

Public Accounts Committee

Oral evidence: Asylum accommodation: Home Office acquisition of former HMP Northeye, HC 361

Monday 9 December 2024

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Public Accounts Committee members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Nesil Caliskan; Mr Luke Charters; Sarah Hall; Lloyd Hatton; Chris Kane; Sarah Olney.

Home Affairs Committee member present: Chris Murray.

Oliver Lodge, Director, National Audit Office, Max Tse, Executive Director, National Audit Office, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-134

Witnesses

I: Sir Matthew Rycroft KCMG CBE, Permanent Secretary, Home Office; Joanna Rowland, Director General, Customer Services Group, Home Office; and Belinda Mather, Director for Non-Detained Accommodation, Home Office.



Reports by the Comptroller and Auditor General

Investigation into the acquisition of the Northeye site for
asylum accommodation (HC 305)

Investigation into asylum accommodation (HC 635)

Examination of witnesses

Witnesses: Sir Matthew Rycroft KCMG CBE, Joanna Rowland and Belinda Mather.

Q1 **Chair:** Welcome to the Public Accounts Committee on Monday 9 December 2024. We welcome as a guest member of this inquiry Chris Murray, a member of the Home Affairs Committee—welcome, Chris.

The Home Office is responsible for asylum and protection in the UK. That includes supporting destitute people seeking asylum while it considers their asylum claims. Earlier this year, the Committee examined the Home Office's development of alternative asylum accommodation to hotels, including large sites at Scampton and Wethersfield, and on the Bibby Stockholm. We found that the Home Office's assessments of setting up the large sites fell short of reality and risked wasting taxpayers' money. Today, we revisit the topic, looking at the Home Office's acquisition of the former HMP Northeye site at Bexhill-on-Sea in West Sussex. The Home Office completed the purchase of Northeye in September 2023 for about £15.4 million. The site is contaminated, requires remediating and is not yet operational.

We thank you, Sir Matthew—we received a letter from you, which informs the Public Accounts Committee that, given the lessons learned through the acquisition of the site, the Home Office's property team will, "ensure that onward sale of the site is carried out appropriately and the correct market value is reflected". We will question witnesses about the Home Office's approach to acquiring the Northeye site, the planned sale, its wider asylum accommodation plans and what lessons have been learned.

A warm welcome to our witnesses: Sir Matthew Rycroft, the Permanent Secretary at the Home Office and a regular attendee at this Committee, so welcome, Sir Matthew; with you from your team is Joanna Rowland, Director General, Consumer Services Group, at the Home Office—welcome, Joanna—and Belinda Mather, Director for Non-Detained Accommodation at the Home Office, whose first appearance before the Committee it is, so you are very welcome too.

Sir Matthew, let us go straight into this, and I will ask the first question. Thank you, by the way, for the huge amount of information that we have received in the past hour or two. We are digesting it—having said that, it has given the Chair fair indigestion so far. Will you summarise for us the major sites that you have acquired for asylum accommodation and what



HOUSE OF COMMONS

their status is now? What has it cost the taxpayer to bring them into operation, or not?

Sir Matthew Rycroft: Absolutely. Thank you, Chair, and as this is my first opportunity to say so since your election as Chair, congratulations on that. I also congratulate the new members of the Committee. I, and we, look forward to being held to account by you in the usual way.

The previous Government had a strategy of acquiring large sites. The four pathfinder sites were Scampton, Wethersfield, the Bibby Stockholm off Portland, and some former student accommodation in Huddersfield. In addition, while this site at Bexhill was not formally a pathfinder site, it was being acquired at approximately the same time. Some of the lessons, which we discussed in my previous meeting with the Committee before the election, absolutely apply to the acquisition of this site, because they were all happening at about the same time. When we said then that we were learning lessons, that also applies to the acquisition of this site.

Since the election, we have been resetting our asylum accommodation strategy in line with our new Ministers' wishes. Broadly speaking, the future asylum strategy will comprise a larger number of smaller sites, so we are not pursuing all the large sites. As you just said, we have decided to either sell or transfer to another part of the British Government this Bexhill site. Also, we have already emptied and are now decommissioning the Bibby Stockholm, and so on—we are resetting the whole programme. When the newly reset programme has its business case ready, which will be in the first quarter of next year, I will do a full accounting officer assessment and will send that, or the summary of it, to you. That will be the moment when we are able to answer definitively your question about how much the Government have already spent on those sites.

Q2 **Chair:** Did I mishear that? Did I hear that you were going to either sell or transfer the Northeye site to another part of Government?

Sir Matthew Rycroft: That is right. Ministers decided only last week that we no longer needed the site in the Home Office, either for detained or for non-detained accommodation—we have looked at both those options since the acquisition last year, but we have now concluded our assessment that it is not what we need for either of those programmes. Therefore, we will be working with our colleagues in the property function across Government to see whether it would be suitable for any other part of Government. If not, we will be selling it. If we sell it, I will be doing what I said in that letter to you, which is to ensure that we receive a fair market value for the asset.

Q3 **Chair:** Obviously, there is a huge number of questions around this whole episode, but on the timing of all that, do you have any idea for the Committee of what sort of time it will take to consult the whole of the rest of Government as to whether they want to use it? If not, it presumably should go on the open market. Is that what you are contemplating?



Sir Matthew Rycroft: Those are the two routes. We are just embarking on those two routes as of the decision last week, and I hope that, certainly by the time we come back with the outline business case for the full asylum accommodation strategy in the first quarter of next year, we should be able to update the Committee on that. If there is news before then, I will of course update you at that moment.

Chair: That is very kind. I have omitted to declare my interest, which is that I am a chartered surveyor, so these property issues are very familiar to me.

Q4 **Lloyd Hatton:** What is really striking, Sir Matthew, when looking at the NAO Report and all the supplementary documents, is that it feels like the decision to acquire the Northeye site was rushed. Do you agree with that summary—that actually the decision was rushed and the problem was that it was a case of buy first and do the thinking about how you would make it work later?

Sir Matthew Rycroft: I agree that we were operating at pace. Ministers, as they were quite within their rights to do, were pushing us to progress quickly with the acquisition of this site and, indeed, of others that we have mentioned. That was because there was a sense of very high priority for this programme, given the number of people claiming asylum and going into the asylum system. At that stage, there were definitely more people coming into the system than leaving it, so we needed additional accommodation. Obviously, the first place that we looked for additional accommodation was hotels, but that Government had a strategy, as the current Government does, of exiting hotels in time, because of the costs, broadly defined, of having asylum seekers in hotels. Therefore we had to think laterally and act quickly, but we did do a fair amount of due diligence before the acquisition, which we can go into. We were seeking to get the balance right between pace on the one hand and full assurance on the other.

The NAO Report is very clear that there are lessons to be learned and that there was greater assurance that we should have provided before the acquisition. That is something that we have learned and embedded in the future strategy, which I have already mentioned.

Q5 **Lloyd Hatton:** You have talked about getting the balance right, but surely you would conclude today in front of this Committee that you did not get the balance right. The Northeye site had serious structural problems, including asbestos. The Bibby Stockholm barge was found to have legionella on board and posed a number of fire risks. So would you conclude that the Home Office, at the time of acquiring sites like Northeye and the Bibby Stockholm barge, did not actually get the balance right and corners were cut?

Sir Matthew Rycroft: I would say, with the benefit of hindsight, we acted with pace, which was what Ministers quite rightly were expecting of us. I accept that there are lessons that we should learn and that we have already learned from that pace. It is difficult when you are operating in a



HOUSE OF COMMONS

climate where people think you are not going to act fast enough, and so it was only out of good faith and seeking to do a good job in difficult circumstances that Home Office civil servants rushed to action. I think that there is a difference between the asbestos and other aspects of contamination of this site and the outbreak of disease on the Bibby Stockholm, which was after all the due diligence had been done. It was important at the time, but it is not of the same sort of scale as the issues of remediation that were required here.

Q6 **Lloyd Hatton:** To answer my question, Sir Matthew, did you get the balance right? That was the question. Do you think, looking at the fiasco that has taken place at Northeye and looking at the mess of the Bibby Stockholm barge, that the balance was right—yes or no?

Sir Matthew Rycroft: With the benefit of hindsight, we should have done more on the assurance side. Even if that had cost us a bit of pace, it would have been a better thing to do. It is that lesson that we have already learned, so we will be taking longer to acquire future sites, because we will do more of the due diligence before completing the sale. That will have an impact in terms of the costs—both the financial costs and the time costs—but it is the lesson that the NAO have quite rightly drawn to our attention and that we have learned from this.

Q7 **Lloyd Hatton:** Looking at the Northeye site and many of the other larger schemes and projects that were under way, there does seem to be a pattern that has developed. Northeye cost at least £15.4 million. We now know it was never operational and is likely to be sold. The Bibby Stockholm, north of £34 million, is going to be closed down in January. Wethersfield, north of £49 million, is just about hobbling along. Scampton, £27 million, is scrapped. Linton-on-Ouse, £2.9 million, is cancelled, and the Rwanda scheme, a shocking £715 million, is scrapped. Would you accept that there does seem to have been a cultural problem at the Home Office that said, "Purchase; spend all the public money first; do the press release second; and third and final do the grown-up thinking about whether this was good value for money and was going to deliver what we actually need when it comes to asylum accommodation"?

Sir Matthew Rycroft: I think that would be an unfair criticism of Ministers at the time. I think that they were quite rightly seeking for us to act quickly. With the benefit of hindsight, we should have gone more slowly. We have learned that lesson, but we did do significant due diligence before the acquisition of all those sites.

Q8 **Lloyd Hatton:** Say that last bit again. You did do due diligence?

Sir Matthew Rycroft: We did do some due diligence. There is more that we could have done—

Q9 **Lloyd Hatton:** These are huge figures: £715 million; £34.8 million; £49 million. These are huge sums of public money. You say you did some due diligence, but here we are, some months later, and almost every one of those schemes is about to be scrapped, sold or wound down. Can you honestly say that that diligence was sufficient, considering here we are a



HOUSE OF COMMONS

few months later saying that none of that money has gone anywhere other than sunk into a load of schemes that are now being wound up because they are not actually doing the job. I do not understand how you can say that the diligence was pretty much par for the course.

Sir Matthew Rycroft: I am all for learning lessons, but we must learn the right lessons. The lessons from the Rwanda scheme, which is the largest number that you have described, are totally different from the lessons from the acquisition of property. Just to remind the Committee, I required a ministerial direction on grounds of value for money in relation to the Rwanda scheme. I think that needs to be—

Q10 **Lloyd Hatton:** Should you have required a direction on the others?

