

Robert Jenrick: I appreciate that you may wish to use different terminology, but I think that you are really asking about how the scale of the individuals now coming across, whether that be in small boats or through resettlement schemes, has meant that this is placing a very substantial burden upon the overseas development budget in a way that it did not previously. When we articulate these trade-offs, would we explain that to the general public? You are right.

What I would like to do more is to explain to the public the trade-offs more generally, including within Parliament, because we, as Members of Parliament, always want to do generous interventions like Ukraine, Afghanistan and Syria, and it is helpful for us all to understand what the consequences of those are, whether that be to the overseas development budget more generally or, indeed, to local housing, the impact on communities by taking hotels and so on. The more we understand the consequences of our decisions in the round, the better.

Chair: The more transparency you can give Parliament and the more you can involve us in these conversations, the better, but we are specifically looking at ODA spend right now.

Q151 **Mr Sharma:** Minister Jenrick, you used the term “value for money”. When we use hotels for accommodation, that is not value for money. You have plans with local authorities and the defence sector to convert buildings into suitable accommodations where human beings can live. I am sure that you have already identified with Minister Glen where the money will be coming from, whether it is ODA money or other money, but have you given any timescale for how long it will take to come to the level where we will not have to use hotels and can use accommodation through local authorities and the public sector?

John Glen: Would it be possible for me to come in? I wanted to just refer to the conversation that happened with DLUHC and to confirm that the additional £150 million to support councils to house Ukrainians, where those sponsorships that started would not continue, is non-ODA-eligible money.

Chair: That is beyond the 12 months.

John Glen: Yes, and the £500 million non-ODA resources for local authorities to acquire homes for those fleeing conflict is, again, non-ODA-eligible. We are trying to be very explicit in their capital budgets that those are to be used for that purpose. What may be behind your question is the resourcing. I just wanted to clarify that that was part of the reset that we issued in December.



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Q152 **Mr Sharma:** Have you given a timescale? Will that be in the next five years or 10 years?

Robert Jenrick: I have to be honest with the Committee that it will not be an easy task to exit the hotels, because we currently have almost 400 of them across the UK. With every day that individuals cross the channel, we have to procure more hotels, and so the task for us is twofold. One is to meet the pace of demand in terms of the number of people crossing the channel every day. If we can exceed that or reduce the number of people crossing the channel, we will be able to start exiting the hotels, focusing on the most egregious examples, either because they are the most expensive or because they have the greatest impact on local communities.

That is what we are trying to do, but it is fair to say that hotels will be a feature of the way in which we accommodate asylum seekers for some time to come. I hope that you will see over the course of this year a very substantial increase in dispersal accommodation and bringing on board the first of these larger sites. If we can make the larger sites model a success, we will hope to replicate that across the country.

Chair: I am aware that we have taken lots of your time, and you have been very generous in your answers. I absolutely promised Minister Mitchell that we would get to his star chamber, as it has been rebranded, so we can receive more details on it.

Q153 **Chris Law:** It has been an extraordinary afternoon, not least that I am beginning to realise who has their hands on the kitty. The Home Office does not seem to have any upper limit, and the Treasury is not about to put one on. Would I be correct in saying that, Andrew?

Mr Mitchell: If you are saying that, at the end of the day, it is the ODA budget that bears these costs, all three of us would have to acknowledge that that is the case. Someone has to bear the costs, and we are bearing them.

Chris Law: Without limit?

Mr Mitchell: If you try to work out how much it would be, you can make a stab at it.

Chris Law: It is more the principle of it, Andrew.

Mr Mitchell: It is open-ended.

John Glen: Can I just intervene? It is not open-ended.

Chair: Minister Mitchell just said that it was.

John Glen: If you put in an extra £2.5 billion and you think of the interplay of those two things, there is a reality and a compensation for it. To talk in grand principles when you have the reality of what the outturn is and what the compensatory intervention over the next two years is, there is clearly, in practical terms, a reality that Andrew has to deal with



that needed the Treasury to respond. It depends on how you want to use words.

Q154 Chris Law: So let us stick to the reality. The reality is that the UK is the only G7 country to class all of its spending on Ukrainian refugees as ODA. Some DAC countries do not count any in-country spend on refugees as ODA. Just going back to the earlier point when we talked about Poland, although I take your point, I wanted to look at some other countries that spend or at least committed to 0.7%. Norway spends just over 1%, Sweden just under 1%, and Denmark just over 0.7%. All of them are 2% or below with regard to the percentage of ODA spend in country, and we are at 9.2%, with no upper limit.

