House of Commons

Home Affairs Committee

Oral evidence: Asylum accommodation, HC 580

Tuesday 13 May 2025

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Watch the meeting

Members present: Dame Karen Bradley (Chair); Shaun Davies; Mr Paul Kohler; Ben Maguire; Robbie Moore; Margaret Mullane; Chris Murray; Joani Reid; Bell Ribeiro-Addy.

Housing, Communities and Local Government Committee member present: Mr Will Forster.

Questions 116 - 282

Witnesses

I: Steve Lakey, Managing Director, Clearsprings Ready Homes; Claudia Sturt, Prisons and Immigration Director, Serco UK & Europe; Jason Burt, Group Director of Health, Safety and Compliance, Mears Group.

Examination of witnesses

Witnesses: Steve Lakey, Claudia Sturt and Jason Burt.

Q116 **Chair:** Can I welcome our witnesses here today as part of our inquiry into the contractual arrangements that the Home Office has for the delivery of asylum accommodation? To be clear, we are not looking at the policy around asylum or making comments on that. This is purely about the contractual arrangements and the way the Home Office manages them. I am going to let the witnesses each introduce themselves, and then we will go into questioning, so perhaps we will start with you, Mr Lakey.

Steve Lakey: I am group managing director for Clearsprings Management.

Jason Burt: Good afternoon, I am group director for health safety and compliance for Mears PLC.

Claudia Sturt: Good afternoon, everybody. I am the prisons and immigration director for Serco for the UK and Europe.

Chair: Thank you. I will start the questions with Margaret Mullane.

Q117 **Margaret Mullane:** As you know, the Home Office's goal is to end hotel use and get dispersal accommodation. To all of you, do you think that hotels have been more profitable for contract providers than dispersal accommodation? And if so, why would you say that is?

Steve Lakey: This probably goes back to the beginning of the contracts in 2019, when the costings were put together for dispersed accommodation and before there was a requirement for large-scale hotel emergency accommodation. Those costings were put together at a time when the LHA rates for dispersed accommodation were relatively low, and since then they have been adjusted. So the pricing was for dispersed, in-community, self-catering accommodation.

The emergency hotel accommodation is more expensive by its nature because it is fully catered, and the emergency nature of standing it up on its type. It also came in at a later point in the contract, which started in 2019. We then moved to hotels, so we were able to put the pricing forward for hotels at a different rate to that originally agreed for dispersed accommodation. Temporary emergency accommodation is more profitable than longer-term dispersed accommodation, but there is a big push and lots of work to try to reduce the hotels and increase the DA.

Q118 **Margaret Mullane:** Does anyone want to add anything?

Claudia Sturt: That was a very comprehensive answer. I do not think I have much to add to that, thank you.

Jason Burt: Following on from what Steve said, in the sense of when we pitched for the contract originally, from Mears' perspective I would just add that we did not factor in using hotels; hotels and the emergency contingency accommodation was something that we had to take on board as a result of the pandemic. There are greater challenges and increased costs associated with the use of hotels, but our perspective in terms of our approach to contractual pricing for the hotels and DA is neutral, or the same.

Q119 **Margaret Mullane:** Thank you. Steve, given that the use of hotels has significantly increased, what motivation do you think Clearsprings would have to shift away from that and deliver cheaper dispersal accommodation?

Steve Lakey: I can certainly answer that. Hotels have been useful for people when they need a bed or accommodating immediately, but they are really bad for people who have to stay there for a long period of time. For us, the key motivation is longevity. We have been delivering these contracts since 2000 and we are really keen to continue doing it. The right right way to do it is through dispersed accommodation, getting away from catered accommodation and into self-catering accommodation. So for us, the big push is really to try to get back to having people in self-catered dispersed accommodation and only needing to be in that initial accommodation for a very short period of time.

Q120 **Margaret Mullane:** So, as Clearsprings, would you say that that is one of your prime motivations?

Steve Lakey: Absolutely, and a key stressor for us.

Q121 **Margaret Mullane:** Why would you say there is a higher concentration of hotels in London and the south-east than in other regions?

Steve Lakey: It is two things: one is that the majority of arrivals come into the south-east in terms of being at the location for the Kent and Croydon Intake Units which are the main arrival centres. In addition, we have quite a few airports for arrivals. It is also just availability. A lot of our hotels are around the main airports and main ports, that is where we have lots of hotels and lots of availability for them, so we are able to stand them up.

Q122 **Margaret Mullane:** With your motivation, as in your last answer, you are going to be doing work because I would not imagine those locations have dramatically changed. How do you think you are going to do that?

Steve Lakey: We are talking to the Home Office at the moment about a proposal that is called overflow dispersed accommodation, which is a slightly different variant on self-catering DA accommodation. We have about 15,000 bed spaces that we have proposed could be utilised to replace hotels directly that are much more affordable, much more akin to dispersed accommodation and most importantly self-catering and in-community, so less of a draw than hotels.

Chair: Chris, could you declare your interests?

Q123 **Chris Murray:** Can I just draw everyone's attention to my entry in the Register of Members' Financial Interests and the support that my office receives from the Refugee and Migration Partnership? Thank you, Chair, for keeping us correct.

The statistics tell us that in 2020 the average cost was £17,000 per asylum seeker per year to the Home Office for the accommodation provided by your three companies. By 2024 that had risen to £41,000 per asylum seeker per year. How do you account for that huge growth, and do you know what proportion of that per asylum seeker per year amount in 2024 was going in profits to your companies?

Steve Lakey: I am happy to answer that first. I can only talk for Clearsprings of course. On average, our profits are around 6.9%. Contractually, we are only allowed to make just over 5% in profit before that is then shared back with the Home Office as part of the profit share mechanism. So, anything over and above that amount would go back.

Our margins have gone up slightly over the five years from around 3% or 4% to, as I say, around 6.9% with anything just over 5% being shared back in terms of profit.

The other question was around the cost differential between the two. Again, it comes back to that full board, fully catered, security services on site versus a self-catering property in-community, which is a very different prospect and is the main reason for the difference.

Jason Burt: From Mears' perspective, our profit margin over the existence of the contract is actually in the region of our announced range of 5% to 6%. I acknowledge that the NAO report contained some figures in excess of that range, but it is important to note that those figures do not take into account the degree of profit that needs to be paid back in terms of the profit share that Steve alluded to.

Obviously, we operate in three regions. Each region is looked at on an independent basis in terms of performance. We have Northern Ireland, Scotland, and north-east Yorkshire and the Humber. Of those three contracts, we are in profit in two and in underage in one: Scotland. Overall, our net margin is in the region of 5% to 6%, and we have in the region of £13.8 million to come back in profit share, which is the figure that we have given to the Home Office, and it is currently undergoing the audit process.

Claudia Sturt: You asked first about what analysis I would give about why costs have increased. I suppose the big driver there is the growth in the use of hotels, which as my colleague said is more expensive than self-catered private rental accommodation. As you go further out from densely populated urban areas to try to create a greater spread to find accommodation, you end up going to areas where the rental costs are higher, and then have the impact of rurality: increased transportation costs and so on.

I am going to draw on the NAO reported profit, which seems to me to have the greatest validity. It assesses us at an average of 7% margin on our revenue over the life of the contract. Serco is not yet in scope for profit share.

Q124 **Chris Murray:** When discussing the asylum accommodation system, the Prime Minister called it "Eye-wateringly expensive," and the Home Secretary called it an "Appalling waste of taxpayers' money." The previous Prime Minister called it "Unacceptable," and the Leader of the Opposition said, "The whole system is broken." Those four people rarely agree on much, so I wonder if you share their analysis. If not, how would you describe this system?

Jason Burt: In terms of the overall position of the contract, the premise of it is reasonable from the Home Office's perspective. It includes quite stringent performance requirements and opportunities for penalties to be levied for non-conformance, so it incentivises operators to hit the targets that are set for them. It permits profit share. If an operator reaches the thresholds that we have been talking about, then there is an opportunity to recover. Equally, it does not give any downside to the Home Office in terms of potential underage, so the risk is borne by the operators.

Obviously, the numbers are huge, it is a problematic situation for the country, and it is clear that something needs to be done about it. For our part, we did not envisage using hotels, and hotel expense is probably one of the biggest elements of it. We have certainly worked hard to help the Home Office deliver its expectations and remove, and we are now only operating about 18% of our estate in hotel accommodation. That is 18% of about 26,000 across the three regions. We have come down from about 85 hotels to currently 40, but we are expecting to exit another four within the next few weeks, so we will be down in the region of about 36. DA expenditure will hopefully help contain it, but equally I do not think it is necessarily the magic bullet in its own right. More people are coming in and they are in the system for longer, so it is a tricky thing to solve. Unfortunately, I do not feel like I have the solution for you, but we will endeavour to do what we can to assist the Home Office to bring those costs down.

Q125 **Chris Murray:** I think you are saying that from your perspective the system works pretty well, but you can understand why politicians think otherwise. Do you two agree with that analysis? Do you think the system's working relatively well from your perspective?

Claudia Sturt: The politics of it are not for us as providers to engage with. I absolutely accept that this is a very high cost to the UK taxpayer and certainly the volumes that we have seen, particularly post-2016, have driven that cost higher and higher. It is really incumbent on us as providers to be always mindful of value and to be looking for ways to offer greater value for the money that we receive.

This is a really complex and challenging delivery landscape. This is difficult stuff to do. The Home Office sets quite stringent contractual terms and quite highly defined specifications for what they want us to provide. Whilst we are meeting those requirements, there is cost involved in it. Our job is to make sure that the value is as high as it can be relative to the cost.

Steve Lakey: I have nothing else to add; that captures it.

Q126 **Paul Kohler:** Can I refer participants to my entry in the Register of Members' Financial Interests? As the Committee are already aware, one of my donors, Safwan Adam, has a commercial interest in the Stay Belvedere Hotels, which has been a subcontractor to Clearsprings and is likely to be referred to in today's proceedings.

