

Public Accounts Committee

Oral evidence: Asylum Accommodation and Support Transformation Programme, HC 683

Thursday 1 October 2020

Ordered by the House of Commons to be published on 1 October 2020.

Watch the meeting

Members present: Meg Hillier (Chair); Olivia Blake; Barry Gardiner; Peter Grant; Shabana Mahmood; Sarah Olney.

Home Affairs Committee member present: Stuart C. McDonald.

Gareth Davies, Comptroller and Auditor General, Tom McDonald, Director, National Audit Office, and Marius Gallagher, Alternate Treasury Officer of Accounts, were in attendance.

Questions 1-148

Witnesses

[I](#): Matthew Rycroft, Permanent Secretary, Home Office; Shona Dunn, Second Permanent Secretary, Home Office; and Sean Palmer, Director, Immigration and Protection, Home Office.

Written evidence from witnesses:



Report by the Comptroller and Auditor General
Asylum accommodation and support (HC 375)

Examination of witnesses

Witnesses: Matthew Rycroft, Shona Dunn and Sean Palmer.

Q1 **Chair:** Welcome to the Public Accounts Committee on Thursday 1 October 2020. We are here to look at the important issue of asylum accommodation and support, and particularly the National Audit Office's Report on the latest Home Office contract, which replaces the COMPASS contract that came to an end in 2019. New contracts were signed, and three contractors are now providing accommodation, as the UK is required to under international law, to make sure that people seeking asylum are supported and housed appropriately while their cases are being processed.

At the same time as the new accommodation service was contracted, a helpline, AIRE, was also commissioned. We will be looking at what the National Audit Office said about that, but also hoping to hear how things may improve.

I have to say to our witnesses that we have had more detailed evidence from Members of the House than we have had for some time on an issue, so there is a lot of interest beyond the Committee in the issue. I also flag up the report of our sister Committee, the Home Affairs Committee, at the end of July on the issue, of which, of course, you are all aware. The NAO, as we all know from the Report, found that there were some teething problems, which is a polite way of referring to some of the issues, particularly around communication between providers. Colleagues will be raising questions about that.

I would like to introduce our witnesses. We have virtually with us Matthew Rycroft, the permanent secretary at the Home Office. Welcome back to you, Mr Rycroft. We also have Shona Dunn, the second permanent secretary at the Home Office. Welcome back to you. In the room with me is Sean Palmer, director of immigration and protection at the Home Office. Welcome to you.

Before we go into the main session, I have some questions about the proposals to use Ascension Island as a processing centre for asylum seekers. Mr Rycroft, was that really a serious suggestion?

Matthew Rycroft: Thank you, Chair, for the opportunity to discuss these important issues with you. The civil service is here to give Ministers impartial, fearless, honest, expert, independent advice, and that is what we do. The system works when we do that in private.



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Q2 **Chair:** So was it a serious suggestion, Mr Rycroft? Was it seriously investigated by you?

Matthew Rycroft: In order to bring innovation and creativity into our system, it is right that the Home Office should look at how other countries tackle what is—

Q3 **Chair:** I am asking specifically about Ascension Island. Was that something that you seriously looked into as an option for an asylum processing centre?

Matthew Rycroft: I am not going to comment on the content of leaks. All I will say is that the process works when the civil service is able to offer impartial advice in private.

Q4 **Chair:** Impartial, but also honest advice. Anyone who knows anything about the south Atlantic knows that we do not have a good record on landing strips. The airstrip on St Helena has never really delivered fully, even though it has now been built. Ascension Island's airstrip has been out of action since 2017, so it was in the realms of cloud cuckoo land. Can you just confirm whether civil service time was spent investigating somewhere you could not even land an aircraft?

Matthew Rycroft: What I can confirm is that the civil service has been responding to Ministers' questions about how other countries deal with what is a global issue—migration—and we have been leaving no stone unturned in doing that. We have been looking at what a whole host of other countries do to bring innovation into our system. No decisions have been taken. No final proposals have been put to Ministers, or to anyone else. It is in the realm of the brainstorming stage of a future policy. As Ministers have said in the House, everything is on the table, and so it should be at this stage of the policy-making process.

Q5 **Chair:** So it is at the brainstorming stage, but it has not been denied by the Government. As the senior civil servant at the Home Office, can you tell us what other offshore proposals have been discussed?