Sir Matthew Rycroft: No, because the accounting officer advice at the time was that the value for money test was met, albeit marginally in the case of Bexhill—the one that we are talking about today. The value for money case was stronger in relation to the other tests. Again, there are lots of lessons that we are already learning. It would be an unfair characterisation to say that we did no due diligence before the acquisition, no thinking before the acquisition, and then had to do everything afterwards. It was a balance. We will shift the balance further towards even more assurance before acquisition in future. We have already built up our capability within the team. Belinda has come in as a property professional since March '23—in fact, quite soon after the moment when this acquisition was being finalised.

Q11 **Lloyd Hatton:** I have one final point. I am struggling to match what you say with the reality that we see in the information in front of us, which is that we have huge sums of public money being sunk into these projects, and yet they have almost all had to be abandoned because they are costing the taxpayer a fortune and delivering next to nothing. I do not understand how the permanent secretary of the Home Office can come before this Committee and say, “We did a bit of diligence”, and that is somehow meant to be a sort of boilerplate answer that covers all of this up. I am concerned that we are not learning the lessons. We have a pattern here: huge sums of money go in; the schemes do not work; they get closed down; very little of the money gets clawed back. Saying, “We did some diligence right at the start”, is not going to cover it.

Sir Matthew Rycroft: I point you to the National Audit Office Report. The National Audit Office set out the due diligence that we did do and drew attention to what we did not do and should have done. We accept absolutely that there was a bit that we did not do. We did not do the Red Book valuation and we do now, as a matter of guarantee, do that in relation to any future site. But we did do a whole series of due diligence before the acquisition of this site, and the National Audit Office set it out. It included the Green Book valuation, the Environment Agency sampling tests, a technical due diligence report, a property control approval request, and a geo-environmental review and so on and so forth. All those things were done in relation to Bexhill. I absolutely accept that there are lessons



HOUSE OF COMMONS

to be learned, but for your questions to swing so far as to suggest that we did not do any due diligence is unfair.

- Q12 **Lloyd Hatton:** Right. So you think that the current situation was unavoidable because enough due diligence was done, or do you think insufficient diligence was done at that early stage, which has led to tens or hundreds of millions of taxpayers' money being spent on a bunch of schemes that are all now being scrapped or closed down.

Sir Matthew Rycroft: Clearly, with the benefit of hindsight, there is more due diligence that we could have done, and that is exactly what I just said. That is what we are now doing. It is one of the very precise lessons we have learned, and we are already applying it in relation to future acquisitions. Can I just remind the Committee that at the time we were acquiring these sites, the cost to the taxpayer of hotel accommodation was £8.8 million per night?

- Q13 **Lloyd Hatton:** I am aware of that, but these schemes were also found by an NAO Report to be even more expensive for the taxpayer. The Bibby Stockholm barge, in a Report earlier this year, was found to be a more expensive way of housing asylum seekers than the previous hotels that were used. I simply do not understand how you can throw out that figure and then say, "But this was all a solution," when actually, these projects are even more expensive, and yet do not deliver very much.

Sir Matthew Rycroft: It is really important to be precise. The accounting officer advice at the time, in relation to each of these sites, was that they would be value for money in accordance with the Treasury's rulebook on how to work out value for money. If they had not been, then we either would not have acquired them, or the accounting officer would have required a ministerial direction. That is how these things work, and that is the framework within which we operated. It is not that the whole framework was wrong; it is just that there is more assurance we should have done. We have learned that lesson, and we are now doing that.

- Q14 **Lloyd Hatton:** To conclude, that is the problem. There was clearly a culture at the time that was very over-optimistic at the outset. Once these things started to progress, they realised that those overly optimistic assessments made at the outset, or during due diligence, were not actually in any way close to reality. It is really worrying for the Committee to hear that there was a culture that basically said, "I think this will be fine," again and again. Each time, you were proven wrong, and it cost tens, if not hundreds, of millions of taxpayers' pounds.

Sir Matthew Rycroft: I very much agree that there are lessons we learned, including the optimism bias one—absolutely, that is right. I just think we need to be very precise—

- Q15 **Lloyd Hatton:** Why did you do it so many times, over and over again?

Sir Matthew Rycroft: First, all these acquisitions were happening at the same time. It is not that we failed to learn the lessons from Scampton or whatever and failed to apply them to Bexhill; all of these were happening more or less at the same time, and we have learned from all of them. We



HOUSE OF COMMONS

have actually done a lessons learned review, which adds up to a total of more than 1,000 lessons that we have learned from the totality of those. There is a whole programme that Belinda has come in to oversee, which is ensuring that we actually learn the lessons we have identified. I just want to be really clear with the Committee about what is a reasonable criticism versus criticising the whole thing.

Q16 **Lloyd Hatton:** A very expensive lesson that we are now learning.

Sir Matthew Rycroft: I agree—it is very expensive. The acquisitions were deemed to be value for money because they would have saved money compared with the counterfactual, which was continuing with hotels at such a high cost. That is the background, and that is why Ministers at the time were so insistent that we operated with pace. I think that they were absolutely well within their rights to push for that pace.

Q17 **Chair:** I am going to bring in Luke Charters shortly, but on that last point about the lessons learned, you say that there are 1,000 lessons learned from this—the purchase of the other properties. Is that going to be put in the public domain?

Sir Matthew Rycroft: We certainly could. We had not intended to, but Belinda is overseeing that programme. Do you want to say a little bit about some of the lessons at this stage, Belinda?

Belinda Mather: Certainly. There are loads of lessons learned. We have entirely shifted the focus of the programme away from large sites, you will be pleased to know, to smaller sites that go through a very rigorous stage gate process before any decisions are made on whether to take them forward. We have a pipeline of about 800 properties that are currently going through that stage gate and that have due diligence right at the very front. A big part of that is also working with local authorities and local communities to make sure that those acquisitions, whether they are freehold or long leasehold acquisitions, are in the right places, and that there is a level of support from those local areas and communities that we can apply. It is not just looking at a piece of land; it is looking at the way that the Home Office would manage it more sustainably over a longer period of time.

We will probably put some of those lessons learned into the future business cases. We will be reviewed again by the Infrastructure and Projects Authority, which has already recognised that those lessons have been learned. If you recall, we had three red IPA ratings the last time we were in front of the IPA, in the spring of this year. We are now on amber for the programme, on the basis that lessons have been learned, capability has been brought in to the team, and we are looking at this through the lens of not putting pressure on communities but working closely with local authorities to deliver additional stock to the crisis that is housing at the moment.



HOUSE OF COMMONS

Q18 **Mr Charters:** The NAO Report talks about a small ministerial group, led by the Chancellor of the Duchy of Lancaster, which ultimately dispensed with the business case control. Should you not have been calling out the fact that those controls were being dispensed with in your role as permanent secretary?

Sir Matthew Rycroft: I think that falls into the category of the lessons that we were discussing with your colleague. With the benefit of hindsight, we should have insisted on a greater level of assurance. As a result of that, we would have ended up paying a higher price, because it would have been slower, and we would have lost time. With the benefit of hindsight, that would have been better, but we did not know that at the time. I think it was reasonable, as I said earlier, for Ministers to push us to act quickly, and it was absolutely reasonable for us as civil servants to respond to that pace by going quickly.

Q19 **Mr Charters:** Permanent secretary, do you think there is a personal aspect to your leadership in this case, which means that you should have challenged Ministers who were stripping back some of those processes under the direction of the Chancellor of the Duchy of Lancaster?

Sir Matthew Rycroft: No, I don't. I think that setting up small ministerial groups, chaired by the Prime Minister or the Chancellor of the Duchy of Lancaster, is an absolutely acceptable way for Government to take decisions.

Q20 **Mr Charters:** So you were content for them to dispense with the requirement for a business case?

Sir Matthew Rycroft: No, I was content with them setting up that group and taking overall responsibility for decisions on policy—in this case, about how to house asylum seekers. With the benefit of hindsight, there are clearly greater assurance mechanisms that we should have insisted on, even though that would have slowed things down. We did try to get the balance right between pace and assurance. It is not that we did not think about assurance at all and went only with pace; we sought to get the balance right. With the benefit of hindsight, we went too fast and we should have slowed down a bit.

Q21 **Mr Charters:** Just to conclude this point, given that the small ministerial group were operating at pace and dispensed with the requirement for a business case—given the wider controls that had been dropped—should you not have requested a directive specifically on the Northeye site?

Sir Matthew Rycroft: Only if one or more of the four accounting officer tests were not met in the accounting officer advice, and all four tests in relation to this site were met. One thing we did not drop was the accounting officer advice. As a result, the accounting officer, who in this case was my then deputy—the second permanent secretary—received a very full 19-page assessment against the four tests, which I made available privately to the Committee in advance of this hearing so that you could see the level of detail that accounting officer advice involves in the Home Office. That sets out very clearly that a ministerial direction is not



needed because each of the four tests is met, including value for money, albeit marginally.

Q22 Mr Charters: I understand that a ministerial directive was not technically required on the basis of the accounting officer tests, but my point was that given the wider control framework that was being whittled away, in terms of the business case not being required and the PCAR that happened, would it not have been better practice for you as the leader to have requested a ministerial directive in that case? Should you not have been pre-emptive with foresight, given the weakening of the control framework?

Sir Matthew Rycroft: Only if I had judged that what was going on was so in breach of either the regularity or the propriety accounting officer test that I required it. The judgment in that advice was that both those tests were met, so I think it was the correct thing to do to go ahead.

Q23 Mr Charters: In hindsight, was it the correct decision not to require a directive?

Sir Matthew Rycroft: Yes.

Q24 Chair: I am surprised by that last answer, given that you, Sir Matthew, are a very senior and experienced civil servant and you are well used to asking for ministerial direction—we have had exchanges in this Committee over Rwanda. I think Mr Charters' question was: with hindsight, do you now wish you had asked for ministerial direction, given that two out of those four tests on managing public money were pretty weak? The value for money test was predicated on the basis of using this financial case against hotels for five years, so it was a long shot that this was going to be value for money.

Feasibility was also a long shot, because you did not have the information. As a chartered surveyor, you did not have sufficient information when you exchanged contracts to know whether this site was feasible or not. You knew it was contaminated. You did not know how much it would cost to remediate it. You did not know how long it was going to take to get it into a condition to house those 800 people or indeed if it would be possible to house them. So I do not know how you could assure yourself, particularly with hindsight, which is what Mr Charters' question was, that you would not or should not have applied for a ministerial direction.

Sir Matthew Rycroft: I think it all hinges on the terms of the hindsight that we are applying here. If we had known at that point everything we now know, clearly some of the accounting officer tests would not have been met. I absolutely accept that. Clearly in that scenario, we either would not have gone ahead with the acquisition, or if Ministers did decide in those circumstances to go ahead, that would have required a ministerial direction—absolutely.