You can see what we are all driving at here—that this is out of control, and that the Home Office is sucking up the money that is meant to be for the most vulnerable. How can any development Minister plan for the future for the most vulnerable in the world on that basis? Clearly, there can be no plans. All we are going to see are further cuts. Fundamentally, these are the very people who are going to come to your shores.

John Glen: What you can see is a simultaneous determination by the Government to bear down on the cost and to change the profile and the direction of those costs while, at the same time, interrogating the implications of those costs for the development budget and making the appropriate interventions that we did. The two have to work together. You cannot have that simplistic analysis.

Q155 Chris Law: I do not dispute that, but Andrew Mitchell said earlier that development is the long game, and all these are short-term decisions you are making. With a lack of investment in developing the long game, we are going to have them on our shores. Not investing money that is meant to be for the poorest and most vulnerable in the world is going to lead to the consequences that Robert is facing now, and it is only going to get compounded.

John Glen: That is why the Treasury is very sympathetic to the plight that the development Minister finds himself in, in a situation where, clearly, some of his budget is being spent elsewhere. That is why that intervention was made.

Mr Mitchell: Can I just be clear? We are not disagreeing on the “open-ended” point, because what I am saying is that, in the end, the buck stops with our budget, and it is in that sense that I mean that it is open-ended.

Q156 Chair: So it is open-ended in that could absorb all of the FCDO—

Mr Mitchell: What we agree across Government means that it is the ODA budget that bears the strain, for the reasons that we have been rehearsing this afternoon.

Q157 Chris Law: It begs an obvious question then. Why is the UK, unlike all



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other G7 countries—

Mr Mitchell: It is not unlike all other—

Chris Law: It is the only G7 country to class all its spending on Ukrainian refugees as ODA.

Mr Mitchell: Let us be clear about this. All of the expenditure, whichever country is making it, is ODA eligible in that first year.

Q158 **Chris Law:** I do not dispute that, and we have been over that. There is a choice, and we would like to know why the UK—

Mr Mitchell: Chris, your point is that not everyone chooses to score it, but the Treasury has given us additional money, because we do score it. Any country can score it, because it is ODA eligible.

John Glen: With respect, you said that you would prefer if that money came from the Treasury reserve, as if that is somehow a separate pot. It is all taxpayers' money that needs to be managed. I understand that you would say, "Well, what is the basis for that?" and try to align it to the £3.2 billion analysis by that organisation. The bottom line is that, with the fiscal situation as it is, you can see what a priority it was for the Government to make that intervention, given where we did not make interventions that other spending Departments were calling on us to make before Christmas.

Q159 **Chair:** Could you consider, in the spending reviews and in the statements that we are about to get, separating out the costs from the ODA budget that have gone to refugees in the UK, so that we can see that distinction? We have had the devil's own job, and we have different organisations trying to find what has been spent.

John Glen: In the written evidence we submitted for 2021, we set out in some detail the different categories of spend, so I would imagine that it would be fine to do that for 2022, and we will do that in due course, based on the fact that there is a lot of volatility and we need to verify it and make it as accurate as possible.

Chair: We would really appreciate that.

Q160 **Chris Law:** The last point for me, John, is that, if we are talking about long-term investment in development, which you have already heard today is a long game and in our national interest, why do you largely focus on taking the money straight out of ODA and giving it to the Home Office for short-term need, when we are going to lose out long term? To what Andrew said, we were pre-eminent in international development. We are no longer, and we are on a slippery slope, so I need to know from you, John, how that is going to be reversed. How are you going work with the FCDO and, indeed, the Home Office? There are people who are feeling a bit vexed about it, I would imagine. How are you going to reverse that trend?



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John Glen: There are three things that I would say. First, we are working flat out to get the economy into a situation where we can get growth to restore the aid level to the level it was previously. That is an imperative. That does not happen without growth in the economy, so that is a macroeconomic point.

Secondly, we are bearing down on all those different costs that are, essentially, qualified expenditures that take it away from overseas expenditure. We also have a very experienced Minister who is looking to find ingenious ways of multiplying that money, using the City of London and other collaborative efforts across the globe.

Thirdly, I fully concede that this is not the ideal situation that we would wish to be in, but we also have to accept that we have legal obligations that Rob set out to deal with unplanned asylum seekers and those seeking to come to this country from war-torn countries, and who are in a pretty vulnerable human condition as well. It is about reconciling those two.

This is the uncomfortable reality of dealing with a situation that we would not have expected a couple of years ago. We would not have had the leakage, if you like, of that ODA overseas money in the way that we have had. We have pragmatically dealt with it, through that intervention of an additional £2.5 million. We will continue to have a close dialogue with the Development Minister and the Home Office on the different parameters I just set out.

Q161 **Chair:** So there could be additional top-ups.