Matthew Rycroft: No. I can tell you, again, that we are looking at all sorts of proposals for all sorts of different ways of improving our system of asylum, so that we can continue to provide protection to those who need it in accordance with our international obligations, and to make sure that the system is not being abused. We will leave no stone unturned in looking for ways of doing that, some of which will be continuity of how we are currently doing it, and some of which will be very different.

Q6 **Chair:** In your professional opinion, Mr Rycroft, is putting people on old ferries offshore an improvement to our asylum accommodation system?

Matthew Rycroft: As I say, no decisions have been taken. We are at the stage of looking at all sorts of options and responding to Ministers' requests for us to do so—it is entirely proper for us to do that. The advice that has and will continue to come back will cover all the different aspects, including the law, operational practicalities, financing, value for money, diplomatic issues, public engagement issues—all sorts of things that you



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would expect. All of that needs to happen privately for the civil service to give Ministers the very best advice that we can. That is what we are here for, and that is why we will—

Chair: I tremble at the idea that all of that is happening privately. It is an issue that matters to a lot of people, and I would suggest that, actually, good advice from outside the civil service is a good approach. I am going to bring in Stuart C. McDonald, who is a member of the Home Affairs Committee. We are delighted that he is guesting on our Committee today.

Q7 **Stuart C. McDonald:** Thank you, Chair, for allowing me to guest, and good morning to our witnesses. Mr Rycroft, you just referred to the fact that you wanted to do this in accordance with international obligations. What assessment have you made of the proposals, and of the extent to which they would comply with the UK's international obligations?

Matthew Rycroft: The UK will continue, always, to comply with all of our international obligations. We are fully committed to the 1951 refugee convention. One of the things that we do in private is assess all the various different possible ideas out there to see which of them are legal, make operational sense and so on, until giving advice to Ministers, so that they can, ultimately, make decisions. No decisions have been taken on any of these issues.

Q8 **Stuart C. McDonald:** You are absolutely clear, then, that if you received advice that any of the proposals were in breach of or contrary to the refugee convention, it would be off the table?

Matthew Rycroft: Absolutely, but at this stage, as the Minister has said, everything is on the table, because we are going through and looking at— at a very early stage—all those issues, including the legal ones.

Q9 **Stuart C. McDonald:** Other international obligations include the European convention on human rights, for example.

Matthew Rycroft: Of course.

Q10 **Stuart C. McDonald:** And again, there is no suggestion that you would seek to derogate or depart from the European convention on human rights if that was required to implement any of the proposals?

Matthew Rycroft: You are asking a hypothetical question about a hypothetical question. We are a very long way from any decisions in this space. We have been seeking, in private, to go through this creatively and innovatively, looking at all sorts of different options, working out which of them would be best for our country in the future, and making sure that only those get put forward to later stages in the process, which, as I say, has a long way to run.

Q11 **Stuart C. McDonald:** A lot of time on the Home Affairs Committee has been spent dealing with leaks from the Home Office, but it seems to have been much quieter for quite a while. Have you started an investigation into the source of those leaks?



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Matthew Rycroft: Leak inquiries are for the Cabinet Office, and it is absolutely right that the Cabinet Office takes leaks seriously, as do I.

Q12 **Stuart C. McDonald:** And will the Cabinet Office take account of the timing of those leaks?

Matthew Rycroft: I am sure they will. They have launched a leak inquiry, and I am sure it will look at all the relevant factors.

Q13 **Stuart C. McDonald:** Including the possibility that this leak might be politically motivated?

Matthew Rycroft: I am sure they will look at all relevant factors.

Q14 **Sarah Olney:** Mr Rycroft, concerns have been raised by various local authorities based around our major international ports that they do not have the capacity to properly care for the numbers of unaccompanied child migrants. What is the Home Office doing to provide appropriate care for unaccompanied child migrants, and to alleviate the pressure on those overburdened local authorities?

Matthew Rycroft: The second permanent secretary might want to add to my response. Let me begin by saying that the UK actually does more than any EU member state to help support unaccompanied asylum-seeking children—we have granted protection to over 44,000 since 2010. Of course we recognise that pressure—particularly on Kent, for instance—and have been seeking to respond to it with additional funding and by consulting about longer term models.