What I was trying to get to with my previous answer was that we did not know any of that at that time, and it would have been impossible to have known all of that at that time. There is more that we could have found out



HOUSE OF COMMONS

at that time if we had slowed down and done the extra assurance that we were talking about earlier. In those circumstances, it would have depended on what evidence came out.

In the end, judgments are involved. Not everything is absolutely black and white in relation to accounting officer tests. The accounting officer has to step back sometimes—as we did on this occasion, and as we always do whenever there is a big set of accounting officer advice to read—to think about the risk in the round and what is the purpose of the activity. In this case, it was to save money for the taxpayer by reducing the reliance on hotels. Even a marginal change of cost in the acquisition price, for instance, would not have changed that judgment.

Q25 Chair: The whole of this purchase and what you did or did not do is predicated around doing it at speed.

Sir Matthew Rycroft: Yes.

Chair: But according to figure 1 on page 12 of the NAO Report, you were informed of this property on 16 May 2022 by Clearsprings Ready Homes. You did not exchange contracts until almost a year later on 28 March 2023, so you had plenty of time to do your due diligence, did you not?

Sir Matthew Rycroft: In the early stages of that timescale, the proposition was to lease that site—to the tune of £6 million per year by the way. It was only later in that cycle, I think in November, that the option of acquiring the freehold and buying the site became real. Between November and March was when we did the list of due diligence that I set out a few minutes earlier. With the benefit of hindsight, we absolutely should have spent a bit longer and done a bit more, including the Red Book valuation; we accept that, as the NAO Report says. I just do not think that it would have been realistic to have carried on not doing anything in response to the requirement for additional accommodation.

Q26 Chair: I would just observe, listening to that answer and my previous question, that you were planning in the early stages to lease it for £6 million a year. [*Interruption.*] Hang on—it was for £6 million a year. Your financial case was based against hotels being used for five years.

If you had leased it for £6 million a year over five years, you would have paid £30 million for it over five years. No wonder you then switched to wanting to purchase it. Even so, whether you leased it or purchased it, safety considerations for the occupants, whether they were normal asylum seekers or detained asylum seekers, would have demanded that you at the Home Office did a proper and full investigation into not only the asbestos in the buildings but the contamination of the soil, which might have had an impact on the human health of the people who lived there, let alone the people who lived around the site.

I want to ask about after 16 May, when Clearsprings Ready Homes alerted you to the site. It looked on paper very suitable, as it was in the south-east of England, near your processing centres in Manston and so on. On paper, it began to look very suitable, until you started to look into



it. What due diligence did you do, and when did you start it?

Sir Matthew Rycroft: That is an absolutely correct characterisation. On the face of it, and on paper, this was a very promising site in terms of its size, flexibility and location, and so it was very high up our list of targets for acquisition. Buying rather than renting was clearly going to be a better outcome, and we did the due diligence that I described earlier. In January 2023, we did the Green Book valuation; in February 2023, we did the Environment Agency sampling test; and in March, we did the property spend control approval request, the geo-environmental review, and so on.

It was only after the completion of the sale that we were allowed to get access to do the full survey on contamination, which was commissioned in October 2023. We knew that there was a risk and that is why we held back £3.2 million of the acquisition price, which is a very significant proportion, for remediation. That is money that continues to be with the Home Office and we have not paid that £3.2 million out of the total site, because we continue to negotiate with the vendors about that money.

Q27 **Chair:** You have spurred me to my last question, before I hand over to Chris Kane. Can you update us on precisely where you are with the vendors and the retention of that £3.2 million? It is dependent on the agreement of the costs of remediation. You have now had a full and detailed survey done into the remediation, and you have a pretty good handle on costs. What happens now?

Sir Matthew Rycroft: We knew that the range of remediation costs would be broadly speaking £1 million to £3 million, so we held back about £3.2 million. Obviously, I am glad that we did so. We have not paid any of that to the vendors yet but we are in negotiation.

Belinda Mather: We are in a commercial dispute with the vendors on the cost of remediation of the site. You will have seen from the remediation scope of works—the RSW—that was commissioned in between exchange and completion that the Home Office believes that it is going to cost, in order to remediate the site fully, around £3.1 million. There is a range of costs within the remediation scope of works, but if we are going to look at that through the lens of the lowest risk, it is the highest cost. We are trying to come to an agreement with the vendors on what that cost should be.

Q28 **Chair:** Do you have any idea how long that is going to take? What is the mechanism to agree that price?

Belinda Mather: We have just come out of a mediation, and we are both looking to find a full and final settlement. If we are not in agreement on what that full and final settlement is, we will probably have to go to court.

Q29 **Chair:** It would be quite improper, and you would not answer the question anyway, for me to ask what the figures are. But I think it would be proper for me to ask whether the figures are relatively close or a long way apart.

Belinda Mather: They are a fair way apart.



Chair: Okay, we will draw conclusions on that.

Q30 **Chris Kane:** From the Report, you sought, but were not granted, an exemption from complying with the standard approval of the acquisition by the Office of Government Property within the Cabinet Office. Following its review in 2023, the Cabinet Office highlighted to the Minister for Immigration significant risks with the acquisition, but stated that if the Home Office believed that it would be able to mitigate these risks, the Cabinet Office would accept the Home Office's assurances. Is that right so far?

Sir Matthew Rycroft: Absolutely.

Q31 **Chris Kane:** You went ahead with the purchase the following day. I am just wondering—this may be a mindset question—why you assured the Cabinet Office, which approves Government property purchases, that you could manage the risks when you did not fully understand what they were.

Sir Matthew Rycroft: Again, with the benefit of hindsight, we definitely would not do that again. That is one of the lessons that we have learned, and we now ensure that there is a much more detailed assessment by property experts in Belinda's team of every site before getting to that final go/no-go decision on acquisition. That is one of the lessons that we have learned. I think that the reason why it went ahead like that at the time was because we were seeking to operate at pace.

Q32 **Chris Kane:** There seems to be an awful lot of voices in this process who are giving you warnings—you are hearing the warnings throughout. Today, you are saying that hindsight is giving you more warnings, which you are incorporating into procedures. What are you going to do to ensure that you do not ignore those voices in the future? Hindsight is one of them. You have procedures—you are writing new procedures based on your experience—but if you approached something in the future in the way that you did here, you would simply ignore the procedures.

Sir Matthew Rycroft: We did not ignore the procedures then, and we will not ignore the lessons in the future. We are very busy and active learning those lessons and integrating them into the new way of doing business in Belinda's team. I can assure the Committee that building up the capability of that team was the first thing we did after this and the other sites, and the initial lesson learning that we talked about last time. That new team now has within the Home Office much greater property expertise than we had at the time of the preparation for those acquisitions. That is already the first lesson.

The second set of lessons is about our systems, our assurances and our processes. We are much stricter about what has to be done, even in the circumstance that we were in then, when Ministers were pushing us to operate very quickly.

Q33 **Chris Kane:** In a hypothetical future purchase, if you follow all of your procedures, there will be a timescale attached to it. In the future, if you



HOUSE OF COMMONS

are pushed to operate at a pace greater than you can achieve by following all of the procedures as they are laid out, you will then face a choice: to ignore or bypass some of them as written down, or to say, "No, I am sorry, we cannot do this—this is the timescale." Which are you likely to do?

Sir Matthew Rycroft: We will learn the lessons from this, as I said earlier, even if that means cost, both in terms of money—because the price might go up in future—and time. That is the overarching lesson from this, and I mean it when I repeat that we are learning that lesson.

Q34 **Chris Kane:** Moving on to the business case for the purchase of the site: that was a condition of the Treasury's approval for purchase, but you did not do one. Why did you not do one?

Sir Matthew Rycroft: There was one drafted, and the ministerial decision was to go ahead with the purchase on the basis of just the legal requirements rather than the additional assurances.

Q35 **Chris Kane:** So there is a business case that exists—

Sir Matthew Rycroft: There is a draft business case that exists. Of course, this is part of a wider programme, and the whole programme is being reset. As I said to the Chair at the beginning, as we reset the programme, we are redoing the business case for the whole programme, so not just for this acquisition but for all of the others as well—for the totality. It is that business case that we will have a formal accounting officer assessment of in the first quarter of next year, and I will of course present a summary of that to the Committee.

Q36 **Chris Kane:** When you say a draft, are we talking a first draft or a final draft?

Sir Matthew Rycroft: I am not sure what sort of draft it was, but it was a draft.

Belinda Mather: I can answer that. It was an outline business case, but we had not determined the scheme that was going to go on the site. Obviously, there were the site acquisition costs, but we were looking to utilise the existing accommodation—the built environment—as well as some of the hardstanding to put modular units on, as we did at Wethersfield and are planning to do at Scampton. The business case was based around the totality of the scheme on the site.

We did not even have a main contractor for Bexhill at the time, so we did not know how much it would cost to either remediate the existing accommodation or to put modular units down. Some of the due diligence we looked at in the early days was the utilities capacity, which we knew would need to be increased. But we did not have the full and final costs to be able to put the business case together fully, based on the assumptions that we made with regard to how many beds we could get and the operational costs.

Q37 **Chris Kane:** So the decision not to proceed from the outline business



HOUSE OF COMMONS

case to the full business case was based on the idea that you could not get it done in time. It was to do with the timings; it was not that you saw anything alarming in the outline business case.

Belinda Mather: Yes, absolutely. It is not unusual to find contaminated land, particularly in cases such as Northeye, which was a prison. Given the type of building materials used at the time, it is not unusual to find remnants of contamination. We determined quite quickly after March that we would not use it for non-detained, simply because of the speed that was required at the time. Knowing the works we would need to do and all the contractors we would need to bring in, it was not going to meet the timelines that we had expected.

Alongside the non-detained programme, there was a detained programme to look at building new IRCs. It seemed sensible to transfer the site to the detained programme while they were figuring out the schemes that they needed to increase the detained estate.

Q38 **Chris Kane:** Where do business cases feed into your thinking generally? It strikes me that if the decision not to proceed to the full business case was to do with pace, you could have done the process concurrently. You wouldn't have had to say, "Don't do it." You could have said, "We're going to proceed at pace, but could someone please progress the business case?" Was that done here or not?

Belinda Mather: There is one business case for the whole of the non-detained programme, and each component part of that programme has another business case that sits within it. We didn't progress beyond the outline business case for Bexhill because we weren't going to use the site—

Q39 **Chris Kane:** But whether it is a separate business case or a chapter in the bigger business case, the work still needs to be done. Is it going to be done now? You still have the site, and you are going to have to decide how to get the best value for it.

Belinda Mather: The feasibility work?

Q40 **Chris Kane:** I suppose the question I am asking you is this. You now have a site, and you have decided that you are either going to sell it or see whether another Department wants it. There is still a business case to be done for that endeavour. You are still going to have to make sure you do that, so is a business case being worked up now?