John Glen: At this point, I am not in a position to make decisions about future expenditures. All I can say is that it is pretty tight. We made an intervention that is pretty significant against the context that you will all be aware of, which I will not rehearse now. Our commitment to try to maximise the amount of money that Andrew has available, within the parameters he has, is resolute.

Q162 **David Mundell:** Going back to the start, it is so much better that we can have an open and transparent discussion of these issues. That has not always been the case. This has been a very positive session. I welcome the responses today and I do not in any way diminish the challenges that are faced. It is much better that we are open about what they are and the impact. Effectively, £1 extra spent in a hotel is £1 less that is available to spend in sub-Saharan Africa.

John Glen: Subject to additional top-up.

Q163 **David Mundell:** Subject to you having taken steps and recognised the scale of the ODA being used.

Chair: Which we appreciate.

David Mundell: Of course we appreciate it. We also appreciate having an experienced Minister at the FCDO, and that is why I was very lucky to



win the raffle to ask the question about the ODA board to Minister Mitchell. Would you like to tell us all about it and what difference it is going to make?

Mr Mitchell: Thank you very much indeed. It goes to the heart of our discussions today that money is very limited and extremely tight, and we have a lot of good uses for it. Within days of going back into Government, the first thing I did was to write to the Treasury to ask whether it would consider a board set up and chaired by the Chief Secretary and myself to look at the costs across Government that come from the ODA budget in order to ensure that they are really giving value for money for taxpayers and that we bear down on all waste. Actually, the Treasury rather quickly agreed that it would be delighted to help set that up.

The board will probably meet three or four times a year. At the moment it is slated to look at amounts in excess of £60 million, but we will see whether that needs to be changed. It will be co-chaired by John and me.

Q164 **David Mundell:** Who else will be on it?

Mr Mitchell: We are not having any spending Ministers on it on a statutory basis.

John Glen: Except for you.

Mr Mitchell: Except for me. We will do quite a lot of the work by written submissions, but the job of this committee is to go after all ODA expenditure and ensure that it is really spent to the best possible effect on behalf of taxpayers and those we are trying to help. If I may remind you of something that David has heard me say many times when we were both in Government 12 or 13 years ago, we have to show that for every pound we spend on development, which we take from hardworking taxpayers, we deliver 100p of value on the ground. This new committee is foursquare behind that principle.

Q165 **David Mundell:** How does it fit with the existing international development policy board?

Mr Mitchell: It is entirely separate. Do you mean the board of the Foreign Office?

David Mundell: Yes.

Mr Mitchell: That is an internal board. First and foremost, it will be looking at ODA expenditure that is going through other Departments, so it would not immediately interact with that board. I think the board David is referring to is a board of management of the Foreign Office. It will primarily look at the ODA spend from other Departments, which has quite significantly increased since 13 years ago.

Q166 **Nigel Mills:** How do you fit ICAI into this?

Mr Mitchell: The ICAI is entirely separate. That is something we set up 13 years ago. It has its own remit. It reports to this Committee, and not



to Ministers, so its work is set out by this Committee. It is there for very good reasons. It is the legislature that receives its reports and manages it, not the Executive, and it is designed to ensure the transparency that was referred to earlier flows through all ODA expenditure.

Q167 **Mr Bacon:** Do you think ICAI is value for money?

Mr Mitchell: ICAI is absolutely brilliant value for money, yes.

Q168 **Mr Bacon:** I have been chairing the commission while Theodora Clarke has been on maternity leave and she is coming back soon, I believe. I have been quite shocked for several reasons. First of all, they actually cannot get information out of the Department when they need it. Second of all, the commission is dependent on the Department for its budget and, of course, the budget has been cut. They cannot get information, they cannot get money, and their reports are very expensive. Recently, we took evidence on a report on assessing UK Aid's results in education. This covered £4.4 billion of expenditure that was bilateral over a five-year period between 2015 and 2020.

It was kind of motherhood and apple pie, but when you scratched not very far under the surface you had sentences like, "It does not track learning achievements or other indicators of education quality. FCDO is working to develop an approach to tracking the quality of education it is supporting", which you would hope it would. The thing that surprised me most is that this 38-page report cost £400,000.

Now, the National Audit Office will do a report, typically, for about £180,000. They have statutory access to information. Their budget is set not by the Department they are scrutinising but by Parliament through the Public Accounts Commission. The quality of their reports is extremely high—years ago, when I was on the Public Accounts Committee, we used to take a lot of DFID evidence on NAO reports on DFID—and the cost of the reports is lower. In light of all of that, do you really think it is value for money? I do not. I have not seen evidence that it is—quite the contrary.