Q15 **Sarah Olney:** What assessment have you made of the conditions that unaccompanied child migrants are experiencing right now? I hear what you are saying about future action, but what immediate action are you taking to alleviate the situation?

Matthew Rycroft: We are making sure that all people who are under our protection, or who should be granted that protection, receive what they are entitled to. That means ensuring that appropriate standards are met, and that is what we do.

Q16 **Sarah Olney:** Does that include dispersal—moving the migrants on from where they have arrived to another local authority?

Matthew Rycroft: Absolutely. Ms Dunn might want to comment in more detail about how we do that, but we have a system where we take people into initial accommodation, and then we move them into dispersed accommodation later on, as their claim for asylum gets processed, and so on through the system.

Q17 **Sarah Olney:** Are you satisfied that your current actions are meeting the immediate need?

Matthew Rycroft: When you look at the total numbers, you see that there are more people coming into the asylum system than are leaving it at the moment, and that is basically because of covid. At the start of lockdown, six months ago, Ministers decided to continue to offer support



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to asylum seekers even after the decision on their asylum was taken, so whether or not they were granted asylum, those who had been destitute and therefore in the system for asylum accommodation could continue to stay in that system and continue to receive that support. Gradually, we are moving beyond that, but there are many more people in the system now. That is why, of course, we have been looking at alternative sources of accommodation, on top of the existing accommodation estate.

Q18 Chair: Thank you very much. I know that between us and the Home Affairs Committee we will continue to look at this vital and important issue.

I want to raise a very specific issue around Greater Manchester police with you, Mr Rycroft; I gave you notice of this. Last year in July, a new iOPS system went live. This included two parts: Control Works, used by call handlers and higher ranks, and Police Works, which is what frontline police officers use, and which has been the bit that has been particularly problematic. There are a lot of reports of information and data from the old system not migrating to the new system, and data being held up, including critical data on domestic violence, child abuse and so on, which is not then being referred through to the relevant authorities. Can I first ask whether you are aware of this?

Matthew Rycroft: Absolutely—very much so, and Home Office officials and Ministers have been aware of it since the problems in Greater Manchester arose, and have been keeping in very close contact with the force. Of course, issues in relation to IT systems and their procurement count as operational matters for policing, so quite rightly Greater Manchester police are in charge of tackling this issue, and I pay tribute to the way that they are doing so. Our teams here are working closely with them in order to help them to overcome these issues. As you say, they are significant.

I think the Control Works part of the package, which was off the shelf, has been working fine. Police Works has been an issue for some frontline officers, in terms of entering and searching data, and communicating with the rest of the Home Office system. When we set out, as we regularly do, the statistics on crime, we have recently not been able to use the statistics for the Greater Manchester area, because basically the systems have not been able to talk to each other.

The Police Works system in Greater Manchester is not able accurately to attach the Home Office codes to the crimes. That is the bit that we need to fix, and Greater Manchester police are fixing that with their suppliers and are confident that all the recommendations bar two from the inspectorate have been completed. A final two are due for completion in the coming months. We are hopeful that the latest upgrade of the system will solve the remaining problems.

Q19 Chair: You have highlighted that one of the key critical points from your point of view is that you are not able to get the full data about what is happening in Greater Manchester in real time as a result. Is this



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happening only in Greater Manchester, or do you have other problems with other police computer systems around the country?

Matthew Rycroft: This is an issue that is related to Greater Manchester. I should underline for people who are worrying about this that it is not affecting the Greater Manchester police force's ability to tackle crime in their area. They have all the data that they need at their disposal.

Q20 **Chair:** You say that. One of the problems, I gather from local contacts there, including of course the local MP, Graham Stringer, is that the data is not being fed through, so there could be victims of crime who are not getting support from other agencies because the data is not going through from the police system to those other agencies. You're nodding, so you acknowledge that that is a problem.

Matthew Rycroft: I acknowledge that it has been harder than it should be for that communication to happen automatically every time, but I am assured that the communication is happening; it is just that it is not happening within the system as it should. People have creatively found systems to get around that problem, but those are temporary fixes, and the sooner the IT is fixed and we get back to normal, the better. That is what we are pushing for, and we are working closely with all the relevant people.