Can I push you a bit on the 7% profit? When the contracts were determined, the assumption was that most of it would be in dispersal accommodation. Vast amounts are now going to far more expensive contingency accommodation. The costs are higher therefore 7% of that higher turnover is a huge bonus to you, is it not, in comparison to what was assumed to be the case when the contracts were first established?

Jason Burt: In terms of the headline numbers, obviously they have gone up significantly through increased numbers coming through the system. I do not think that necessarily flows into increased profit for the operators, per se. The important element of that is the anticipated margin, and the NAO acknowledges that actually the range of margins demonstrated by the operators are at the lower end of expectation. As I said before, certainly so far as Mears is concerned, the numbers quoted in the real world will be lower than that once the profit share mechanism has been applied. But obviously it has led to an increase in profits because we are doing more than we expected.

Steve Lakey: From a Clearsprings perspective, it generates more cash because the numbers are bigger in terms of that amount. Clearsprings has that in the group account ready to reinvest back into a number of projects including social housing, finding additional dispersed accommodation and bringing some properties back online that are in disrepair at the moment. It gives us an opportunity to invest back in to try to find solutions to get more dispersed accommodation on board which reduces the need for hotels.

Claudia Sturt: It might be helpful as an illustration that three quarters of our service users are in dispersed accommodation. So, the bulk of the people we are accommodating are in private rental accommodation, not hotels. It is worth understanding that while the income per service user in hotels is higher, as are the costs of delivering them, we also bear the cost of any private rental accommodation that is not currently occupied. So, there is an incentive to move people from hotels into the private rental sector, which we are paying for, and it is helpful to us to then get the revenue.

Q127 **Paul Kohler:** You are getting a full amount for the hotels no matter how many people are in them, because the hotels are done on the basis of how much they can accommodate. You are doing far better out of that deal than losing out of it, because you are putting them into dispersal accommodation because you have to otherwise you will be penalised. You do not get penalised for taking them out of hotel accommodation, do you?

Claudia Sturt: We are penalised if we cannot place people in accommodation.

Q128 **Paul Kohler:** That is a different question; that is not the question I asked.

Claudia Sturt: No, but we are penalised for that, so it is essential that we maintain enough accommodation of the various different types to be able to ensure that we can offer places. Hotels generate higher revenue than dispersed accommodation.

Q129 **Paul Kohler:** Even if they are empty.

Claudia Sturt: But empty dispersed accommodation is a cost to us as well.

Q130 **Paul Kohler:** Empty hotels are a profit to you in the same way. It is accepted by you all that you get more cash out of the hotels than from dispersal accommodation, is it not?

Claudia Sturt: The revenue is higher, yes.

Q131 **Paul Kohler:** Talk me through why you say you are incentivised to get people into dispersal accommodation. What does Graham King think about the idea that you want to get everybody into dispersal accommodation when your profits are coming—not your percentage but your cash—from the contingency hotels?

Steve Lakey: I can talk from our perspective on that. It is about longevity of contract. It gives us immediate cash now, but we are not providing a product that our customer, the Home Office, particularly wants because it wants dispersed accommodation. We want to be in for a long period of time and we only do that by meeting our customer's need which is to get more dispersed accommodation and have less hotels.

Also, we are penalised for not providing sufficient dispersed accommodation. Again, if there are voids or empty rooms in those hotels, or if there are rooms down for repairs, then there are mechanisms that the Home Office can apply to get the money back for that. But fundamentally in terms of what drives us, it is not the cash today but the longevity of business. Sustainable business for this particular cohort is about providing dispersed accommodation and not leaving people languishing in expensive hotels for long periods of time.

Jason Burt: I echo what Claudia and Steve have said, and highlight that when Mears pitched for the contract, we were not envisaging leaning on or utilising hotels at all. We are determined to reduce our reliance on hotels, and our track record has demonstrated that we have had some success in that regard.

Q132 **Paul Kohler:** You were not envisaging it, but you have been amply compensated for it because it has increased your profits.

Jason Burt: We have been providing the Home Office with a service that needed to be provided in very challenging circumstances. It is very easy to forget the world that we were living in when Covid landed, the challenges it brought and the additional requirements that were put on the operators to keep their people and our service users safe. It was a situation that nobody really foresaw. Fortunately, we are through that and we are now trying to get back to what we hoped would be our business-as-usual position. We have provided a service, and it is a greater service than we thought because the numbers are higher, and people are probably in the system longer than was anticipated.

Claudia Sturt: We are an organisation that offers business services to Government, and we live or die by our ability to provide Governments with the services that they want and need, and that they think provides them with decent value for money. As Steve said, we would not be well served by going for the quick buck now and running out of good will with the Government, our customer. Longevity is a very serious point to us. I have a lot of conversations with senior people in the Home Office. Conversations that do not include their determination to reduce and eventually cease the use of hotels are very few and far between. They are absolutely focused on reducing the use of hotels and we are very clear that that is what they want us to do. Hence, we have reduced our hotel occupancy by 50% in the past year.

Q133 **Paul Kohler:** You are still being paid for those hotels.

Claudia Sturt: We are being paid for a service that we are providing, yes.

Q134 **Paul Kohler:** How long do you have these contracts with the hotels? How long have you contracted with the Home Office to supply the hotels?

Claudia Sturt: I believe it varies.

Q135 **Paul Kohler:** Are these short-term or long-term contracts?

Jason Burt: I can probably assist on this.

Claudia Sturt: I think I need help with this.

Jason Burt: For the most part they are on a three-month rolling contract, so it is short term. In the commercial world you obviously need to give hotel operators some warning of a change, but the reality of the situation is that they are on short notice. If the Home Office require a hotel to be closed, or we are in a position to close it, then that can be achieved relatively quickly.

Q136 **Shaun Davies:** You have mentioned the profit share back to the Home Office. Can you each tell me how much money you have paid back to the Home Office in profit share each year for the last few years, please?

Steve Lakey: The total since the beginning of the contract is probably easier for me if that is okay, which is £32 million. It has gone through a review process with the Home Office to audit it and make sure that it is correct and we are waiting for them to conclude that and then £32 million is ready to go.

Q137 **Shaun Davies:** When was the last year that payment covered?

Steve Lakey: I do not think the 2024-25 one is in yet, so it is 2023-24.

Jason Burt: We have not paid any money back yet. We have not actually parted with any cash.

Q138 **Shaun Davies:** Not £1?

Jason Burt: No, because our requirement is that the profit-sharing mechanism is cumulative, so it builds up over the course of the contract. As I have said, we have £13.8 million due to go back subject to Home Office audit. They are for two of our regions. In Scotland we are running at an underage of £23 million, which we are funding, so there is an element of swings and roundabouts to this. Obviously that number is a snapshot in time, and as the contract progresses and now we are at the threshold, the amount of money that we are required to pay back will vary and increase moving forward.

Q139 **Shaun Davies:** Despite your recognition in your answers to the opening questions that you have exceeded the contract profit margin and that your expectation is that you should pay the Home Office some funding back, you have not paid £1 back to the Home Office as yet. Is that correct?

Jason Burt: The mechanism for paying back is driven by the Home Office: we declare our numbers, the Home Office then checks those numbers and recovers the monies. That is where we are at the moment, so the Home Office are auditing our numbers.

Q140 **Shaun Davies:** We have heard from Mr Lakey that his company has paid £32 million back.

Steve Lakey: Apologies, no. We are in the same position.

Q141 **Shaun Davies:** You have not paid £1 back to the Home Office yet?

Steve Lakey: The money is all there ready to go. It has been audited and we are waiting for the Home Office to take the money.

Q142 **Shaun Davies:** Mr Burt, what is your assessment of how much money you will have to pay the Home Office back once they finish their audit?

Jason Burt: It is very difficult to forecast moving forward because things change.

Q143 **Shaun Davies:** This is over multiple financial years, is it not?

Jason Burt: Yes, it will add up. As I say, in Scotland for example, we are significantly behind; we are running at a £23 million loss. We have met the threshold in Northern Ireland and north-east Yorkshire and the Humber which will continue. Obviously, it depends on the number of people in the system.

Q144 **Shaun Davies:** Okay, but you have not paid anything back and the assessment has not been agreed with the Home Office yet?

Jason Burt: No.

Q145 **Shaun Davies:** Ms Sturt?

Claudia Sturt: We are not yet in scope for profit share on our profits.

Q146 **Shaun Davies:** You have not made enough profit yet?

Claudia Sturt: We have not come into scope. We have not made sufficient profit for that to be an issue for us yet.

Q147 **Shaun Davies:** How much profit have you made up until this point on the contract?

Claudia Sturt: Working on the 7% NAO figure—

Q148 **Shaun Davies:** As a company, you must know how much profit you have made from this contract.

Claudia Sturt: We are currently being audited, so I would much rather rely on the NAO figure.

Q149 **Shaun Davies:** Is it not astonishing that you would rather rely on the National Audit Office to tell you how much your company has made in profit rather than tell me what your estimate of profit is on this contract?

Claudia Sturt: I can tell you what our estimate is based on a 10-year contract at 7%.

Shaun Davies: Please do.

Claudia Sturt: If £5.5 billion is the 10-year figure as assessed likely by the National Audit Office, the round figure would be £385 million.

Q150 **Shaun Davies:** £385 million on the National Audit Office figures. What about your figures? What is your estimate to your shareholders, internal executives and so forth? What is the profit expectation on this contract to date?

Claudia Sturt: I am sorry, but I am working on the figure of 7%.

Q151 **Shaun Davies:** Do you agree with the National Audit Office figures, or are you just relying upon them?

Claudia Sturt: I have no reason not to agree with them.