Belinda Mather: The decision to dispose—to add Bexhill to the Government surplus land list—has only just been made. Government land goes on to the electronic property information management database, which allows other Government Departments to note an interest before it goes to the open market. If there is any interest on e-PIMS, we will talk to whoever might be interested interdepartmentally. If there isn't, fundamentally we will start to shape what that disposal strategy—essentially, the business case for the site—is going to be.

Q41 **Chris Kane:** Talk to me about the timescales. How long will it sit on this



HOUSE OF COMMONS

register before you then say, "Well, no one wants it. Let's move to sale"?

Belinda Mather: It sits on the register for eight weeks.

Q42 **Chris Kane:** Okay. It sits there for eight weeks, and then you will take a period of time to come up with a proper disposal case—a business case.

Belinda Mather: A disposal strategy—or a business case, absolutely. I call it a disposal strategy, because we need to look at what options there are and carry out a joint valuation if there is interest. We would carry out a joint valuation on the site whether it was public or private, and we would be looking to determine the best value. Privately, it will take longer. It is a shorter process if another Department is interested. Of course, that will all add to the best value-for-money solution.

Q43 **Chris Kane:** Sorry to keep on at this. In terms of moving at pace to dispose of it, how do you ensure that you are not pushed to dispose of it quickly and therefore not realise the best value? How will you make that judgment call about timings versus value for disposing of the asset?

Belinda Mather: We will assess the cost for the disposal, the value of the site and the interest in the site. That will give us an indication of the best route for the Home Office.

Q44 **Chris Kane:** Right, so there is a proper procedure that you will follow, and you will resist the urge to speed it up in order to draw a line under this matter.

Belinda Mather: Absolutely.

Q45 **Chris Kane:** This is a comment, not a question. I suppose the thing I am getting from this is that there is a real alarm bell here: we will hear an awful lot of you saying, "With the benefit of hindsight". What I am really worried about, as I said, is that earlier in this process an awful lot of people were giving you advice that culturally, I suspect, you were not in a place to hear. It is about ensuring that you have that cultural space in future to say, "No, wait a minute, I'm going to do this the way I think it should be done and the way my procedures tell me to." How will you give us the assurance that that will happen going forward?

Sir Matthew Rycroft: That is a very fair comment and a very good question. One thing the Home Office does not lack is advice from lots of people about how to do our job, and quite rightly, because the issues we deal with are very controversial in society and public life. There was a lot of advice, if I can put it that way, from individual Members of Parliament to Ministers about hotels housing asylum seekers in their—your—constituencies, for instance. The strategy to reduce our reliance on hotels at that time involved a reliance on large sites, and at this time, and for the future, involves a reliance on other types of site.

There will continue to be a lot of advice from people, including Members of Parliament, about all the different options for housing asylum seekers. We welcome that; we welcome that debate and engagement. One of the things we learned from earlier stages of this cycle was the importance of



HOUSE OF COMMONS

engaging with people who have different points of view, whether it is the local MP, the local authority or relevant community groups. We have much more structured engagement with those people in relation to hotels and sites such as Northeye. We will absolutely ensure that the lessons we have learned from this are not just sitting in an NAO report on someone's shelf, but integrated into the work that Belinda's team is doing, whether it is disposing of Northeye or acquiring any other of the hundreds of sites that we will need in the future.

- Q46 Chair:** Ms Mather, I have lots of colleagues queuing up to ask questions. But you are a property person; I am a property person. If I were acting for somebody interested in Northeye, I am not sure I would be terribly keen on advising them until the contamination issue was resolved, or unless I was pretty sure I would get a big enough discount to cover whatever the cost would be. What are your plans for disposing of it? Will you have to wait before the contamination issue is resolved? You have said already that it may go to court, which could take months, if not years. What is your thinking on this?

Belinda Mather: There is a commercial dispute, which should not prevent us from putting the site on the market. It is commercial, so we have the freedom to sell the site on, but ideally we would like to get to a full and final settlement with Brockwell Group and close this off before we are in a position to sell.

- Q47 Chair:** That did not quite answer my question. I am not sure that I would be very happy, if I was acting for a client, to advise them on the purchase of Northeye unless I was absolutely certain that I would get a big enough discount to cover the cost come what may. Either you will have to give a big discount at this stage or wait until the final figure is resolved. Which is it going to be?

Sir Matthew Rycroft: Given the commercial sensitivities, could I suggest that you pursue this bit of the conversation in private—would that be okay? I would not want us to tie our hands in relation to the disposal.

Chair: I accept that, Sir Matthew; I am perfectly happy with that. The only thing is that those out there now, as of today, know that Northeye is going to be sold. They might be rushing around wanting to give you a big cheque for it, which you would like very much. They will be interested to know whether it is on the market now or whether it will not be on the market for some time—but let's pursue that privately.

- Q48 Sarah Olney:** To continue that point, how will you be able to assess the value for money proposition of selling on Northeye if you do not have a signed-off business case as a baseline for the original value you expected to achieve?

Belinda Mather: We know what we paid for the site. We know what we were expecting to get over the three-year period that we were hoping to be able to utilise the site. We know that we probably will not be able to recover all of that expectation. Land value goes up and goes down, and if there is somebody who desperately wants to purchase the site, that could



HOUSE OF COMMONS

affect the value, so it is quite difficult to say how we might balance the value for money that we had expected to get over a period of time from the cost of the site and the use that we would get from the site. It will be quite difficult to assess that, but fundamentally we will have to get to the best position that we can for the Home Office, based on holding on to the land, trying to transfer it to another Department if there is interest, or selling it on.

Joanna Rowland: Can I clarify something? Earlier, we were talking about the pace. The pace we are feeling is to understand what our strategy is for the site. The Ministers have very recently made the decision around disposal, or transfer or should there be other Crown use for it. That decision is very fresh. It is right that we now take the time, the advice and the due diligence that obviously our lessons learned assert, to make sure that that strategy is the right one to get the best value for money for the taxpayer. That strategy might even dictate the timing of that disposal. The actual disposal is not the cause of the hurry; it is the strategy to make sure that we understand what we are doing with ultimately what is an asset of the Crown.

Q49 **Sarah Olney:** Okay, so just let me clarify something. The draft business case originally was that this purchase was value for money, but what has changed is Government policy, and the Government policy change means you can no longer realise the value of the site that you had planned to. Therefore disposal, whether to another Government Department or to a third-party commercial organisation is now, dare I say, guaranteed to be the best use of this site.

Joanna Rowland: I think there are two things that changed in the chronology. First of all, the site could not be operationalised as quickly as the previous Government had intended. However, you are right to highlight that the new Government have a different strategy around asylum accommodation, which is much more pointed, as Sir Matthew said, towards small and medium sites.

That is the reason behind not proceeding with Scampton; it was predominantly on that basis. It was also the reason why the Bibby closed at the end of its contract. Again, just to correct something—and we will provide the figures to the Committee—on balance, compared to price per person per night, the Bibby did offer value for money against hotels and it did run the course of the contract that the previous Government had originally contracted for. The decision was not to renew that contract and bring it to a close, rather than to prematurely close the site for any other reason. However, you are right to indicate there is a different strategy now, as you would expect from a new Government.

Q50 **Mr Charters:** I was slightly struck by something you said, Ms Mather—that you were not confident at the time that the utilities would have been sufficient for the intended use. My question is this: should the Government purchase property when they are not certain that the utilities will work? I certainly would not have bought my lovely new home without checking that the water and the electricity worked.



HOUSE OF COMMONS

Belinda Mather: I meant the utilities infrastructure to the site. Obviously, the site has been empty for a significant period of time and the capacity would have been drawn to its lowest. We learned lessons at Wethersfield and Scampton about whether or not those types of site would have the utilities, capacity and infrastructure to support 1,200 people using bathrooms and waste facilities.

It was not something that we looked at in that technical due diligence in the three-month period between the site being proposed and the Home Office purchasing the site. It was one of the reasons why it would not have been something that we would have pursued for non-detained people, simply knowing the levels of work required to bring Wethersfield and Scampton to the peak capacity that we would need.

Q51 **Mr Charters:** So effectively you have recently learned the lessons from those other instances. Do you agree that not sufficiently testing the utilities infrastructure capability was another failure in terms of the acquisition?

Belinda Mather: It is definitely a lesson learned. We probably won't ever buy another Scampton, Wethersfield or Bexhill, because our strategy is moving away from large sites. But if we did, that would certainly be something that we would look at before we made the decision to pursue.

Q52 **Lloyd Hatton:** One thing that has recurred in a number of answers to our questions, which I find a little concerning, is that you keep saying "We moved at pace, and Ministers were well justified to move at pace", but surely that is one of the biggest cultural problems. There was this rush to move at pace, which seemed to stop the moment that taxpayers' money was handed over to those in question. I find it really bizarre: the Rwanda scheme was "moving at pace", yet, as the data released at the start of this month showed, nobody went on that scheme who was not going to go voluntarily.

With the Northeye site, there was this great rush to move at pace, yet here we are months and months later, and nothing has really happened, other than we have got this mouldy site that is full of asbestos. Obviously, no one is ever going to move in there.

It is the same with the Bibby Stockholm. There was sort of this, "We must move at pace. We must acquire these new novel sites as quickly as possible," yet when the Bibby Stockholm arrived in my constituency, it spent an entire summer sitting empty. It arrived late, it sat empty, you put some people on it, then you had to evacuate them five minutes later and then finally you put them back on it again. The pace all seems to stop the moment we have spent a great deal of money.

I would really like some reassurance from all three of you that one of the big lessons learned is that you should not rush into the expensive side of things, because you are not actually going to rush into a solution. What we have actually seen with those three schemes that I have set out—Bibby, Northeye and Rwanda—is that the solution never appeared. We waited and waited and waited and often nothing ever happened at the



HOUSE OF COMMONS

other end. It would be really helpful if you could speak a bit about why you are happy to rush with public money but then the solution is very slow.

Sir Matthew Rycroft: Let me have a first go; I am sure my colleagues will want to come in as well. I think your characterisation of the three different issues is not accurate. I think you are seeking to put together three very different things and draw a sort of meta conclusion. I am proud of the pace that Home Office civil servants have shown in relation to those schemes and to many other things day in, day out. As I mentioned earlier, it is very difficult working in the Home Office because the issues that we work on are so complex and many of them are divisive in our society, including the three you mentioned. There are very strong views on both sides of all three of those issues.

Q53 **Lloyd Hatton:** Surely you understand that the reason why they are divisive, Sir Matthew, is because so much public money was spent, yet the moment the money was spent, the schemes seemed never to go anywhere. That is why I am drawing the three together—not to make some sort of political point, but because it feels to me, and I am sure to other members of this Committee, that there was a culture in the Home Office of being very quick to spend money but very slow to realise a solution once it was spent.