Q21 **Chair:** Are you able to tell me how many of the other police forces around the country are going through procurement for new IT, and whether there are any lessons that can be learned from the Greater Manchester experience?

Matthew Rycroft: I don't have that figure in my head or in front of me. I am happy to write to you with that. I think the Police Works issue, which is part of iOPS, is specific to Greater Manchester. *[Inaudible]*—to provide data to—*[Inaudible]*—in real time. There are no doubt all sorts of other issues in relation to IT and policing, but I am happy to sift those out and to see if there are lessons to learn. Of course, there will be, and we will make sure that we do that working seamlessly with our colleagues in policing.

Chair: Thank you very much. We will leave that there for now, but we may want to pursue this with you in writing. Mr Rycroft, your sound is breaking up a bit. Is there anything you can do at your end, while we are hearing from our next colleague? I just alert you to that, as you might not be aware at your end.

We now move on to our main session about asylum accommodation and support, including the impacts of covid on asylum seekers, particularly those in temporary accommodation. I will ask Shabana Mahmood MP to lead. Ms Mahmood, over to you.

Q22 **Shabana Mahmood:** Thank you very much, Chair, and welcome to our witnesses. My Rycroft, I believe you wrote to us on 4 September to tell us that at that point there were some 8,000 asylum seekers accommodated in 80 hotels across 50 local authorities. Do you have an



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up-to-date figure that you are able to share with us today?

Matthew Rycroft: Yes, we do. In round numbers, it has gone up to 10,000 in 90 hotels.

Q23 **Shabana Mahmood:** Across how many local authority areas?

Matthew Rycroft: I have to defer to one of my colleagues to answer that question.

Shabana Mahmood: Perhaps Ms Dunn can help?

Shona Dunn: Ms Mahmood, I think it is still mostly in the same local authorities, so still in roughly 50 local authorities.

Q24 **Shabana Mahmood:** The same local authorities?

Shona Dunn: The same local authorities: 91 hotels and [Inaudible.] 500 asylum seekers—

Q25 **Shabana Mahmood:** Sorry, did you say 10,500?

Shona Dunn: No, a little over 9,500.

Q26 **Shabana Mahmood:** Sorry, I misheard you. Thank you for those up-to-date figures. Why have we seen such a big increase in the numbers accommodated in hotels?

Matthew Rycroft: Well, for the reason that I gave earlier, which is that there are more people coming into the system overall than are leaving it. That is because of covid. We have deliberately decided to continue to provide support that is normally offered during the asylum claim process even after it. For public health reasons, that was absolutely the right thing to do at the time. It just meant that our providers essentially ran out of the normal accommodation that was on their stocks. It has always been part of the policy to have access to hotel accommodation. Before covid, the numbers in hotels were reducing, and those numbers went up significantly for the reasons I have just given.

Q27 **Shabana Mahmood:** We will come to what happened before covid a little later. Looking at what has been happening during the pandemic, I and other Members of Parliament were writing to Ministers in your Department inquiring about hotel usage in the pandemic, because we saw it shoot up in our constituencies. One of the main responses that we received from your Ministers suggested that because of the pandemic and the cancellations of flights, it was very difficult to deport people, so support was continuing to be provided. I think you alluded to that in your answer, Mr Rycroft, when you said that support is being provided even after asylum claims have been exhausted, which I understand. How much of the increase is accounted for by people whom you cannot deport because of the pandemic, and how much of it is accounted for just because you are overwhelmed as a result of the pandemic?

Matthew Rycroft: Let me be clear that the additional people in the system were people whose asylum appeals had been exhausted, and who,



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therefore, were due to be deported legally, and people who had successfully claimed asylum and had had asylum granted. Normally, they would move on. We would pass the care and protection of them on to local authorities to help them to settle in and integrate in their new life with their asylum claim granted. Both groups of people have continued to stay in accommodation through the first stages of the covid pandemic.

- Q28 **Shabana Mahmood:** You normally house people in initial accommodation while their claims are being considered, which can take some considerable time, and you have targets for how long people are supposed to stay in hotels. Why have you not been able to move people out of hotels? The pandemic has not meant that there is no housing available, for example. Why you are unable to move people out of hotel accommodation? Beyond the deportations issue, which we can understand, there does not seem to be a systemic reason why you cannot move people out.