Q152 **Shaun Davies:** People will take from that what they will. Mr Lakey and Mr Burt, you have not declared all your profit margins for certain years, have you?

Steve Lakey: As far as I know, we have.

Q153 **Shaun Davies:** There are certain years and certain regions where you have not.

Steve Lakey: I saw that; we will be challenging that.

Q154 **Shaun Davies:** Do you not believe that is true?

Steve Lakey: We believe we have presented those figures, but we will be checking that.

Jason Burt: That is the same with me. Those figures have been presented.

Q155 **Shaun Davies:** You do not rely on the National Audit Office?

Jason Burt: Not in that regard.

Q156 **Shaun Davies:** Why is there such a differential in terms of profit margins across each of the regions and across the different contracts? Can you just explain to the Committee and to the people in the country who are listening why there are such different sets of profits across a number of areas which also change over time?

Steve Lakey: I can speak to our two contracts, which are Wales and the south of England; it is just down to market forces. The property market in Wales is very different to the property market in the south of England, from the perspective both of cost and availability, so it is predominantly the property cost that drives those variations. Of course, there is also the hotel element; there are many more hotels in the south, and hardly any in Wales, so that has a big impact on those contracts at the moment. My understanding is that a differential profit margin would have been negotiated as part of the bidding process back in 2019, so that is probably why they are all different.

Q157 **Shaun Davies:** Mr Burt, do you agree with that?

Jason Burt: From our perspective, it is probably easier to use an analogy. According to the NAO report, Northern Ireland is one of the most profitable regions, and it is important to understand in that context that it is a small region. As I said before, the profit margin mentioned in the report is before the profit share has been taken into account, so actually that margin is probably nearer 10%. However, the big driver in Northern Ireland is that we are dealing with one authority across the whole board, which means that collaborative working is very much more effective and efficient; we are more easily able to procure dispersed accommodation. We get less resistance, and basically the whole machine moves a lot smoother.

You can contrast that with Scotland, which is our most challenging region. You have heard from witnesses who attended previous sessions about the challenges we have had in Glasgow. There is an additional factor to bear in mind that the property licensing laws are different there. For example, it is not possible to procure property in advance and then turn it into an HMO to enable it to be used to its full capacity. In Scotland, you have to procure the property with a pre-existing licence. That is a challenge because you are dealing with multiple authorities that have different views. So, there are additional factors that play into the profitability, and a lot of it is linked to how smoothly the various stakeholders involved can engage in this and drive it forward.

Claudia Sturt: We have two regions: the north-west, and midlands and east of England; we have a higher number of service users in the midlands and east of England, but there is a concentration in the midlands part of that, not least because the east of England has higher property values and issues associated with rurality, where it is more difficult for service users to get access to local authority services such as GPs or schools and so on. There is a greater concentration of asylum accommodation in areas of greater population, which is probably not surprising. We have a higher level of income deriving from the midlands than from the east of England aspect of that region, but it is also higher than the north-west, which is running at about 80% of the size of the midlands and east of England area.

Q158 **Shaun Davies:** Is it not the reality that you go into areas that are on the whole cheaper, and in those areas you go to the bottom end of the market to maximise your profit? Why would you not do that? As companies, you are incentivised by your shareholders to make a profit; there is nothing illegal about making a profit in this country. Would you like to be transparent and challenge the assumption that there is anything wrong with making profits in that way?

Claudia Sturt: We are really committed to providing safe and appropriate accommodation. I would characterise it broadly as being the equivalent of social housing. The Home Office specifies in some detail the type of accommodation that it wants us to provide, and it set really stringent standards for how that should be presented: what facilities should be available, what square footage there should be and so on so that the accommodation does not fall below the threshold set by the Home Office. It carries out inspections, as we do, to make sure that all the accommodation provided is both safe, appropriate and fit for purpose.

Q159 **Shaun Davies:** Yes, but you are making a profit, which is fine, but are you choosing areas based upon maximising profit?

Claudia Sturt: We are choosing areas based on the availability of accommodation within our rental envelope. It is not about maximising profit; it is about maximising availability.

The Chair: We have some more questions in this area.

Q160 **Shaun Davies:** Apologies, Chair; can I ask just one more question? In terms of the safeguarding element, do you have a key performance indicator from the Home Office that judges you positively or negatively on how well you safeguard your tenants?

Claudia Sturt: The Home Office contract requires us to support safeguarding, but no KPI is attached to it.

Q161 **Shaun Davies:** Is that the same across all three?

Claudia Sturt: Yes.

The Chair: We will have some more questions on safeguarding later, but we are going to get on.

Q162 **Chris Murray:** Very briefly, Mr Lakey, while we are on profits, the founder of Clearsprings recently entered the *Sunday Times* rich list because the profits from his fortune increased by 35%, which is an analogous number to the increase we have seen in asylum contracts. Are those two facts related?

Steve Lakey: I cannot really talk to the wealth of Graham King, the chairman, and where he might make his investments but, as I said before, what is important to note from our perspective is that the money is in the group bank account ready to be invested back in. If you look at the profits we have made over the last five years, which is about £300 million altogether over that five-year period, the majority of that is still ready to invest back in.

Q163 **Chris Murray:** It is ready to invest, but do you actually reinvest it? Has that happened so far?

Steve Lakey: Some has been reinvested already and some is ready to go.

Q164 **Chris Murray:** How much?

Steve Lakey: I do not have those figures with me.

Q165 **Chris Murray:** You do not know. Okay. One final point is that the money that the Home Office gives to your organisations actually qualifies as overseas development assistance. It is money the British taxpayer has given to send to the poorest people in the world. Does it cause you any ethical dilemma that this money is going into your profits?

Jason Burt: From my perspective, obviously it is not for me or Mears to comment on where the funding comes from.

Q166 **Chris Murray:** You can just say no, that is all right.

Jason Burt: I understand from previous hearings that the money has to come from that pot, and as a result, it is in accordance with the requirements and the law.

The Chair: We have a guest here today from the Housing, Communities and Local Government Committee, Will Forster.

Q167 **Mr Forster:** I want to explore a little more about the locations where accommodation is provided. Why are there still such high concentrations of accommodation in particular areas, whether that be in some local authorities but not others next door, and in some regions but not others? What incentives or penalties do you have as companies to ensure that there is a fair distribution of accommodation across the country?

Jason Burt: I can answer that. In terms of incentives or penalties, we do not have any contractual penalties for the wider distribution. Obviously, as has been said by Claudia, the Home Office is a very important client, and we want to assist it in every way we can. We have done what we can to achieve its desire to acquire dispersed accommodation in a wider range and a wider region, and the NAO report acknowledges that more local authorities are engaging.

To some extent, the issue in terms of the location of current accommodation is partly due to the fact that, as Claudia said, the primary driver is the availability of such accommodation; but in addition, it is about the other services in the area that can provide support to service users. Those play a significant part as well, and obviously that support network is more substantial in cities and larger towns than in rural areas.

Claudia Sturt: The Home Office and local authorities between them agree a service user dispersal plan which is reviewed regularly, and which takes into account local economic factors, social factors, and I am sure political factors and comes up with a determination about the level of asylum seeker accommodation that is appropriate in each locality. Our role is then to procure the accommodation according to that dispersal plan. When we have reached the cap that dispersal plan imposes, we have to stop sourcing accommodation in those locations.

Q168 **Mr Forster:** Is there any financial incentive to meet that dispersal plan, or to go beyond that area? The concern we feel as MPs is that you and the Home Office choose some locations but not others, and there is not a fair distribution. When the contracts were originally agreed, were you surprised that the Home Office was never going to punish you for not spreading out the asylum accommodation?

Claudia Sturt: I was not involved in this sector at all when the contracts were new, so I am afraid my corporate memory does not go back to that, but we do not design dispersal plans; we are recipients of them. It is not a question of whether there is an incentive to meet them or not; they are a cap, and we cannot go above the cap.

Q169 **Mr Forster:** My colleague from Wimbledon has highlighted that your companies have an incentive to use hotels so that you can make more profit. From what you have been saying, the Home Office sets the dispersal plan, so it chooses the locations and the type of accommodation. Is that your view?

Claudia Sturt: It is the Home Office in conjunction with local authorities, not the Home Office unilaterally.

Q170 **Mr Forster:** Okay, thank you. One final question, if I may: how do you respond to local authorities that are expressing concern about the procurement of asylum accommodation in their area? They may feel that there is insufficient consultation and that it pushes up the cost of housing that they or the wider community can afford. What impact assessments do you do when you go into an area?

Claudia Sturt: In effect, the impact assessment is the service user dispersal plan. If I were asked what my response to local authorities or elected groups for particular localities would be, I would say I understand that this is an emotive issue and I understand that politically it is hotly contested. Our role is not to set the policy or the legal framework or be answerable to an electorate; it is to deliver a contract which the elected Government of the day have taken out with us and to deliver that to the best of our ability. That is what we focus on.

Jason Burt: I would totally agree with everything Claudia has said in terms of how we operate. We try to fulfil the requirements put on us in accordance with the plan, but ultimately it is a Home Office decision as to where the properties are procured. Obviously, communication between local authorities and the Home Office takes place; we facilitate as much communication as we can, but at the end of the day we are driven by the expectations placed on us.

Q171 **Joani Reid:** Mr Burt, I just want to go back to something you referred to a couple of times, which was the loss in providing your services in Scotland. Surely, as a business, you will be looking to mitigate that risk going forward. How do you plan? What do you have at your disposal to address that issue? Would you be looking at the renegotiation of contracts to have fewer accommodation sites in Scotland?

Jason Burt: In the grand scheme of things, we have to ensure that we have appropriate levels of dispersed accommodation available. That will be a challenge in Scotland, particularly because of its rural nature.

Q172 **Joani Reid:** You mentioned Glasgow in particular, though.