Mr Mitchell: In the interests of transparency, you should certainly raise these matters with the chief commissioner. It is not really fair to go into this in any very great detail today because she is not here to answer those points. As far as the information from the Foreign Office is concerned, that has been a contentious issue. I took it up when I was a Back-Bencher. It is now much better. There was a specific report where they found great difficulty in getting information, but the Foreign Office had a reason why it was so difficult. On that point about access to information, I can reassure you that there has been considerable process.

On the point about the budget, this is again something I followed very closely, having set up ICAI when I was on the Back Benches. It is very important indeed that the budget is not used by the Foreign Office as an instrument of control. The way in which commissioners are appointed, their length of service and so on, is specifically designed to ensure that



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they are not, because they must report to this Committee, as I said earlier.

Q169 **Mr Bacon:** Architecturally, you can see there is a problem in the design, in that ICAI is not independent, as far as its budget is concerned, it has less access to information and its reports are very expensive.

Mr Mitchell: As part of the merger, we have had to address the issue of access to information. On the budgetary point, it was set up in this way precisely to ensure that commissioners could not be leant on. I am happy that that continues to be the case. They report to you, and you are quite right to ask these questions.

In terms of the cost of the report, if you take this up with the chief commissioner, I think you will find there is a very good reason why that particular report cost £400,000. Perhaps you will do so.

Chair: We will take that suggestion.

Q170 **Kate Osamor:** Mr Mitchell, are you going to share with the Cabinet the findings that come out of the star chamber committee? Is that where it would land?

Mr Mitchell: They will certainly be shared in the normal way. I hope they will be very successful in ensuring value for money in the way I described.

Q171 **Chair:** I have a couple of very quick questions and then you are all free to go. Thank you ever so much for your time. The ODA board that you talked about seems like a great idea. How does this Committee relate to it?

Mr Mitchell: It comes within the remit of this Committee, so you may well wish to interrogate us on what is happening. It may only be me, in view of the onerous tasks that the Chief Secretary regularly undertakes, but certainly it will be accountable to this Committee and, in theory, also may be accountable to the Treasury Committee.

John Glen: For the record, can I just say that my job is about doing this role across Government every day? My job is to control Government expenditure. I have to scrutinise and try to bear down on every line item in every Department. This is just another application, but it is obviously of particular interest to this Committee.

Q172 **Chair:** Minister, if I can say so, our job is to scrutinise your job and we are finding it really hard because it is very difficult to get precise figures. We do not have any figures for this year. From what the honourable Member said at the very beginning, it sounds like you do have budget figures, so help us do our job as well and then we can help you do yours.

John Glen: When we have outturns, which we will have, they will give you the same detail that we gave you in the recent written submission,



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which gave you a lot of detail for 2021. I get the sensitivity around the speed of turnaround for 2022.

Q173 **Chair:** Thank you very much. Minister Mitchell, David was referring to the international development policy board, which you referenced in the written submission in point 27. Has that body, which is the cross-departmental spend for ODA body, approved the amount of ODA that is being spent by the Home Office, or is it just the Home Office making its expenditure, which then goes to the Treasury for sign-off? Is there any oversight?

Mr Mitchell: It does not get signed off in that way because of the nature of the ODA spend from the Home Office.

Q174 **Chair:** In allowing so much of the aid budget to be spent in the UK rather than overseas, are the Government effectively undermining their international development strategy? Has the PM actually signed off on what is happening? This does seem to be quite a big shift in policy. I know it is being refreshed at the moment, but it does seem that your hands are tied behind your back if you are trying to deliver a strategy that no longer has the funding that was first allocated to it.

Mr Mitchell: I have at least some responsibility for the operation of the ODA budget. Whether we like it or not, the expenditure that we have been discussing today is part of the ODA rules. That is the nature of the business. If you ask me whether it undermines Britain's international reputation, the answer is that I do not think it does because it falls within the ODA rules, but it is a challenge for us. It is one of many challenges. I hope that the next time this Committee is kind enough to invite me to come before it, there will be distinct progress on a whole number of fronts, which amounts to greater British leadership internationally in this area. That is what the Prime Minister has said he wants to see.

Q175 **Chair:** Has the Prime Minister signed off on this approach of spending quite so much ODA money on refugees in the UK, unlike other G7 countries?

Mr Mitchell: Of course, yes, because any policy of the Government is the policy of the Prime Minister, and it is the policy of the Government.

Chair: Thank you. This has been a very interesting and informative session. We have heard what you have said. We would really appreciate as much transparency going forward as you are able to provide us with. The public want that; it will calm a lot of fears about where this money is being spent. I fully appreciate what a difficult and challenging job you have and what a movable feast it is at the moment. Thank you so much for all of your time and being so generous with it.