Matthew Rycroft: I think there were two systemic reasons. One was, broadly speaking, social distancing: in the same amount of accommodation, there was space for fewer people. The second was wanting to prevent homelessness. We were very aware that there would be some people in the cohort of those who had their asylum claims granted who, if they had been forced out and into the responsibility of local authorities, would have ended up on the streets. Ministers decided to continue to provide that support, and that is what we did.

- Q29 **Shabana Mahmood:** Of the 9,500-ish people in hotels, how many would you be deporting but for the pandemic?

Matthew Rycroft: Can I ask Ms Dunn or Mr Palmer?

Shona Dunn: Ms Mahmood, I will come to that point, but I just want to make a point on cessations. In a normal year, to date, we would have ceased support for about 20,000 people. This year so far, we have ceased support for only about 7,000 people, which illustrates the point that Mr Rycroft was making.

- Q30 **Shabana Mahmood:** Okay, but that 20,000 number would refer to the total number of accommodated asylum seekers in the system.

Shona Dunn: Absolutely.

Shabana Mahmood: I am interested just in the initial accommodation number of 9,500.

Shona Dunn: Apologies. The 20,000 number is the number of cessations a year. The number of people coming out of hotels that we might be able to deport is not a number we can give you, because the circumstances of each individual will be very different. They may well, as you say, go into dispersed accommodation; they may be at the point where their application is turned down; they may appeal. As you know, there are a number of steps that each individual might choose to go through, and they will be supported in different ways at different points in that journey. We cannot give you a definitive number for how many of those whom we



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might have removed from hotels in different circumstances would have been deportable.

- Q31 **Shabana Mahmood:** Okay. Of the 9,500, how many have their claim, have leave to remain in this country and should be in dispersed accommodation, but because of the pandemic, as Mr Rycroft has just said, are people you have not yet been able to move over to local authorities because of the risk of homelessness?

Shona Dunn: For the 9,500 in hotels, I do not have a breakdown of those who have been granted asylum versus those who are still going through the process or those who have been turned down. There are still about 70% of those individuals who are in hotels who have been in hotels for fewer than [*Inaudible.*] I can see whether it is possible to get that sort of breakdown from our systems, but it is likely that the majority of those in hotels are still having their claims considered.

- Q32 **Shabana Mahmood:** Those figures would be helpful, because we have no other way of measuring your performance on those 9,500. The number is going up. Your Ministers, in responses to parliamentarians, have suggested a number of reasons why that is happening, but without some numbers, which I am sure you can obtain, we cannot measure your progress. Will you commit to at least providing us with all the data that you have about the people who are currently housed in hotel accommodation during the pandemic?

Shona Dunn: If it is possible for us to cut our data that way. Of course, we have our total supported population, including those who are supported in contingency accommodation, in initial accommodation and in dispersed accommodation, and we will have information about those who are at different points in the process. If it is possible for us to cut the data that way, of course I will. I cannot guarantee to you now that it is possible to do that, but absolutely, I am more than happy to take that away and see if that is possible.

- Q33 **Shabana Mahmood:** Ms Dunn, between yourself and Mr Rycroft, you have asserted with some confidence what this population of 9,500 consists of, so I would expect some data, please. Otherwise, we have no way of knowing exactly what is going on. You must have some data, which is why you are able to assert with confidence what you believe is happening in this population of people. How many deportations have taken place during the pandemic?

Shona Dunn: There are a variety of different numbers there. We have monthly—

- Q34 **Shabana Mahmood:** I am only asking for deportations over the course of the pandemic, so maybe over the past six months.

Shona Dunn: I can give you since January 2019. There have been very few deportations overall during the lockdown period. We have had 231 Dublin deportations since January 2019. The number of deportations during lockdown, particularly Dublin deportations, will be in the tens.



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Q35 **Shabana Mahmood:** If you know it's in the tens, you might be able to give me a little more precision.

Shona Dunn: The number is changing very frequently.

Q36 **Shabana Mahmood:** What is the number today?

Shona Dunn: We are undertaking charter flights on a frequent basis. The number today of those who have gone out on small boat deportations and charter flights is 231.

Q37 **Shabana Mahmood:** That is from 2019.

Shona Dunn: That is from January 2019.