Sir Matthew Rycroft: I really dispute that characterisation.

Lloyd Hatton: Just look at the three schemes—they did not work.

Sir Matthew Rycroft: The Rwanda scheme was a lot of money.

Lloyd Hatton: And it did nothing.

Sir Matthew Rycroft: I required a ministerial direction on value for money, but a very large number of my colleagues were working flat-out to get that scheme off the ground. The reason why there were no flights, other than the four voluntary returns before the election, was to do with the lawfulness of the scheme, as the Supreme Court had judged. The previous Government were taking the Safety of Rwanda Bill through the House in advance of the election.

If the election outcome had been different, I am very confident that Home Office civil servants would be busy operationalising the scheme to Rwanda. That would have been our job in that circumstance. In this circumstance, the incoming Government ended that scheme, as was well within their rights and it was very clearly flagged in the election campaign. The fact that it did not happen was nothing to do with the pace or otherwise of Home Office civil servants.

On the other two schemes, as Jo said, the Bibby Stockholm in your constituency was a novel site—a pathfinder, as I said at the beginning—deliberately designed by the previous Government to test out whether that type of accommodation would be suitable. This Government have chosen at the end point of that initial contract not to continue it. Again, no aspect



HOUSE OF COMMONS

of the number of people or the quality of the interactions of the asylum seekers on the Bibby Stockholm was down to the lack of pace of Home Office officials.

Finally, on the Bexhill issue, we are learning the lesson about pace versus assurance. We have been seen to be too pacey, with not enough focus on assurance, and that is the lesson we are learning. But we did not stop being pacey after the site was acquired; we were carrying on getting that and many other sites ready for as long as that was Government policy. As soon as it was not Government policy, we were very pacey at pursuing the new Government policy. I want us to learn the right lessons. I do not think it is fair to say that we were not pacey enough, and I do not think that we want to be too simplistic about where we continue with pace.

Q54 Lloyd Hatton: It is not too simplistic to say that you have spent a great deal of taxpayers' money on the three schemes—Northeye, Rwanda and the Bibby Stockholm—yet all three delivered very little after the money had been spent by the Home Office. Surely that is a simple conclusion that we can reach: there was a rush to spend money, but those three schemes—in different ways, granted—did not deliver anywhere near what they were supposed to when the money was first spent.

Sir Matthew Rycroft: I will keep Rwanda on one side because it really is—

Lloyd Hatton: At £715 million, I would like it to be at the heart of the conversation, personally.

Sir Matthew Rycroft: It is at the heart of the conversation about value for money, which is why I required a direction; it is not at the heart of the conversation about how to house asylum seekers in this country after they have claimed asylum. The other two are related, and huge amounts of money are being spent on hotels. The previous Government and the existing Government both have a strategy to exit hotels. In order to exit hotels, we have a big programme of work to create different types of accommodation, and we have a huge amount of delivery under our belts. Every single night, thanks to that programme and the programme of hotels, we are housing 35,000 asylum seekers in this country—every single night. That is a huge programme of work fulfilled by dedicated Home Office civil servants who are operating at pace in a difficult environment.

Joanna Rowland: May I come in, Chair? To give a bit more context on that pace, as Sir Matthew says: rewind to 10 or 20 years ago, it was not unusual to see about 20,000 to 40,000 asylum claims in a year; now, it is near 100,000 in a year. As Sir Matthew says, we have 35,000 people in hotels, but that was 56,000 this time last year. This time last year, we were supporting 124,000 asylum seekers. The cost of that was £5.4 billion in the last financial year. That was all driving the urgency. But a second urgency came under that as well: the shortage of housing in local authorities. The traditional asylum accommodation strategy was dispersed accommodation, as many of you will know from your constituencies—



HOUSE OF COMMONS

Chair: We will come on to this.

Joanna Rowland: And that was in direct competition with local authorities.

Chair: We are definitely coming on to that issue, but thank you for raising it, Ms Rowland. I call Clive Betts, fresh from your starring role on the Floor of the House.

Q55 **Mr Betts:** I apologise for the delay in getting to the meeting before it began, Sir Matthew. On the contract that you signed, a strange term within it was that the Home Office would end up paying £0.5 million extra because you were slow in agreeing the contract. You agreed at the beginning that, if you did not deliver the contract within six weeks, you would pay more. Is that not a strange set of terms to agree?

Sir Matthew Rycroft: Yes, I think it is. We absolutely would not do that now—as part of our lesson learning and of the start of the new programme that Belinda is running. Yes, that is one of the lessons that we have learned

Q56 **Mr Betts:** Who suggested that that set of terms were put in the contract?

Sir Matthew Rycroft: I think it was the Home Office contractor who was running the acquisition of the site at that time—or he was responsible for the negotiation with the vendor.

Q57 **Mr Betts:** You just left it to a contractor to agree this.

Sir Matthew Rycroft: He was responsible for it. He was operating within a framework that included the accounting officer advice and other things, which I wish I had mentioned earlier. He was the direct person with responsibility for the negotiation with the vendor.

Q58 **Mr Betts:** Right, but you just said that it was his decision to put terms in that led you to pay £0.5 million more. Then you have just said that he was operating within certain frameworks. That framework did not lay down those terms, did it?

Sir Matthew Rycroft: It did not, no. That is one of the lessons we have learned—to make sure that we have a far greater level of estates professionalism inside the team that Belinda leads.

Q59 **Mr Betts:** At that point were there voices in the Home Office saying, “Hold on a minute”?

Chair: May I supplement that? Presumably, your own lawyers drew up the contract. In any property contract I have been involved in, the lawyers will ask, “Why are you doing this? How do you want to word it?” So why was this put in? In a complicated deal like this any property person would have told you that you would never be able to complete within six weeks.



HOUSE OF COMMONS

Sir Matthew Rycroft: I will defer to Belinda on any details, but the overarching answer is the same as we have given before: it was about progressing at pace.

Q60 **Chair:** But that doesn't mean wasting Government money on something that was clearly impossible to do, does it?

Sir Matthew Rycroft: Absolutely not. But we were seeking to ensure the acquisition of the site for the Government at a time when there were other buyers seeking the site and where there was a premium on pace.

Q61 **Mr Betts:** To come back to my point, were there other voices in the Home Office saying, "Hold on, these terms don't look right"?

Belinda Mather: I was not around at the time, but my assumption is that there was not the capability to assess whether or not the heads of terms that had been agreed were right.

Joanna Rowland: One of the lessons is to bring this expertise in-house so that for all of our procedures, if anybody has a concern—

Chair: I am sorry to cut you off, Ms Rowland, but we understand that now. I think what Mr Betts is trying to do is find out what went on at the time.

Q62 **Mr Betts:** So you entered into a contract, not properly understanding it?

Sir Matthew Rycroft: I dispute that. I think the people involved at the time did understand it. The team has been significantly enhanced in terms of capability as a result of the lessons learned.

Q63 **Mr Betts:** No. At the time you relied on a contractor, who in the end made the decision to do this, apparently.

Sir Matthew Rycroft: There was some oversight. I believe in responsibility—

Q64 **Mr Betts:** That was not very effective. You entered into a contract not thoroughly understanding the implications. Is that fair?

Sir Matthew Rycroft: I do not think that is fair. As I explained before, we were under significant pressure to secure the acquisition.

Q65 **Mr Betts:** I am not doubting the pressure. I am asking whether it led you to rush into a contract that you did not thoroughly understand.

Sir Matthew Rycroft: We definitely rushed into the acquisition in order to secure the acquisition, and there are lessons we set out earlier.

Q66 **Mr Betts:** We have gone through the lessons already. All I am saying is that you are learning lessons because at the time you did not have the information and knowledge that would give you a thorough understanding of what you were entering into. Is that fair?

Sir Matthew Rycroft: It is absolutely fair that we went into the exchange of contracts in the March having done some—but not enough—due



HOUSE OF COMMONS

diligence. That is fair. Some of the due diligence we did after that demonstrated that there were additional costs associated with the site.

Q67 **Mr Betts:** You said before that you did not finish the business case because Ministers wanted to rush on. Is that right?

Sir Matthew Rycroft: We had a draft business case.

Q68 **Mr Betts:** And you did not complete it because Ministers wanted to get on with progress on the site?

Sir Matthew Rycroft: Yes, we had an obligation to progress rapidly. We had a great emphasis on that.

Q69 **Mr Betts:** So you didn't do what you wanted to do because of that pressure?

Sir Matthew Rycroft: We did some, but not all, of the assurance.

Q70 **Mr Betts:** You did not do what you wanted to because of the pressure.

Sir Matthew Rycroft: We did not do all of the assurance that we should have done.

Q71 **Mr Betts:** Okay, so you did not do it. Given that Ministers were effectively asking you to get on, did you ask for a direction at that point? If not then, why not?

Sir Matthew Rycroft: As I said earlier, the accounting officer at the time, who was my deputy, received accounting officer advice on all four of the tests, including propriety and regularity, and the advice on those two tests was that the acquisition—

Q72 **Mr Betts:** Even at this point?

Sir Matthew Rycroft: At that point, yes, March '23; the advice was that those tests were met.

Q73 **Mr Betts:** So you were happy to sign a contract when you did not understand thoroughly all the issues involved?

Sir Matthew Rycroft: There are always unknowns, there are always elements of judgment and there is always risk and, in relation to accounting officer advice, which I received almost every day in relation to something or other, it is very rare that the advice is that there are no issues at all in relation to one of these four tests. The questions are: what type of risk is there, how are we going to mitigate that risk, and do the mitigations add up to giving sufficient assurance, given all the variables, to make the course of action doable?

Q74 **Mr Betts:** Then when you got going, you actually found that the exchange of contracts took longer than you had anticipated. Did that surprise you?

Sir Matthew Rycroft: I think that the pace that we needed to go at meant that we were crossing each bridge as we got to it.

Q75 **Mr Betts:** Well, obviously the bridge was not properly built, was it? So



HOUSE OF COMMONS

you did not anticipate the length of time the contract was going to take?

Belinda Mather: The terms of that additional cost by the day were on the basis that those additional surveys that had been identified by the pre-diligence and the technical due diligence report suggested we might be able to do those surveys faster. However, once we started to look—

Q76 **Chair:** Come on, Ms Mather, you know perfectly well that the deal was so complicated and complex, with so many unknowns, that you were never going to be able to complete within six weeks, so why did you agree to the term in the first place? Sir Matthew, Ms Mather was not there at the time, so it is an unfair question for her.

Sir Matthew Rycroft: Clearly, with the benefit of hindsight, we should not have done, because we ended up paying more for it than we ought to have done. The reason why, at the time, we judged it the right thing to do to go ahead was the overriding requirement for pace.