Jason Burt: Initially when the contract came to fruition, we could only route into Glasgow. Subsequently, that has been expanded to a wider area, and COSLA are very much involved, but they are trying to drive an equitable dispersal across the entire region, which, in principle, is a valid position to take. In practice, delivering it creates challenges for us because, as I indicated, certain rural areas do not necessarily have the support networks that some service users will require. That means our own internal support teams are spread thinner because they have to travel further to see fewer people. That is part of the reason why you sometimes get an accumulation, it makes it easy for the logistical chain underneath everything to work and get to everybody. Obviously, wider dispersal is something that is on the agenda and we will have to be agile and respond to that as best we can.

Q173 **Robbie Moore:** Following along the same themes, availability was mentioned when choosing a hotel location. What is your assessment of availability?

Jason Burt: When we were required to start using hotels, availability meant having enough capacity for a specified reason or in a specified area, which the Home Office asked us to fulfil. We therefore made inquiries of the local regions to ascertain what properties were available and then put forward packages of proposals to the Home Office on an open book basis, so that it could see everything that was required in the standing up of a hotel. The decision to utilise a hotel or not was made by the Home Office. Obviously, there was a degree of communication in certain circumstances with local authorities and other stakeholders about the suitability of a geographical location. For example, you would not want a hotel located significantly close to a major road or anything along those lines. Back in the day, we had people offering us hotels that were on motorway service stations, which was clearly unacceptable.

Q174 **Robbie Moore:** Everything you have mentioned relates to the capacity of the accommodation itself; you have mentioned that hotels should not be next to roads or highways and so on. But nothing you have mentioned relates to the impact on local services: GPs, schools, transport connectivity, which all have a direct impact. When you are choosing a hotel location, what assessment do you make in terms of the wider impact of capacity on service provision?

Jason Burt: With respect, I do not think that falls to Mears. That is a matter for the Home Office to determine in conjunction with the local authority and other stakeholders in the region. We are required to procure property in a certain region, so we do the very best we can to find the most suitable property.

Q175 **Robbie Moore:** As a provider, do you take into account the impact of capacity on other services beyond the accommodation itself when putting forward a recommendation to the Home Office?

Jason Burt: Specifically, no. That is not part of our remit.

Q176 **Robbie Moore:** What level of interaction do you have with local authorities as part of that recommendation to the Home Office?

Jason Burt: We engage with the local authorities and give them information about Home Office intentions. They have an opportunity to raise objections. If they object, then it is a matter for them and the Home Office to determine whether that objection will be upheld.

Q177 **Robbie Moore:** So, to summarise, no actual observation or assessment criteria is done in terms of capacity and impact on additional services beyond the actual accommodation itself when assessing the criteria for hotel accommodation.

Jason Burt: Not specifically by Mears, but again I stress the fact that it is not for Mears to do that.

Q178 **Bell Ribeiro-Addy:** I just want to clarify that when you are given this task by the Home Office, it is to provide accommodation, and they allow you to use hotels for the said accommodation. They are not directing you to use hotels for the said accommodation.

Claudia Sturt: They are directing us to provide accommodation for large numbers of people, and we work within regional caps for how much dispersed accommodation we are allowed to use. Where we are not able to accommodate people in the dispersed accommodation because of those caps, at that point we fall back on contingency, which is hotel accommodation.

Q179 **Bell Ribeiro-Addy:** You talked a lot about value for money and longevity. I know you are not necessarily involved in property development of any type; I know Clearsprings is not necessarily, and Serco perhaps only offers advisory services in relation to real estate development, but Mears does engage in property development. With the amount of money you have received over the past couple of years for contracts to provide the said accommodation, has there never been a discussion with the Home Office, from your perspective, to suggest that building housing may be better value for money?

Jason Burt: As a point of clarity, we do not develop properties. In historic times we did some development, but we are not in development now and have not been for a considerable period of time. On occasion, we work with local authorities in joint venture products where we assist them in the construction of certain premises, for example, care facilities, but we do not build homes. We have purchased properties on our balance sheet. It is not our ideal method of operation, but we have done it; I think we have purchased over 400 properties creating over 1,700 bed spaces to show the Home Office our intent to assist. I believe we go above and beyond the contractual expectations in trying to help the Home Office solve this problem. In terms of building, it may ultimately be a solution for someone, but it is not something that Mears could assist with.

Claudia Sturt: You are absolutely right that Serco does not have a property portfolio. We would see an opportunity perhaps for greater long-term planning around the type of accommodation that should be provided, and if reducing volumes of service users creates enough headroom for the Home Office to be able to pick and choose what type of accommodation it would use, then a long-term plan could make it possible to, for example, invest in medium-sized sites. Having a network of medium-sized sites across the country would perhaps offer the best combination of limiting community impact and maximising value for money.

At the moment, it is probably fair to say that the whole system is responding to really acute pressure on numbers; that drives more short-term thinking in terms of the type of property that gets used.

Q180 **Bell Ribeiro-Addy:** I suppose this has been while responding to an emergency over a certain number of years with many millions of pounds. The question is, has your assessment been that building or looking into some development would ultimately help you provide real value for money instead of using hotels?

Steve Lakey: I can definitely answer that piece: absolutely. We have made lots and lots of recommendations. There is a misunderstanding that contingency accommodation always has to be a hotel. It does not need to be a hotel, it just needs to be safe and secure accommodation, which in our view is ideally self-catering rather than catered because that gives people a better chance to cook and cater for themselves, which gives them more control. So yes, we would definitely be happy and delighted to look at anything that helps reduce that dependency and brings more DA into the market.

Q181 **The Chair:** Can I just go back to the points you made about procuring accommodation? This is particularly for you, Ms Sturt. What could the Home Office do to make it easier for you to procure accommodation somewhere like the east of England?

Claudia Sturt: The fundamental block is always the service user dispersal plan and the caps that it creates. Other blocks that we have are often around the cost of rental accommodation and the availability of services within communities, bearing in mind that our service users are destitute and do not even have easy access to public transport, so it is very important that they are in places where there is at least a reasonable service provision and preferably a supportive community.

In terms of blocks, we would be really happy to see more learning taken from other jurisdictions where asylum accommodation is provided. There are some very good models that seem to be less politically contested than ours. Germany, Switzerland, and Austria, for example, have highly devolved government structures that are very responsive to local needs and community preferences. Accommodation is provided by the local authority and is then operated by the private sector. Some of these models work very well, particularly models that have community-based integration at their heart because it is recognised that a majority of people will receive leave to remain. They bring forward social, cultural, and economic integration so that refugees can become integrated really well into society, not just quickly into the community where they will live.

Q182 **Joani Reid:** Can you tell us in more detail how those contracts differ?

What are the fundamental differences between the contracts that you have with Government in the UK as opposed to those in Germany, Austria, and Switzerland? Do you do more to support the population within that accommodation and provide access to support services, or are they still just accommodation contracts?

Claudia Sturt: We do not deal with federal governments; we generally deal with local governments, which might be a city council, a regional council, or a Swiss canton. They all vary, so there is no single model. We are responsive to what those local governments want to provide.

Across a country the size of Germany, which is politically very varied, different levels of provision will be required. Generally speaking, the model that we operate in a country like Switzerland, for example, would be to include everything all under one roof and within a single piece of real estate. That would include walk-in asylum reporting, triaging, casework, health provision, education for children, asylum seeker accommodation, provision for social integration, preparation for work, and so on. What we provide varies from site to site, but we certainly provide integration support, facility support, management of the accommodation, and security for the accommodation; the Government provide the caseworking element alongside us.

Q183 **Joani Reid:** Are you contracted to provide and deliver support services in any other countries?

Claudia Sturt: Yes.

Q184 **Joani Reid:** Can you go into a wee bit more detail about that? You mentioned integration support.

Claudia Sturt: We help asylum seekers become ready for employment, for example. We also assist with language and cultural integration to help new arrivals to understand the type of expectations that hopefully their adopted country will have of them, and we do things like running volunteering in the community and schools for children.

Q185 **Chair:** Why is the service user dispersal plan a block?

Claudia Sturt: It is a block insofar as it creates a cap.

Q186 **Chair:** Just talk me through that.

Claudia Sturt: It sets out the number of asylum seekers per capita of the local population that is acceptable to the Home Office in consultation with the local authority. For example, if the plan said no more than one asylum seeker per 200 head of population in an area and we get to the point where we have one in 200, we cannot source further properties in that area. Even if the rental market would allow it, even if local authority services would support it, we cannot go beyond it.

Q187 **Chair:** I will bring others in, but I am just curious about the answers you have given. You talked about Switzerland and Germany and how they have devolved the nature of their local government. We do not have that local government structure in the same way. We do not have that level of devolution. There are already 70 local authorities that do not have any accommodation in them at the moment. How do you break that down? Why do they not have asylum accommodation? Is it powers that the local authority has used to stop this or is it some other reason?

Claudia Sturt: I would have to refer you to MHCLG and the Home Office, I am afraid. They are devising those plans. We are just the recipients of the plans.

Steve Lakey: If you take the south, which is a fairly obvious one because you have London smack bang in the middle of it—particularly in the south-east, of course—you have a massive disparity in housing cost and availability. London is a relatively well-populated, large property market, albeit very expensive and difficult to find housing in right now, which is why local authorities are also struggling. The rural south-west and rural south-east model is very different where you have a large land mass but not huge conurbations, so the towns are much smaller.

In terms of the rental market, we are talking about properties in the private rented sector. They come on the market only when people move. If there is no movement, then there is no property and property availability. It comes down to availability and sometimes affordability although not so much for us. Most of our asylum seekers in the south are in London where the property market is most expensive. It is more about those properties becoming available, the local authority accepting the placement of that property and that property type, and landlords wanting to rent out properties which has been quite challenging, particularly with HMOs over the last 12 to 18 months. All those factors together produce our ability to get dispersed accommodation or not in a particular area. It really is an accommodation contract, so it is about whether those houses or accommodation are actually available in the first place.