Chair: Well, that cost you another half a million pounds.

Q77 **Mr Betts:** Then you made another special payment of £0.4 million in relation to legal action around the acquisition of the site. What was that all about?

Sir Matthew Rycroft: Can I just say that delay would also have cost x pounds as well.

Q78 **Mr Betts:** Why?

Sir Matthew Rycroft: Because there were other bidders. We might have ended up losing the site and having to start again with another site. It was a very dynamic market, and there was a reasonable expectation from Ministers that would be operating at pace in order to help reduce that number, which, as I said earlier, was £8.8 million per night for the hotel costs at the time.

Q79 **Mr Betts:** Why did you pay £0.4 million at the end in addition to the £0.5 million?

Belinda Mather: That was an accrual of the daily cost between exchange and completion.

Q80 **Mr Betts:** Right, so you entered into a contract in which you did not merely pay more after six weeks if the contract was not completed but you paid an accrual cost on a daily basis? This sounds like a good deal for the vendor, does it not?

Sir Matthew Rycroft: By definition, it needs to be a good deal for both the vendor and the buyer. The buyer ensured that we had a good deal, for instance, on holding back the remediation—

Q81 **Mr Betts:** You have not settled that yet.

Sir Matthew Rycroft: We have not settled it yet, but we have not paid it either. In total, it was reasonable for the accounting officer at the time to judge that this was a value for money acquisition.



HOUSE OF COMMONS

Chair: Right. Our guest from the Home Affairs Committee, Chris Murray, has been very patient. Chris, your time has come.

Q82 **Chris Murray:** I thank you, and I thank the Committee for allowing an interloper to join you. We are where we are with this, and it is about the Home Office's capacity to learn lessons, as you have been saying. I wanted to ask a little bit about how you learned lessons as you were going on.

In the Linton-on-Ouse example, you were also balancing speed and due diligence. How did you learn from the experience of Linton? You are trying to balance costs, but you are also trying to achieve an outcome for the Home Office: securing accommodation for asylum seekers. If you had been looking at the Linton example, you would have seen the reports coming from the IPA saying that these were struggling to procure that accommodation for you. How did your lesson learning evolve as the project went on?

Sir Matthew Rycroft: I shall defer to my colleagues in a moment, but let me say first how important it is to me that the Home Office is genuinely a lesson-learning organisation. That is the way to strengthen a culture and to build up capability. It is a mindset issue as well; it requires a Department to be open to accepting when things have gone wrong, open to learning, and with the benefit of hindsight, to say, "Yes, we should have done x, y and z" and then, when the next opportunity comes along, to do x, y and z. That is exactly what a learning organisation is—

Chris Murray: How did that happen—

Sir Matthew Rycroft: First, all those things were happening more or less at the same time, so the sites that you talked about are only now coming through the lesson-learning stage. Broadly, there are two types of lesson: one is about capability; and the other is about systems or processes. On capability, the big thing we did was to bring in Belinda and her team. In-house, we had professional property expertise, and we did not have to rely on contractors or suppliers; in-house, we were able to own this. Secondly, on the processes, we are ensuring that, for example, all recommendations in the National Audit Office Report are integrated into how we do this in future. Belinda, do you want to say more about Linton specifically?

Belinda Mather: Linton was the first site on the large sites programme. It was not because we decided we did not want to use the site any more; it was because the site was withdrawn. It was an MOD site, and before we did the interdepartmental transfer that we subsequently did at Wethersfield and Scampton, the MOD withdrew the offer, so it was no longer a viable site for the Home Office. We had put some additional initial funding into the site, to see whether it was going to give us the accommodation that we were expecting to get, but we moved away from Linton on the back of decisions made outside the Home Office's control.

Q83 **Chris Murray:** When you saw that Linton was not working, the Bibby Stockholm was not working and Rwanda was not working, and you started spending lots of money here, was there a point when you



thought, “Maybe this is not just contracts misfiring in little ways; maybe the grammatic work of the Home Office is in danger”?

Belinda Mather: Bexhill, Wethersfield, Scampton and the Huddersfield property, which we are operationalising next year, were all part of these pathfinder sites that Matthew mentioned. They were all happening at the same time, so the lessons learned that we have been talking about are based on the lessons of all those sites trying to be delivered in the timescales in which we were trying to stand them up, with some unknowns around the condition and capacity of the sites. They have fundamentally shifted my programme into a different direction—so we are not looking at large sites or at ex-RAF sites that need a lot of initial investment before we can bring people on site.

The programme has fundamentally moved away from everything that was happening in parallel—all those things were happening in parallel—and we are learning lessons from all those things happening in parallel to determine how we take forward the way that we develop accommodation, including working more closely with local authorities, and looking at regeneration schemes and at better ways of investing public money into a crisis, which is housing at the moment.

Q84 **Chris Murray:** Presumably contract management as well. On that point about capacity—this ties into Clive Betts’s question—the Home Office clearly had a problem with either purchasing property or managing contractors to purchase property for them. My question is, has anyone been demoted, are there contractors you have decided you will not work with again, or has the career trajectory of anyone in the Home Office been impacted by having so many projects consistently not come to fruition?

Sir Matthew Rycroft: One of the other bits of capability that we have built up as a result of these pathfinder sites and the lessons we have learned is our ability at senior level to contract manage our suppliers. That is something that we are doing. May I just say a word about what approaching an issue through a pathfinder lens—

Chair: Briefly, because we have an awful lot to cover.

Sir Matthew Rycroft: Very briefly. The purpose of the pathfinder device is to try things out, to pilot. That is what being more entrepreneurial looks like. It sometimes works and it sometimes does not; you learn fast and you move on. That is exactly what we have been doing here, and I am proud that we have done that, because it is a good approach when the requirement is to operate at pace, but the full evidence picture is not there. You acquire the evidence through the doing and you improve so that you do it better next time. That is the approach, and I think it is justified in this case, which is not to say that I am at all complacent about the record. It is important that we learn the lessons, but we must learn the right lessons.

Q85 **Chris Murray:** May I ask about how the Home Office engages with stakeholders as it does that? I am asking about Clearsprings, in



HOUSE OF COMMONS

particular. Am I right in thinking that Clearsprings purchased the site for £6.3 million—

Sir Matthew Rycroft indicated dissent.

Chris Murray: No, that is not right?

Sir Matthew Rycroft: No, that is not right. Clearsprings is our provider of accommodation for asylum seekers. They are one of three—

Chris Murray: Sorry, Brockwell.

Sir Matthew Rycroft: Yes, exactly. Clearsprings perhaps introduced us to Brockwell, which owned the site and was seeking to sell it.

Q86 **Chris Murray:** Brockwell purchased the site for £6.3 million. You were introduced to it via Clearsprings on a basis to lease it for £6 million per year—so only slightly below what they paid for it—

Sir Matthew Rycroft: Which we said no to.

Q87 **Chris Murray:** Which you said no to. Later, you decided to purchase the site for £14 million—significantly more than Brockwell paid for it. Purchasing rather than leasing would obviously be a one-off cost, rather than an ongoing cost, but would mean that you took on board all those costs and risks that ultimately led to its failure. Can you talk me through how that process worked? It does not make sense to me.

Sir Matthew Rycroft: We have talked it through a lot, but a couple of things I have not mentioned. First, the price that the vendor was seeking at the beginning of the process was £19.6 million, so obviously we came in more than £5 million less than that. Secondly, at least one other—possibly two other—potential buyers were offering the same sort of ballpark as the number that we ultimately settled on, the £14.2 million. Other than that, I think the process is as I set out earlier in this hearing.

Q88 **Chris Murray:** You would be comfortable working with Clearsprings and purchasing from Brockwell in future? You would not rule them out as future contractors, as you move on to smaller sites, for example.

Sir Matthew Rycroft: Clearsprings is our provider—we have a seven-year contract, with break clauses, with Clearsprings and with the other two providers in other parts of the country. This is the umbrella arrangement under which this sort of purchase takes place.

Q89 **Chris Murray:** Is one of the lessons to review that?

Sir Matthew Rycroft: Absolutely. We are reviewing that. We have very significant contract management in relation to our engagement with Clearsprings.

Q90 **Chair:** I am very anxious to move on, but one or two questions need to be asked about the property function of the contracted-in staff. Before purchasing this site, you had a perfectly good arrangement of joint property staff with the MOJ. Why did you not use that normal



HOUSE OF COMMONS

arrangement in this case?

Sir Matthew Rycroft: We enjoyed a very close working relationship with MOJ in relation to property at that time. That is now part of Belinda's function within the Home Office.

Q91 **Chair:** I get that, but at the time, why did you not use the established staff and advisers that you had for all your property purchases before this one? You changed it for this one. Why did you change it?

Belinda Mather: There was a memorandum of understanding with the MOJ to provide property services to the Home Office. This programme sat separate from the core property that was managed by the MOJ team at the time and there were resource issues within the MOJ. I was actually in the MOJ at the time, and that memorandum of understanding was to provide a very distinct suite of services to the operational estate. It was not to provide property advice to programmes and projects that sat outside of that.

Q92 **Chair:** So you did not use them, but even though you did not use them, paragraph 8 makes clear that they were still prepared to offer advice, but you refused it. You got in contracted staff. Paragraph 8 of the summary says, "The Home Office did not put in place arrangements to oversee the work of the contracted staff." Matthew, you have just been very clear on that point about contracted staff. I would like a note, even if in confidence, of the name of the person who was leading for the contracting staff and his team or her team, because it seems to me that they were at the heart of all of this. How did you know that they were giving you the proper advice? Who were they?

Sir Matthew Rycroft: I am very happy to answer both those questions privately, Chair. In this session, let me just say that one of the lessons we have learned is to bring very significant expertise in-house that we did not have at that time.

Q93 **Chair:** We look forward to that advice, but it is quite an unusual arrangement. Even more unusual is that it says in that paragraph that they were the only people that were talking to the vendors. How do we know that they were actually giving you true and impartial advice?

Sir Matthew Rycroft: The accounting officer at the time received advice from all of the relevant parts of the Home Office, including the lawyers, the financial function, the slim property function, the asylum accommodation policy function, and others as part of the accounting officer advice in order to secure the necessary approvals before the acquisition. There were other stages as well, but at that stage all of it came together and at that point people were able to see the totality of the advice and to test it.

Q94 **Chair:** I will press you again. How did you know you were getting proper advice? How did you know you were not overpaying for this site? You did not get a proper red book valuation.



HOUSE OF COMMONS

Sir Matthew Rycroft: Correct, and that is one of the lessons that we have learned.