Jason Burt: Picking up on Claudia's point regarding the cap, I would add that the other thing that needs to be factored in is that in certain locations where we are already in excess of a cap through historic placement, it needs to be equalised. Sometimes you need to move people out of an area into new areas where notionally there appears to be new capacity, but actually all you are doing is shifting the existing capacity round slightly. That is something that needs to be considered as well in the wider plan.

Q188 **Chair:** Moving on to the medium-sized sites, Serco has proposed sites but I am not sure whether Clearsprings and Mears have. First, what do you mean by a medium-sized site? What is it and what has been the Home Office's reaction to your proposals?

Claudia Sturt: Our medium-sized sites are typically repurposed student halls of residence, that sort of thing.

Q189 **Chair:** Repurposed office blocks?

Claudia Sturt: Well, we do in other jurisdictions.

Q190 **Chair:** We have not done it here?

Claudia Sturt: I am not sure, but that would be the sort of thing that we could do. We have about five medium-sized sites. We would be very happy to have more. They have to go through local planning processes, and that can be quite difficult. We have acquired sites that have not gone through planning successfully which we have had to then cease progressing. The type of accommodation that you then have is small flatlets for individuals that are generally self-catering, which brings the cost down. They are not so large that they cause the same levels of anxiety that some planned large sites have clearly caused.

Q191 **Chair:** Is it like student halls of residence where there would be people in a flat-type area with a shared kitchen, and they would have an en suite bathroom each and that kind of thing?

Claudia Sturt: Yes, that sort of thing.

Jason Burt: We have put forward some outline proposals in the past. None of them have gone forward for various reasons. Picking up on Claudia's point, changing the nature of a property is more complicated than at first sight. There are planning issues. Fire safety is a significant issue that needs to be factored in and many offices, especially in older blocks, do not have the required standard for fire safety. They would need substantial investment in terms of remedial to bring them up to the standards. Depending upon the nature of those properties, if they are higher risk or want to be transitioned into higher risk, you have to go through the regulator, which adds that layer of slight delay to it. It is a really good idea but it is quite difficult and challenging to actually deliver in the current environment that we operate in.

Steve Lakey**:** For us, we have about 2,000 bed spaces in medium-sized sites right now.

Q192 **Chair:** Do you mean student accommodation and that kind of thing?

Steve Lakey: Not so much student accommodation but great for singles. Ours are more small blocks of flats or small serviced apartments, those kinds of things.

Q193 **Chair:** But they have been built as blocks of flats in the first place?

Steve Lakey: Yes, and then we have just been able to rent them. We strongly believe that the best and fastest route out of hotels is to look at the medium-sized sites. I know I keep stressing it, but self-catering, serviced apartments and small blocks of flats are so important and possibly permitted developments but they bring their own challenges.

Probably one of the biggest changes that we have seen over the period of the contract is we are now talking about 70% singles, as opposed to 40%

previously. That is a complete shift in the housing requirement because we are then talking about HMOs as opposed to family accommodation, which is a different and more challenging prospect in the property world.

Q194 **Chair:** Just so we have it for the record, what sort of numbers would you expect in the medium-sized sites?

Steve Lakey: In terms of people, we would probably be looking for anywhere between 20 and 100 as the maximum.

Q195 **Chair:** So smaller than hotels?

Steve Lakey: Yes.

Q196 **Chair:** Is that the same across the board?

Claudia Sturt: We have 750 people across five sites.

Jason Burt: Yes, we have a similar number.

Q197 **Chair:** How much are you working with the Home Office on its new strategy to help move it in the direction that you think would be appropriate?

Steve Lakey: We are involved in those conversations on a regular basis, as well as joint provider workshops and the plans for the dispersal plans.

Q198 **Mr Kohler:** Mr Lakey, I would like to look at Stay Belvedere Hotels. The Home Office refused permission for you to use Stay Belvedere Hotels as a subcontractor. There were failures in significant elements of its behaviour. Why did you not notice?

Steve Lakey: We are still waiting for the full details from the Home Office in terms of its concerns. Certainly, we work with all our subcontractors, including Stay Belvedere with any challenges or concerns that we have around their performance.

Q199 **Mr Kohler:** You have no concerns about Stay Belvedere?

Steve Lakey: No. We have concerns on a regular basis with all our providers in terms of where they do not meet any requirements. We will then raise that with them and work with them.

Q200 **Mr Kohler:** You are not aware of Stay Belvedere being worse than the others?

Steve Lakey: I do not have that comparison with the other providers, but we would have been working with Stay Belvedere on any issues or concerns it may have had.

Q201 **Mr Kohler:** How good is Clearsprings? How good are you as a company at dealing with management information?

Steve Lakey: We are good. We do what is required of us, but we have been in some very challenging and difficult times. As we have discussed we have gone from 700 people in initial accommodation to 32,000 at its peak in 2024, which is a big leap across numerous sites. There have been lots and lots of challenges, but we are okay.

Q202 **Mr Kohler:** Do you know about KPI 9?

Steve Lakey: Yes.

Q203 **Mr Kohler:** Can you tell the Committee what KPI 9 is about?

Steve Lakey: KPI 9 is about the provision of only two specific pieces of management information.

Q204 **Mr Kohler:** What is the requirement each month?

Steve Lakey: It is that those pieces of information have to be submitted on time.

Q205 **Mr Kohler:** Have you ever fallen foul of it?

Steve Lakey: Yes, we have.

Q206 **Mr Kohler:** You have not. You have never fallen foul of it according to our figures.

Steve Lakey: We are allowed two failures.

Q207 **Mr Kohler:** Yes, and that is the point. You are penalised only if you have three failures. You are the worst provider of management information, but you make only one or two failures a month. You play that system very well. Why do you not employ a few more information officers? From 2020 to 2024 do you know what the profits per person in Clearsprings have gone up from?

Steve Lakey: I do not have that information in front of me.

Q208 **Mr Kohler:** Well, let me tell you. Your profits per employee have gone up from £6,000 per employee to £300,000 per employee. That is amazing productivity, but maybe you should employ a few more people to get the job done properly.

Steve Lakey: Thank you, we will take that comment away. I do not really know how I can respond to that.

Q209 **Mr Kohler:** No, but I would like to hear what you think.

Steve Lakey: We are constantly recruiting. We have gone from just under 100 people to well over 500. Certainly, that area and a number of other areas are under constant review, and we are always looking to improve.

Q210 **Mr Kohler:** How is it that you constantly fail to provide management information to the Home Office?

Steve Lakey: In a timely manner. It is about the timing.

Mr Kohler: A timely manner is part of—

Steve Lakey: It is not about the data and the information itself; it is about when it was provided.

Q211 **Mr Kohler:** Why do you not provide it in time?

Steve Lakey: We try to, and we are working on our systems.

Q212 **Mr Kohler:** Why do you not employ some more people?

Steve Lakey: As I said, we are recruiting all the time, and that is certainly one of the areas that we will look to recruit into.

Q213 **Ben Maguire:** I want to go back to a question a moment ago that Paul was asking of you, Steve. I was quite concerned to hear your answer that Stay Belvedere Hotels in your view—or the company's view—was potentially just as bad as any of the others. The Home Office actually removed permission for you to use Stay Belvedere Hotels as a subcontractor because significant elements of its behaviour and performance fell short of what the Government would expect. I really wanted to pick up on that point. I was quite concerned that you had not spotted that as a business and needed the Home Office to step in and remove permission. Do you mind just explaining that point in a bit more detail?

Steve Lakey: If I can, I will, but I am not sure I can add very much more. As you can imagine, it is a very live subject at the moment, and we are in conversation with both Stay Belvedere and the Home Office. I am not sure I can shed very much more light on that at this stage. I am sorry.

Q214 **Mr Kohler:** To be absolutely clear, you are not aware of Stay Belvedere requiring that sanction. Is that your view? Your view is you are not aware of any defects in what it is providing that are worse than your other subcontractors. Is that your position?

Steve Lakey: That is not my position.

Q215 **Mr Kohler:** What is your position?

Steve Lakey: My position is we are right in the middle of that live situation at the moment. We are in conversations with the Home Office and with SBHL. We are following the instruction that we have been given, but I do not have any more detail or data that I can give you.

Mr Kohler: With respect, that is not a position; it is just waffle.

Steve Lakey: That is our position. I do not have the information available to be able to give you a more defined answer than that, I am afraid.

Q216 **Ben Maguire:** You just slightly changed your answer from earlier, where you said it did not appear to be any different to the other providers, but now you are saying you cannot comment on the live situation. Is that right?

Steve Lakey: Yes, that is a more accurate reflection.

Q217 **Robbie Moore:** I want to just focus on performance management. The question applies to you all. The contracts allow you and the Home Office to set different performance targets for hotel accommodation. To what extent have you done that and negotiated that with the Home Office?

Claudia Sturt: We have the same performance regime across the board.

Q218 **Robbie Moore:** The same performance regime in relation to performance targets across all hotel accommodations?

Claudia Sturt: Yes. The difference is because when we use hotels, we are in effect contracting the management of the hotel to continue running it. We then pass on the performance requirement to our subcontractor that is running the hotel. In the same way that a good leader would say that you can delegate authority but you cannot delegate responsibility, we retain responsibility, but we also hold the hotel management company to account for the same KPIs that we are held to account for.

Steve Lakey: I have exactly the same answer: yes, applied across the board.

Jason Burt: Yes, and properties are inspected and subject to Home Office scrutiny and local authority scrutiny as per usual.

Q219 **Robbie Moore:** To very quickly summarise, all three providers are not changing their performance targets for any type of hotel provision. That obviously relates to contingency hotels as well. Do you feel that if contracts were to be renegotiated further down the line, there is any cost effectiveness that can be achieved through the contract provision by changing performance targets?

Claudia Sturt: Rather than changing performance targets, the real cost driver for hotels is the standards that are specified. The Home Office has gone through a process over the last couple of years of looking at how it can address the cost of hotels by increasing capacity, for example, or increasing occupancy rates. It will look at the type of menu that is on offer and it will look at all the things that make a hotel operate as a business and seek to drive down the cost of what that should look like.

It is also fair to say that there is a quality floor under which neither we nor the Home Office would want to go. For example, we have not been open to holding more than two bed spaces per hotel room. We could have brought the cost down if we had been willing to put a third bed in but we felt that that was neither safe nor decent, so we chose not to do that. There are ways that you can engineer cost, but at the same time you have to be willing to engineer quality.

Steve Lakey: For us, the main drive is just to come up with a different provision. With a hotel, the cost can be brought down, and again, it is about how you use the space. But if you get into a medium site self-catered model, it is at least a third cheaper than a hotel, generally. Our main thrust is to come away from the hotel model wherever we can and get as close to a dispersed model as possible.

Q220 **Robbie Moore:** Under the current hotel arrangement, would you accept there is a variation in terms of the standard of provision that is rolled out to those who are using the service from one hotel to another? From the visits that we have been doing, there is a great deal of variation in terms of the size of the community space that exists right the way down to whether gym facilities are open or not, for example. There seems to be a great variation. Why is there not just a standard that is applied across the board?

Steve Lakey: It is probably because of the temporary nature of the hotels. They were always designed from the very beginning to be a short-term emergency provision and never really foreseen as a long-term solution.

Q221 **Robbie Moore:** Why has that not been audited as you have been going along and changed and adapted to reduce the cost to the taxpayer?

Steve Lakey: There have been lots of negotiations and reductions. We are currently just under about 50% less per person per night than we were when we first started using the hotels. There has been a lot of work to reduce the per person per night rate and the overall cost by some margin. But you reach a point where it is not possible to drive that any further other than by overoccupying or putting more people into rooms. It then becomes about just trying to find a different solution that is not necessarily a catered hotel.

Q222 **Robbie Moore:** Is there anything else to add from the two of you on that point that you want to expand on, or differs from your view? No? In terms of the contract that exists at the moment, is there anything within that that incentivises you as a provider to go above and beyond in terms of the offering to those residents?

Steve Lakey: In terms of the contract, there are elements within the contract that would require us to develop processes and protocols for individuals who are living there. But from a practical perspective of somebody being in that environment for, in some cases, 20 to 30 months, not 20 to 30 days, that drives the need to develop exactly that. That is why in a lot of the hotels you will see various different social classes, art classes, music classes, and trips into the community. If it is a more rural site such as Wethersfield, there will be a regular twice-a-day minibus service. None of those things is in the contract, but they have all grown up over the period of using it. The necessity of having people in that location for such a long period of time drives the need to add the additional elements.

Q223 **Robbie Moore:** Using that example of Wethersfield, there is regular transport that is put on from Wethersfield into the neighbouring towns; you are saying that that is not actually included within the contract that was awarded?

Steve Lakey: From a Wethersfield perspective, it is, in fairness. In some hotels which are slightly different, it would not be. The imam service that we have in a lot of the hotels—

Q224 **Robbie Moore:** Are these services that are provided by you as the provider or other charitable services?

Steve Lakey: Both. Some are provided by us and our subcontractors and some are provided by voluntary sector organisations. It is a mix.

Q225 **Bell Ribeiro-Addy:** I want to ask some further questions about performance. Why have there been periods in recent years where you have consistently missed your targets for accommodating people in dispersal accommodation? That is specifically Clearsprings and Serco.

Claudia Sturt: We consistently deliver at least 99% compliance with our contract. Our contract performance is very good. There was a period which you may be highlighting in about 2021 or 2022 where we had some missed targets. Again, this was before I was part of the company, so I am trying to draw on the wider corporate memory. My understanding is that there were a lot of changes of demographic which meant that we had to have significant amounts of our accommodation out of use while we changed where different service users were going to be located. That hit us in terms of KPI performance. Apart from that, our performance is outstandingly good.

It is almost always around maintenance and timeliness when we miss KPIs. For example, it might be something as minor as changing a light bulb within a certain period of time. Usually if we miss it, we miss it by a matter of minutes. We have extremely stringent contractual obligations around repairs and maintenance, for example. As you will know from the KPI schedule, we have to provide accommodation that is safe, decent and fit for purpose, and there are very tight timescales applied to each of those. There was an example in December last year where we failed to have a secure front door for a number of hours which cost us £70,000.

What you see with our performance regime is a small number of very stringent KPIs. It is designed to drive a very rapid response to maintenance requirements, and if you are slow you get penalised very heavily. Of course, we are a very governance-heavy company. We employ a lot of people on this contract many of whom are in maintenance roles, data management, business intelligence, analytics, and so on, so that we are able to identify rapidly when there is a need to get a maintenance job done and get somebody there to do that job very quickly. If we do not, then we are penalised heavily.

Q226 **Bell Ribeiro-Addy:** Is your answer that you have missed them because you are not maintaining things quickly enough?

Claudia Sturt: The answer is that where we have missed targets, it is almost always a marginal miss on timing.

Q227 **Bell Ribeiro-Addy:** So, you are essentially saying that they are not serious.

Claudia Sturt: They are serious because they are heavily weighted. This is a hypothetical example: we provide fully furnished accommodation which includes let us say, a microwave in the kitchen. If that microwave is broken, we have to replace that within a matter of probably 24 hours, which we do. If it is a bank holiday and we get it replaced within 25 hours, that is a KPI loss and we will be heavily penalised. That is not particularly poor performance, but it is contractual so it is levied against us, which is right and proper.

***Steve Lakey*:** It is the same for us. We had a particular issue with our complaints process. We introduced a new system which threw an extra couple of hours into the response time for complaints. For a couple of months, we were getting that back into line. Again, it was around the timings. Then there is the challenge around getting sufficient accommodation, and the challenges there are about the availability of dispersed accommodation. Is there enough of it and can we get it? In London for example, it is really challenging. In some rural areas it can be challenging for different reasons, but it is about availability.

Q228 **Bell Ribeiro-Addy:** While we are on your complaints, I want to find out what your response is to analysis that suggests there is a significantly higher mortality and complaint rate within Clearsprings accommodation compared with other providers, and what action you may have taken to resolve this.

Steve Lakey: I do not think there is a higher rate. We have a much bigger volume than anybody else so there may be a larger number of cases. We have enhanced our safeguarding team, we work very closely with the Home Office Safeguarding Hub, and we have done an awful lot of work around education, training and new processes to try to enhance the safeguarding aspect of the service.

Q229 **Bell Ribeiro-Addy:** How are the KPIs around dispersal working in practice given that there are such large numbers of people who are not moved to dispersal accommodation but remain in contingency accommodation?

Jason Burt: In terms of the process of moving service users, one area that needs to be considered and factored in is failure to travel. Often, we can have situations where service users are earmarked to be moved out of contingency accommodation into dispersed accommodation and they refuse to travel. On the notified day of travel, they do not transfer because they want to stay where they are, or whatever. For our contracts across the range, generally speaking, we are looking at a failure-to-travel range of about 40% to 60% at all times, which is quite substantial because it creates a log jam in the machine.

If people refuse to move out of where they are and go to where they are supposed to go, it has a double impact. First, it prevents the space that they are in now from being utilised to keep the flow moving. Equally, it means that there is then capacity and bed spaces that are notionally available and are not being used. That is a challenge, and consideration of how to crack that in the future would be a significant step forward. Certainly, from our experience in Northern Ireland where we are dealing with a more focused single authority and so we have a higher intensity of relationship and partnership working, our refusal-to-travel rates are much lower. That is something to think about possibly.

Q230 **Bell Ribeiro-Addy:** The same question to you all in terms of how the KPIs around dispersals work in practice because of the large numbers who are not moved to dispersal accommodation but stay in contingency accommodation.

Chair: In the interest of time, perhaps you could just say the additional things that have not already been said.

Claudia Sturt: I do not have very much to add to that. I am not particularly aware that failure to travel is a huge issue for us. What that does is illustrate the human desire. If you are in a place where you feel settled and safe, you do not want to leave it. If you can get people to a location where they feel settled and safe and then do not ask them to move, that is probably the best way to get stable populations and maximise the efficient use of the accommodation.

Q231 **Bell Ribeiro-Addy:** Do any of you have any instances where people are remaining in your properties even though they are meant to be moved on, for example being moved from a section 98 to a section 95?

Steve Lakey: It happens quite a lot, particularly at decision time. There are lots of negative overstays where someone will receive a negative decision but not move on. Also, people will receive a positive decision and there will not be any local authority accommodation ready for them, so quite often they stay.

Q232 **Bell Ribeiro-Addy:** Do you continue to be paid for that?

Steve Lakey: No, we do not get paid for them at that point. If they overstay, we do not get paid for that bed space. We just have to deal with the challenge of moving them on to local authority accommodation.

Q233 **Bell Ribeiro-Addy:** I have just one more question about some issues with Serco. Have there been any contract breaches or formal warnings that you have had in the past five years, and what were the outcomes of them?

Claudia Sturt: I am not aware of any, but it is only right that I say I will take that away and ensure that I have not misdirected you and write to you to follow up. I have not been with this company for very long, so it is possible that there is something I am not aware of.

Q234 **Mr Kohler:** I would like to go back to these onerous KPIs. It is a self-reporting system, is it not? You mark your own homework. Do you think that is particularly onerous?

Claudia Sturt: I did not use that word; I said, "Stringent."

Q235 **Mr Kohler:** Okay, stringent. Is it?

Claudia Sturt: Stringent is appropriate because we are being paid a lot of money to deliver this service, and it is right and proper that the Home Office holds us to account.