Q95 **Chair:** Yes, but it is essential in any property purchase to have a proper valuation. You did not consult the Government's property advisers in the Cabinet Office, so how did you know? You have got these people from outside somewhere, whoever they were—maybe complete strangers. How did you know that you were not overpaying for this property?

Sir Matthew Rycroft: They were not complete strangers, and we were receiving advice, albeit not as much as we should have. But we did have advice from other people, and we had done all of the steps of assurance, which I set out earlier in this hearing. We were not operating in a total vacuum. At the same time, there are things that that the NAO Report sets out that we have accepted and will be doing differently, and we are already doing them differently from now on. But it is not fair to say that there was just one person and they were operating in a vacuum.

Q96 **Chair:** I am sure he or she had a team, but nevertheless, we do not know much about them. We do not know who they are or whether they were professionally qualified. That paragraph in this Report does not pass the smell test. I can tell you that as a property person. I am not sure that you were getting full and fair impartial advice, but I would welcome quite a comprehensive note on that aspect, because it is key to this whole matter.

I will ask a final question, because I want to bring Luke in and then I am going to have a little break before we go on to the general questions. Was the current second permanent secretary Simon Ridley the accounting officer for Northeye, who signed this off?

Sir Matthew Rycroft: No. He started in April 2023. In March 2023, it was his predecessor Tricia Hayes.

Q97 **Chair:** Why in that case did not you bring one of those two with you as witnesses today? I am not casting any aspersions on your good colleagues either side of you, but they were not there at the time. Why did not you bring somebody who was there at the time?

Sir Matthew Rycroft: Tricia has retired from the civil service. I could have brought Simon, but I brought Jo and Belinda.

Q98 **Chair:** He was the person who actually signed it off, presumably, not you. Who actually signed this off?

Sir Matthew Rycroft: The accounting officer was Tricia Hayes.

Q99 **Chair:** For the exchange?

Sir Matthew Rycroft: That is right.

Q100 **Chair:** And was it her successor who signed it off for the completion?

Sir Matthew Rycroft: I am now the only accounting officer in the Home Office. At the time up until the moment Tricia left she was also an



HOUSE OF COMMONS

accounting officer. I was the principal accounting officer. Now I am the only accounting officer.

Q101 **Chair:** I accept that, but she had a successor at the time. You had a second accounting officer.

Sir Matthew Rycroft: Absolutely, yes.

Q102 **Chair:** So why did not you bring them before this Committee today? They were there contemporaneously during the course of this, so it would have would have made sense, surely, to have somebody who was actually there at the time.

Sir Matthew Rycroft: I take responsibility for bringing Jo and Belinda. Simon is not the accounting officer; he is the second permanent secretary overseeing all the migration and borders part of the Department, including this. He only came into that role in April, which I think was the same time that Belinda came in. Is that right?

Belinda Mather: Yes.

Chair: I am anxious to move on from this rather dreadful affair, but I am going to give Luke Charters the last say.

Q103 **Mr Charters:** I have two quick questions. Presumably, this £500,000 penalty that we uncovered, which was a penalty between exchange and completion of the six weeks, was in a heads of terms document. I am curious which official at the Home Office actually reviewed the heads of terms. I have negotiated heads of terms in the private sector. It is not difficult, but it is quite punchy and it specifies that. Who at the Home Office reviewed the heads of terms with that clause in?

Sir Matthew Rycroft: We will write to you with that information.

Q104 **Mr Charters:** Secondly, I would like to hone in something you said, Sir Matthew, about buying rather than renting clearly being a better option. Looking at the £6 million, one could perhaps perceive that. However, again speaking to my private sector experience, we would never have dreamed of purchasing an office. We would have rather shared, and for someone else to take on the risks and logistics. We would have also rather retained the commercial flexibility. Did you actually undertake an assessment on whether buying or leasing would have been a better option, regardless of the overall £6 million figure?

Sir Matthew Rycroft: Yes. I did not mean to say that buying is always the better option—clearly, that is not the case. If the option was £6 million per year to lease versus acquiring the site and the asset for—in round numbers—two and half times that, that was clearly preferential in this case. That is a case-by-case judgment, which would be part of the advice ultimately given to the accounting officer.

Q105 **Mr Charters:** You did look at whether it would be better value for money for the taxpayer to lease it at a lower value than £6 million?



HOUSE OF COMMONS

Sir Matthew Rycroft: I think the options were looked into at different times. The leasing option was the original option, and so we looked at it then and rejected it then. The acquisition option then came along, and we looked at that and decided to go ahead with that. I am not sure whether there was any point where it was—if you like—a sort of choice between leasing and acquisition. If I am wrong on that, I will write to you to correct the record.

Q106 **Mr Charters:** “Not sure” is not necessarily that compelling. At some point in any project of this nature, one should always conduct that assessment and ask: is leasing, renting or purchasing better VFM? I am curious to know at what point in the process was that analysis presented, possibly even to Ministers at the time.

Belinda Mather: I suspect that it was deemed to be better value to purchase the freehold on the basis that, when the Home Office—

Q107 **Chair:** A suspicion is not really going to help us, is it?

Belinda Mather: When the Home Office no longer requires the site, the opportunities to sell are greater. Obviously, one of the key things that you would utilise that sight for would be housing, so there could be recovery of additional costs through housing units.

Q108 **Chair:** Okay, so it would probably be helpful to have that note setting out precisely what happened with the leasing consideration and the purchasing consideration, and why they were not considered together.

Sir Matthew Rycroft: Absolutely.

Q109 **Mr Charters:** Also, if I may, which Home Office official reviewed the heads of terms with those kind of—if I may say so—silly clauses around the £500,000 and £400,000.

Sir Matthew Rycroft: I will do that in the private advice to the Chair that I have already committed to.

Chair: You mentioned advisers, and we understand that some of them were actually warning you about these terms, so it would helpful to have a note on whether that was the case as well.

Moving on now to the wider issues of asylum accommodation, Chris Kane.

Q110 **Chris Kane:** If you would just indulge me on one question, I think you said that you are now the only accounting officer in the Department, but there were two before.

Sir Matthew Rycroft: That is right.

Q111 **Chris Kane:** For me, as the new boy here, is it normal to have more than one, or to have only you?

Sir Matthew Rycroft: I think both options are normal. I do not think anything is unusual—having just the permanent secretary as the accounting officer, or in Departments where there is a second permanent secretary, sometimes that person is an accounting officer and sometimes



HOUSE OF COMMONS

they are not. I would defer to my colleagues from the Treasury Office of Accounts or the National Audit Office, but I am pretty sure that neither of our different set-ups is particularly unusual.

David Fairbrother: You can do either. It is for the principal accounting officer—the permanent secretary—to decide whether they want an additional accounting officer. If they think there is a particular area of the Department's work where they are struggling to apply correct accounting officer duties across the whole piece, they might say, "I need some support here, so I'm going to appoint you accounting officer for this bit of the Department's work." Some Departments have it and some do not.

Q112 **Chris Kane:** So it is not a lesson learned to go from two to one?

Sir Matthew Rycroft: Correct. It is unrelated to this.

Q113 **Chris Kane:** Will you indulge me with just one more question? "With the benefit of hindsight" is doing an awful lot of heavy lifting in this session, and I am hoping that we are doing more than just saying, "I promise not to do it again." What brakes have you got in place? What procedures have you written down? What can we look at that will give us a sense that if your successor decides to go rogue in 10 years' time, there will be, from this endeavour, a set of procedures that are written down and that have a series of brakes?

Sir Matthew Rycroft: There is a set of procedures that are written down and that have a series of brakes. The most important, the first one, is the one that Belinda set out earlier, which is the gateway process. Before any site, of any size and for any purpose, gets to the level of acquisition, the due diligence by property professionals in-house will be done. That is one of the key parts, but there are other examples of that within our lessons learning—to assure you on that and answer that question.

Q114 **Chris Kane:** We are moving on now to some questions looking forward. We have obviously had the Budget. We have had phase 1 of the spending review. You have a big savings target to meet over the next couple of years. I think it's £2.2 billion. With the Rwanda scheme not being there, a big bit of the pressure, I imagine, is no longer there for you. But how confident are you that you can deliver the cost savings from asylum support that are implied by your spending review settlement?

Sir Matthew Rycroft: You are absolutely right to say that the spending review for '25-26 requires us to make some further significant savings from our asylum accommodation budget. We have already reduced the reliance on and cost of hotels. We have closed 191 hotels from the peak and have a plan to continue to exit hotels. As I said earlier, the per night cost has already fallen from £8.8 million to £5.4 million or £5.5 million. We are continuing to work on that, because that is still a very big number. We have a plan, which Jo is overseeing, to reduce that number further. As with other parts of Government, it is going to be tough. We have some stretching targets. We have to increase our income. We have to commit to these savings. We have to find other savings as well. But we have a detailed plan to do that.



Q115 **Chris Kane:** What are you going to do if you cannot bring the costs down as quickly as you need to?

Sir Matthew Rycroft: We will be striving to bring our costs down as quickly as we need to. Some of that is about the upstream measures that we are taking to reduce the number of people coming irregularly into the country. Others are much closer to home, ensuring that we are maximising the use of the existing hotels that we have. There are lots of other things in between; those are just two examples of that activity. So we will continue to work flat out to live within those targets or even to exceed them if we can. If we cannot, we will be forced to do what any Government Department does, which is to have an in-year conversation with the Treasury, but we are not seeking to do that. We have been funded to live within our settlement, and that is what we are planning to do. We have a plan to allocate the resource around the Department for the '25-26 year, and we are full steam ahead doing that.

Chris Kane: I know we are running out of time, Chair, so I am happy to move on now.

Q116 **Lloyd Hatton:** What I have found quite shocking in the responses that we have heard today is that there does seem to have been something of a worrying culture in the Home Office at the time when decisions were made about acquiring these larger sites. Some of the language we have heard today seems to speak to a worrying culture. Belinda, you said, "We progressed with some unknowns," and I found it quite alarming that we would use that kind of—for want of a better word—blasé language when talking about such large sums of public money. I also found Sir Matthew's comments, "These larger sites were a way of innovating" and "It was an experiment"—I believe those were your words—deeply alarming. I want to get assurances from you today that we are going to address the weaknesses in how we acquire asylum sites and that we are going to provide better value for money. If that is the language we are still using now, with the benefit of hindsight, how are we actually going to ensure that these kinds of mistakes are not made again and that we understand the gravity of what went wrong at that time in the Home Office?

Sir Matthew Rycroft: Absolutely. Let me try again. If you are seeking in the public sector to do something very difficult with limited resources, and high expectation from the public, parliamentarians, Ministers or others, then I stand by what I said earlier: in a world where you do not have very precise evidence about exactly what works, you have to innovate. And this is what innovation looks like. It involves piloting something, and if it works, carrying on doing it, and if it does not work, doing something else fast. That is what innovation is.