Q236 **Mr Kohler:** It is not. You are holding yourselves to account.

Claudia Sturt: It holds us to account also.

Q237 **Mr Kohler:** According to the chief inspector, the Home Office has no capacity to do so and your systems are not robust. How exactly are these KPIs robust?

Claudia Sturt: Our systems are robust.

Q238 **Mr Kohler:** Did you respond to the independent chief inspector when he said that in his report?

Claudia Sturt: I am not sure, but during April we carried out 17,000 property inspections of our portfolio over a 12-month period. The Home Office itself will carry out thousands of inspections of our property portfolio. It would be wrong to say that we are not held up to scrutiny, and it would be wrong to say that the Home Office is not a well-informed customer.

Q239 **Mr Kohler:** Would you apply that process to your subcontractors? Would you allow them to tell you how well they are doing quality assurance? Is that a system you would use in business?

Claudia Sturt: Interestingly, we rely very little on subcontractors.

Q240 **Mr Kohler:** In any part of your business would you rely on the company providing a service to tell you how well it is doing it, or would you make your own judgment?

Claudia Sturt: Of course we operate due diligence, and we operate governance to make sure that where we use subcontractors they are delivering the service.

Q241 **Mr Kohler:** Do you think self-reporting on your KPIs is a robust system?

Claudia Sturt: Given that it is then backed by inspections and that there would be significant issues attached to misreporting, as we know, that the—

Q242 **Mr Kohler:** You give yourselves a clean bill of health nearly all the time; you are constantly giving yourselves a clean bill of health. We hear from inspectors and we hear many problems, but you rarely fall foul of your

KPIs. It is not just your company; it is you all.

Claudia Sturt: The Home Office inspects—

Q243 **Mr Kohler:** The chief inspector said it does not have the resource.

Claudia Sturt: I cannot speak for the chief inspector, but I know that the Home Office carried out thousands of inspections of our property in the past 12 months.

Jason Burt: I echo what Claudia said. We work in a very collaborative way. We are scrutinised significantly. There are a lot of Home Office independent inspections. It has access to our system, so it can go in and not necessarily rely on what we tell it. It can have a look itself. All our repair and maintenance jobs are—

Q244 **Mr Kohler:** Why did the chief inspector say, "The Home Office's capacity to carry out assurance activity in hotels was extremely limited, and the provider's self-reports, which indicated extremely high performance against KPIs, were not robust"? Was the chief inspector just making it up?

Jason Burt: I cannot speak for what the chief inspector—

Q245 **Mr Kohler:** You disagree with that. You are saying he is wrong.

Jason Burt: I would say our properties are scrutinised.

Q246 **Mr Kohler:** You are saying the chief inspector is wrong in that judgment?

Jason Burt: I would say our properties are in good condition, they are heavily scrutinised, and the Home Office has free range to analyse our data.

Q247 **Mr Kohler:** As asked, Ms Sturt, is this an approach you would take to companies working for you? Would you take this approach where you rely on their quality assurance to tell you how well they are doing? Would you do that as a businessperson?

Jason Burt: In circumstances where we utilise subcontractors—and in the asylum contract we do to some extent, but not heavily because the vast majority of what we do is self-delivered—we have the same requirement of them as the Home Office has of us. They are required to report performance. We have access to their data to analyse it. They are required to report in the terms that we report: GPS photographs date-stamped and time-stamped so we know exactly where their people are at any given time. We have the means to audit and check, and that is a check and balance.

Q248 **Mr Kohler:** In reporting on your KPIs, do you give date-stamped GPS stuff? Do you give that to the Home Office?

Jason Burt: Yes, absolutely.

Steve Lakey: Yes, it is the same for us. Self-reporting only works as long as it is not self-audited. Self-reporting is absolutely fine if you are reporting your performance providing that is then audited. I get that that is a challenge in the hotel sites.

Q249 **Mr Kohler:** Do you think it is adequately audited?

Steve Lakey: It is not a call for me to make. That is between the chief inspector and the Home Office. From my perspective, what we would do is the subcontractors would report their performance and then we would go out and verify to see if we agreed with their assessment.

Q250 **Mr Kohler:** Is that what you have done with Stay Belvedere?

Steve Lakey: It would be across all our subcontractors. That would be the standard approach.

Q251 **Mr Kohler:** You have not discovered anything with Stay Belvedere?

Steve Lakey: As I said before, it is not something I could go into the detail of here.

Q252 **Margaret Mullane:** Jason, why do you think Mears has missed the most KPIs relating to accommodation being habitable and fit for purpose, bearing in mind that money is clearly not the issue? What do you think the issues are?

Jason Burt: I am going to echo what Claudia said. The KPIs are stringent, and context is everything. In terms of a contractual failure, you either comply or you do not, which is how it should be. The customer experience data that we have—it is not our data; it is Home Office data—is very positive. An analogy has been raised before about what we do; we are a housing provider. If we are compared with other housing providers such as registered social housing or housing association and you were to take our customer satisfaction surveys and compare them with some leading providers in that market, they would compare very favourably and in certain circumstances exceed them.

Q253 **Margaret Mullane:** Bearing in mind it has been said that some accommodation is not habitable and not fit for purpose, who are you comparing yourselves with when you are saying that?

Jason Burt: I am not saying that we do not have problems. Obviously, we do.

Q254 **Margaret Mullane:** Why?

Jason Burt: Because problems sometimes arise. You cannot always hit the numbers. Where we fail, we look to put the problem right, understand what happened, learn from it, and obviously support people impacted as a result. An element of realism is required, in that you cannot expect, and nobody can provide, services 100% of the time that are always 100% right. Mistakes happen and problems arise; it happens in all walks of life. The key is what you do about it and how often they are.

In the context of what we do—conduct 15,000 inspections per month and serve 5 million meals a year—our customer experience response from the people who are actually using the service is very positive. When we get it wrong, it has to be put in the context of the wider piece. For every one that we get wrong, we get an awful lot right, but I do not excuse the fact that we get it wrong. Ideally, we strive to get it right.

Q255 **Margaret Mullane:** My question to you to follow on from that is why is Mears missing the most KPIs? I know councils, companies and so on also make mistakes. The accommodation might not be habitable and fit for purpose and very vulnerable people are searching for a home and hoping to have their asylum claim sorted. It is very stressful but then add that the place is not habitable and not fit for purpose. I just want to understand why Mears? Why not the other companies?

Jason Burt: It is something that I could perhaps go away and look into if you want the granular detail.

Margaret Mullane: I would, yes.

Jason Burt: In terms of being satisfied with the accommodation, in north-east Yorkshire and the Humber, we were at 91% for last year. So far this year, we are at 93%. That is Home Office data, not ours. That is not us surveying.

Q256 **Margaret Mullane:** Claudia made a point earlier about there being no light bulb and trying to fix that, or going to get a microwave. That is one thing, but to turn up somewhere and it is not habitable and fit for purpose is much more serious. I am back to the question again: why Mears?

Jason Burt: I totally agree, but what habitable means in the context of the contract needs to be considered in those circumstances. In the grand scheme of things, I would say our properties are habitable. That is reflected in our customer satisfaction survey, and it is reflected in the KPI performance.

Q257 **Chris Murray:** I will stay on the question of KPIs. It has been quite interesting to hear you say, Ms Sturt, that the performance has been outstandingly good but that does not bear any parallel with the reports that are out there. We hear about uninhabitable properties, one in 50 being deemed unsafe, suicide attempts, and real safeguarding issues around modern slavery. When you say the local customer experience is very good, your main customer is the Home Office, and there is nobody in the world who would argue that this has been a good experience for the Home Office given the vast increases in costs. You would have to be living under a rock to think that this has not had a big impact on local communities around the country. How often are you penalised for failing to meet your KPIs? What percentage of the time?

Claudia Sturt: The first thing I would say is that what you are describing is—

Q258 **Chris Murray:** Sorry, we do not have much time, so if you could stick to that question I asked: how often are you penalised for missing your KPIs?

Claudia Sturt: We are very seldom penalised because we very seldom miss our KPIs.

Q259 **Chris Murray:** The figure that I have heard is 3% of the time. Is that correct? That was in the National Audit Office report.

Claudia Sturt: I have hung my hat on the National Audit Office report earlier in the session so I cannot really depart from it now, but generally speaking we deliver over 99% of our contract.

Q260 **Chris Murray:** Okay. Does that make sense to you all?

Jason Burt: The performance is scrutinised by the Home Office on a monthly basis and matters discussed. I can advise you that we have paid £441,000 in KPI penalties.

Q261 **Chris Murray:** Mr Lakey, this is for you and Clearsprings: 15% of your properties are deemed uninhabitable and one in 50 is deemed unsafe. Just to come back to your earlier point, in response to the Member for Clapham you said the reason you had the highest numbers was because you had the highest volume, but that is not true. That is not what is in the reporting. It is adjusted per resident over population, so I do not understand that. How many times have you been penalised?

Steve Lakey: I do not have the exact figures here.

Q262 **Chris Murray:** Would 3% sound appropriate?

Steve Lakey: Yes, probably not far away.

Q263 **Chris Murray:** Okay, so how much does that penalisation amount to? What is the number the Home Office gets back in response?

Jason Burt: I have indicated £441,000 for Mears so far.

Q264 **Chris Murray:** Okay, and for the other ones?

Steve Lakey: I do not have the exact figures.

Q265 **Chris Murray:** According to the National Audit Office it adds up to £4 million. Does that sound right across the three of you?

Steve Lakey: Probably.

Q266 **Chris Murray:** So, out of profits of £383 million in a total revenue system of £7 billion, for all the failures you are responsible for you have been fined £4 million. If, as is currently projected over the rest of this contract, the costs of this overall to the taxpayer were to double to £15 billion on current trends, you can expect to be paying only £8 million if nothing changes. To me, that sounds like a huge profit opportunity for your companies. Would you agree with that assessment?

Jason Burt: I personally would not. The KPI performance is a reflection of performance. It is an incredibly challenging contract, but we strive and work very hard to meet all the criteria. Sometimes we fall short.

Q267 **Chris Murray:** Let us just focus on those criteria for a second. This contract was started in 2019, and costs have obviously gone up hugely since then. Quite a lot of things happened in the interim that you have been using to justify those cost increases: a pandemic, Government legislation, access to accommodation, multiple reasons. Have any of the KPIs been adjusted at all as you have massively expanded into hotels? Have any new KPIs been added?

Steve Lakey: We are currently in discussions with the Home Office.

Q268 **Chris Murray:** But retrospectively, have they been added?

Steve Lakey: No.

Jason Burt: No.

Q269 **Chris Murray:** I have a final question. Are there any safeguarding KPIs?

Jason Burt: There are no safeguarding KPIs.

Q270 **Chris Murray:** So that is not part of the contract?

Jason Burt: It is not part of the contract in terms of KPIs. There are requirements for safeguarding in the contract.

Q271 **Chris Murray:** Is it not an indicator that you are assessed against by the Home Office?

Claudia Sturt: It is not quantified, but we invest in it.

Jason Burt: Significantly.

Q272 **Ben Maguire:** Steve, I know that earlier you touched on Robbie's question. You gave some answers about extra services, and it was not entirely clear which were provided by charities and which were provided by you. Maybe you could have another chance to have a go at that, and you could tell us whether you ever go beyond contractual requirements to deliver accommodation in an effective way and why you do that. Hopefully we will get some answers from Jason and Claudia as well.

Steve Lakey: There are the hotel services in terms of additional support, welfare support, and social activities, which are really designed to manage the situation and manage the people and the venue. There are a number of other things that we have done. For example, we are working with a number of local authorities on some joint accommodation projects to try to get more dispersed accommodation live and over the line. We are working a lot on the medium-sized units at the moment to try to bring those on and bring them in line, so there has been a fair bit of work around that. Specifically around the service users, it is mostly in the hotels and those kinds of sites, and it is based around that social interaction and making sure that people are not just sitting there all day waiting.

Jason Burt: For us it is very similar in terms of the interaction with the service users and integration into society, but I would flag that we go above and beyond, certainly in relation to safeguarding of service users. Our team is significantly over the contract requirement in terms of their training and support. That is a very important part of our service provision because it is a huge challenge, as we know. The added problem of increasing capacity within hotels sometimes has a negative impact on that area, and that is where we put our resource and focus. I would say that is certainly above and beyond.

Q273 **Ben Maguire:** Can you give me an example of how you put in extra resources in an area where you have hotels?

Jason Burt: Yes. We have a safeguarding and welfare provision offering across the entire contract which includes people in DA, but we have a higher proportion of our welfare and safeguarding team focused on hotels. In addition to the work that they do just in the hotels and responding to incidents, we have considerable engagement with stakeholders in the community. for example, in March in north-east Yorkshire and the Humber, our team engaged with 57 external meetings with stakeholders including police, local authorities, and charities. They were all trying to help us understand the issues that our service users experience to try to move forward and find ways to assist them and to keep the balance. That is over and above.

Q274 **Ben Maguire:** Is that a pre-emptive measure that you take at all your locations, or just afterwards where there have been any particular issues?

Jason Burt: That is across the board. We do that proactively across the board.

Claudia Sturt: I would love to give you a couple of illustrations of some non-contractual things we do. I am particularly proud that we draw on our experience, expertise and capability in other sectors to put to the benefit of the asylum accommodation. For example, we developed a complex case management system drawing on our experience in the justice system. We are providing accommodation for people who are often highly vulnerable; many of them have experienced severe trauma, or are victims of torture, trafficking, or modern slavery. So, we invest in safeguarding beyond what is contractual. We have quite significant safeguarding teams. They use a complex case management tool which we have made available to the Home Office to roll out more widely. We invest in intelligence sharing, so that we are active partners within the community for police, public safety, and monitoring the safety of the people who are in our accommodation.

I am also very proud of some work that we have been doing around place-based pilots, working with specific local authorities beyond our contract to try to design future services that involve integration drawing on our experience in other countries. This would be to make the integration of service users as rapid and comprehensive as possible once they receive leave to remain in the UK in a bid to build community cohesion. We were very struck last summer during the riots by the importance of community cohesion. We have been trying to find ways in which we could play our small part in trying to support the Home Office and other Government Departments in building cohesive communities within which asylum seekers can be seen as an asset, not a liability.

Q275 **Ben Maguire:** What was the specific example you had of that cohesion that you were helping with in communities?

Claudia Sturt: The specific example that I used was I referred to the riots last summer.

Q276 **Ben Maguire:** Yes, but what steps were you taking as a specific example? You said that you promote cohesion within communities.

Claudia Sturt: For example, we are working with a big local authority in the north-west—it is probably better if I do not name it, but I am happy to write to you about it—looking at how we can support it in integrating asylum seekers into its communities, so that that community gets the incoming population that it wants and needs and can see and welcome those arrivals.

Q277 **Ben Maguire:** We know the benefits, but what specific steps are you taking to help that authority in the north-west with cohesion?

Claudia Sturt: We are helping it with the planning. We are helping it by identifying projects; for example, helping asylum seekers become employable more quickly. They are not allowed paid employment but finding ways in which they can be helped to prepare for employability, or to get their professional qualifications from their country of origin ratified more rapidly, for example, so that when they receive the right to work they can draw on their own professional qualifications—pieces of work like that.

Q278 **Ben Maguire:** Is that Serco staff helping, training, and guiding them?

Claudia Sturt: Serco is devising place-based pilots for local authorities.

Q279 **Ben Maguire:** Is Serco providing that service, though? Not just coming up with that strategy, but actually providing on the ground—

Claudia Sturt: It is a mixture. Some is provided on the ground. There are some convening services that we provide elsewhere, and there are some harnessing the good will in communities, which is out there in many communities, to have the most positive impact that is possible.

Q280 **Chair:** We are going to move on to the final topic of data sharing. You mentioned that the majority of clients will get a positive decision and will be granted asylum, but we have been told that you do not know what the outcome is at any of your sites and that actually the client will perhaps be even taken off site and into dispersal accommodation, and you will not know whether they have been given a positive decision or not. How can you know the vast majority have been given the right to stay?

Claudia Sturt: We do not know individual results but looking across the national picture, we are aware that there is a percentage of positive results, which we extrapolate from.

Chair: That is just what I wanted to clarify.

Q281 **Chris Murray:** I want to ask a question about data sharing because we heard from a lot of local authorities and local organisations that are trying to cope when you open hotels in their areas. They have had real challenges in understanding and finding out what is going on. Why do you think they have those concerns? Do you get guidance from the Home Office on what you can and cannot share? Is that legible to you?

Jason Burt: Yes, that is absolutely right. It is fair to say that we get a lot of pushback from local authorities regarding data sharing. However, our position on that is very much guided by the Home Office which determines what we can and cannot provide, and when we do and do not provide it.

Q282 **Chris Murray:** Would you both agree with that?

Steve Lakey: Yes.

Claudia Sturt: Yes. For us, the key data sharing that would be useful would be to have greater visibility of forecasting volumes because this is a very volume-driven business. We do not get a lot of forewarning about what the forecast is about numbers coming through, and I am sure the same would be true for local authorities.

Q283 **Chris Murray:** That leads me to my next question: is the data that you get from the Home Office timely, accurate and in the way you would want it? I am thinking specifically of those who are coming post-arrival, so they have been triaged already by the Home Office and end up with you. We have heard a lot of stories about age disputes in your accommodation that had not been done properly upstream. I just wondered whether you had any comment on that.

Jason Burt: From our perspective, we would say that the level of data that we get sometimes is mixed. I can understand the Home Office's challenge in getting really good quality data from the service users. We are given a service user form, which is supposed to contain as much information as is available, and the quantity of information that we get varies and is mixed.

Q284 **Chris Murray:** One final question to you from Clearsprings. There have been reports of £17 million paid by Clearsprings to an offshore consultancy with links to your owner. I wonder if you could shed any light on that for us and give us any explanation.

Steve Lakey: BSS, Bespoke Strategy Solutions, is the company in question. It is a UAE-registered company. It is owned by Graham King, our owner. BSS invoices Clearsprings Group for services provided by Graham. We do not recognise the values necessarily, but that is what the chart is for; it is for the group company.

Q285 **Chris Murray:** What are those services? Sorry, that was not clear.

Steve Lakey: They are strategic solution services, which are services provided by Graham as the chief exec to the group. They are not part of Clearsprings Ready Homes. The payments do not come from Ready Homes, they come from Clearsprings as a group company.

Q286 **Chris Murray:** That Clearsprings Ready Homes is part of.

Steve Lakey: Yes. It is part of the group, but the payments to the Home Office and the profit share payments are calculated without any of that.

Q287 **Chris Murray:** Just clarify what a strategic service is again.

Steve Lakey: It is strategic services to the group, so providing strategy to the group of companies, among other things.

Chris Murray: That is hard to understand but thank you anyway.

Q288 **Chair:** That exhausts our questions. Are there any other points that you wish to make to the Committee before we conclude?

Claudia Sturt: I hope we have established to everybody's satisfaction that this is a complex and very challenging operating environment. As a customer, the Home Office has a very difficult task to fulfil. As a former senior civil servant myself, I know what I am looking at when I look at senior civil servants. It is fair to say that the calibre of senior civil servants I operate with in the Home Office is consistently very high. They are managing a very difficult policy area with great determination to do it well. It would be a pity if they received no credit for the efforts that they are making.

Chair: Thank you so much for your time. We have just come in on the two hours. We started a little late, but I appreciate you staying. That concludes the session.