I am proud of the innovation that the Home Office is showing, which does not mean that I am complacent. It means that we must learn—and we are learning all these lessons. It is not blasé to say that we are learning the lessons. That is exactly what an innovative learning organisation should be doing, and that is what we are doing in relation to these sites. That is why



HOUSE OF COMMONS

the accommodation strategy for the next 10 years looks very different from the accommodation strategy of the last two years.

Q117 Lloyd Hatton: What I find quite worrying is that the innovation came at great public cost. Again, what reassurances can you offer us that those mistakes will not be repeated? To simply say, “We’re proud that we are an innovating Department. We are proud that we are a Department that takes risks,” is quite alarming if those pilots—those innovations—go as drastically wrong as they did with Northeye and with the Bibby Stockholm. A huge amount of public money is at stake here.

Sir Matthew Rycroft: We have made the significant changes in relation to capability and systems, so that the specific lessons are learned. But I repeat: to have not tried anything in this space would have been an even greater use of public money. That would have cost even more, because the figure of £8.8 million per night would not have come down as much as it has. I urge the Committee to see the context within which we are operating, and to accept that, provided we do learn the lessons, this is the right way to go about doing this.

We are not operating in a world where we have absolute certainty about everything. There are so many variables. You have to make judgments, and we make the judgments on the basis of the framework that we have—the four accounting officer tests—and within that, with the culture and the ability to operate quickly and to learn fast. I think it is a really important part of this Committee’s work, if I may say so, to hold us to account for that, but also not to expect us just to carry on operating as we did in the past, because that would create an even bigger problem.

Lloyd Hatton: Thank you.

Q118 Chris Murray: Obviously, we have seen asylum numbers surge in recent years and the Home Office has had to respond: you have had to stand up hotels all over the country at very short notice, and to—as you would put it—try these innovative, pathfinder approaches. Would you say that the Home Office has been operating in an emergency framework, and that this situation is a result of that, or would you say that this is part of the Home Office’s systematic approach to the asylum process?

The reason I am asking is that, based on the Home Office’s projections, asylum numbers will go down—partly because we have started processing claims and partly because the Government hopes that it will move people through the system. What if that does not happen? Would you stay operating at an emergency status, where you cut corners on things like the due diligence—you might disagree with the words “cut corners”, but certainly not do some of the due diligence that should have been done—or is this not a standard operating procedure? Is it that this is unusual and we will return to a place where this kind of stuff does not happen?

Sir Matthew Rycroft: Let me say one thing and then invite Jo to say more, because she is overseeing the asylum transformation programme. I think it is now business as usual. We have been operating for a few years



HOUSE OF COMMONS

now with this level of pressure on the system, and we need to be able to continue to operate in a sustained way. Sometimes our Ministers do talk about crisis, emergency and so on; I absolutely understand why, and on some issues that is a reason to operate with extreme pace. But we are learning the lessons, and we have learned the lessons, that if you go too far in that direction, you lose some of the assurance. Getting the balance right is so important. In relation to the asylum transformation—

Q119 Chair: Sorry, I am rather cutting you off today. When you answer, could you please include the fact that, basically, as you process asylum claims more quickly, you put more pressure on the criminal justice system and the tribunals service? Very briefly, because we have an awful lot to cover, can you outline what discussions you have had with the criminal justice system in that important respect? There are already huge backlogs there.

Joanna Rowland: Absolutely. As you say, it is a system, and as Sir Matthew said, this is the system we are managing, so it is right that we do not manage it as a crisis or as something unusual. The system cannot just have a spot intervention, such as clearing a backlog. All that does is spread the pressure across the system. You need to see it end to end.

Therefore, the plan currently being set out as part of the asylum and returns transformation programme is looking at every point in the system. At the intake end of the system, are we making sure that we are managing intake, with the border security command that is being set up to look at that end? As you know, there was a pause on asylum case working for a couple of months, so that backlog needs to be recovered. But also, in a healthy system, there is a flow where cases are regularly decided within a set parameter of time.

The appeal system is under acute pressure. Every three weeks I personally hold a meeting with HMCTS that looks at our joint operational efficiency. We are looking to fund extra judicial capacity within the courts and tribunals system. There is work to look at whether there is a different way of approaching the appeal system altogether that could help in future.

We are also looking to work across the community with legal representatives to see if there is anything we can do between us and the Home Office to bring the point of reflection earlier in the case, saving judicial time. There is lots happening, but as you rightly point out, it has to be equal across the system and not just a point intervention.

Q120 Chris Kane: As a council leader up until the election, I can say that Home Office dealings always came with a bit of heightened stress for council officers. I am looking at one of the conclusions: "We are concerned that the Home Office has not engaged effectively with local authorities about the impact its work is having on local areas." I am keen to understand how your liaison officers are helping to solve problems that councils raise with us about the impact of the work on local areas, and how you are striving to get better at that, because it causes additional and unnecessary stress.



Sir Matthew Rycroft: This is a really important question for us. I mentioned earlier our engagement with local councils and others in relation to hotels for asylum seekers. There is also a very significant interface between our two worlds as people leave their asylum accommodation, if they have been granted asylum, and are then the responsibility of a local authority to integrate. There is a tight piece of joint work on that. To give a third example, I know you had a hearing with my colleague from MHCLG recently and were talking about homelessness and the extent to which our accommodation strategy needs to engage with local government in general to prevent additional stresses and homelessness. As she said, I can assure you that we have that joint work in place to think about the system as a whole, as Jo just said.

Q121 **Chris Kane:** As I was a Scottish council leader, can I get an assurance that you are dealing with local government not just in England but across the devolved nations?

Joanna Rowland: We are. I would add that there are 125 asylum move-on liaison officers that we have funded who are now starting to operationalise across local authorities. We also have a discontinuation prediction tool, which helps us to see where people are getting decisions and which local authorities might be impacted, so that we can up the engagement there. We are also using a place-based visibility tool. There was an announcement last week that we have temporarily—as a pilot—increased the move-on period to 56 days. We know that has been an acute source of pressure for local authorities and that that pressure increases while we are clearing the backlog. There has been agreement from the Home Secretary to increase that period for a pilot period.

Q122 **Chris Kane:** In one of your earlier responses, you talked about setting up working groups of local government associations and local authorities. That is really nice, but—I will probably make this point across the board—could you also articulate what you are doing with Scotland, Wales and Northern Ireland in your responses? If we are not in the answer, we are not 100% sure what you are doing.

Joanna Rowland: Absolutely.

Q123 **Mr Betts:** The Committee has expressed some concern in the past about the safety of asylum seeker accommodation and whether it is fit for purpose, and has asked to be updated. Can you give an assurance now that all the accommodation is safe and fit for purpose?

Sir Matthew Rycroft: That is our top priority. Our providers know that it is our top priority and it is their responsibility to operate within the framework that we set, and the safety of users of the accommodation is paramount.

Q124 **Mr Betts:** If contractors fail to do that, why do you not just enforce penalties against them? You gave an answer before to the Committee about service credits.

Joanna Rowland: We do and we have. The other thing I can say is that we are in the midst of auditing all our providers for their health and safety.



HOUSE OF COMMONS

We are auditing whether their procedures are being followed through. Not only can and do we penalise if there has been a falling short of standards, every now and again we do a deeper audit to assure ourselves, just as we are now.

Q125 **Mr Betts:** Can you tell the Committee—you may have to write to us—how many penalties you have enacted against contractors?

Joanna Rowland: We can. We can write to you on that.

Chair: That is very kind. Thank you.

Q126 **Mr Betts:** Is the audit something you do regularly or is it the first of its kind?

Joanna Rowland: It is the first of its kind to this level of detail, but we regularly audit our suppliers through the team.

Q127 **Mr Betts:** Why has the detail changed?

Joanna Rowland: The team does a fantastic job of going and spot-checking our suppliers. It is right, in due diligence terms, that every now and again we get independents to come in to reassure us that our spot checks are working.

Q128 **Mr Betts:** So this is an independent audit?

Joanna Rowland: Yes.

Q129 **Mr Betts:** Is this the first time you have done one?

Joanna Rowland: Of this specific nature—on safeguarding—yes. We do independent audits on a thematic basis.

Q130 **Chris Murray:** One of the key determinants is how many asylum seekers are coming into the system. What impact is the new border security command having on those flows into the system? How are you seeing that system adjust in response to those changing flows?

Sir Matthew Rycroft: It is early days. The border security commander, Martin Hewitt, started work in September. He has made a very strong start and is pulling together the border security command. The way that is set up—it is modelled on the former OSCT—is that they are not doing all the doing. They are the convening power—if you like, the controlling mind. They are working with our operational partners: the National Crime Agency, law enforcement, the intelligence community and others. I would say that it is early days, but it is the start of a very long haul working upstream and working with other countries. The Home Secretary was in Iraq last week, for example. We need to work with all the countries that people come from and go through, not just with our partners in France. That is the work of the border security command, and we look forward to keeping this Committee and the Home Affairs Committee updated as it makes progress.

Q131 **Chris Murray:** Again, that would be good. Are you seeing it having any concrete impact so far?



HOUSE OF COMMONS

Sir Matthew Rycroft: It is too early to point to particular reductions in numbers crossing the channel and so on but, rest assured, we are tracking all those metrics. We have invested £75 million this year and £75 million next year, and additional specialist investigators are coming in. That is all part of the work of the border security command.

Q132 **Chair:** Sir Matthew, a final question from me. In the last hearing, we discussed the issue of the dispersal of asylum seekers to housing, competition for rents locally, and the difficulty you cause local authorities on all aspects of the housing lists. What are you doing to address that?

Sir Matthew Rycroft: I should have said, in answer to a question about our joint work with MHCLG, that one of our commitments is that if we ever hear that a local authority is seeking to acquire a particular piece of accommodation, we withdraw our interest.

Q133 **Chair:** That is one issue, but the other issue is general demand for very small amounts of rental accommodation—you were rushing in to pay considerably higher rates than the local authority was paying, and that was driving up rents. If you recall, that was the issue that we identified in the previous hearing, and I want to make sure that that does not continue to happen in the future.

Sir Matthew Rycroft: Absolutely. That is the purpose of the joint work that we are doing with MHCLG on the joint strategy.

Q134 **Chair:** Is that working?

Sir Matthew Rycroft: Again, like my answer to the previous question, it is probably too early to have the evidence that it is working for sure, but rest assured that we are tracking it closely.

Chair: Okay. Thank you, Sir Matthew. This has been a tricky session, but I am grateful to you and your colleagues for coming this afternoon. We will reflect carefully on your answers. An uncorrected version of the transcript will be available in the next few days and I am sure we will all look forward to reading that. With that, thank you again.