Q38 **Shabana Mahmood:** So you are not able to tell me the exact number of deportations that have taken place over the past six months. You have already said that it is in the tens. Is that 11, 12, 13 or 14?

Shona Dunn: Overall, the year-to-date figure for total enforced returns is—

Chair: Are we talking about the calendar year to date?

Shona Dunn: This is to the end of June 2020. The total enforced returns were 5,304 and total voluntary returns were 8,088. FNO returns were 3,791.

Q39 **Shabana Mahmood:** Sorry, what are these numbers referring to?

Chair: Slow down on the figures, please; they are coming at us thick and fast.

Shona Dunn: These are our published figures for returns up to the year ending June 2020. We do, of course, have data for each month. I have data for July and August in front of me, and I certainly could go back. Those figures have not yet been published, and have not yet been fully quality assured, but I have the same figures for total enforced returns, total voluntary returns and total FNO returns for each month. The figure that I was referring to there was charter flight returns—Dublin returns, essentially—since January 2019.

Shabana Mahmood: Ms Dunn, first, I think your connection is cutting out a little bit. I don't know whether it is just me, but at various points in your evidence your voice just disappears, and then comes back. It comes back fairly quickly, but I think I missed some of your numbers.

Shona Dunn: Apologies.

Shabana Mahmood: No, no. I noticed you were moving around earlier as well. I assumed that there was a connection issue.

Shona Dunn: I have changed computers to try to keep the connection.

Chair: Let's not discuss the technology. I recognise that we have had a few connection problems today with a lot of witnesses, so I will alert



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witnesses to speak more slowly or come back again. Ms Mahmood, do please carry on.

- Q40 **Shabana Mahmood:** Ms Dunn, I think it might be more helpful if you write to us with those figures and explain fully exactly what they all refer to. Obviously, 231 is a very different kind of figure to all the others that you just gave. I think they are referring to different time periods with different calculations, but what I take from that is that in the course of the pandemic, if we are looking at Dublin returns, you are not able to say anything other than it's in the tens.

Shona Dunn: If I recall correctly, before the pandemic I think on Dublin returns we were at a figure of about 155 and, as of today, we are at a figure of 231. I am happy to give those figures after the hearing.

- Q41 **Shabana Mahmood:** Okay—thank you very much. When we last discussed hotel accommodation, Ms Dunn, I told you about the experience in Birmingham where the local authority had not been informed and we all found out on the grapevine that people were being housed in a hotel in my constituency. Since then we have heard evidence from Members of Parliament from across the House who have all detailed their unhappy experience of not being informed and their local authorities not being informed either. Why have you been so poor at informing local authorities that asylum seekers are about to be housed in hotels in their local areas?

Shona Dunn: The first thing to say is that there is an absolute recognition of the importance of the relationship with local authorities. We have very frequent conversations internally and externally—every day, every week—to challenge ourselves on how we do that better.

I do not want to start from the perspective of saying that, of course, everybody's experience will have been perfect; we have been dealing with an extremely challenging and fast-moving situation. As you have seen yourself from the data, the amount of accommodation that we had to get on board in an incredibly short period, to ensure that we could meet our statutory obligations, has been very challenging for us. We have attempted to ensure, despite that challenge, that we have done our utmost to engage with local authorities—

- Q42 **Shabana Mahmood:** There are lots of warm words there about the importance of the relationship with local authorities—you do not need to convince us of that—but they do not appear to have yielded very much by way of practical experience. One Conservative Member of Parliament told us in confidence: "The Home Office simply do not respond and there is no reply from the hotel's number. This makes me look ill-informed and is discourteous on an issue which has headlined in the local press more than once." Another Conservative Member of Parliament wrote to us—again, in confidence—to say: "I was not informed by the Home Office, nor was my local authority. We found out almost by accident."

It is my own experience as well that other Members of Parliament have found out what is going on in their areas on Twitter. Local authorities



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have been left to discover things from their local press. Would you accept that, despite your warm words, you have ended up treating Members of Parliament and local authorities with contempt, and what will you do to put that right?

Shona Dunn: Ms Mahmood, there is certainly never any intention at all to leave anyone feeling that they have been treated with contempt. Wherever a hotel is brought on board, the relevant teams are absolutely instructed to contact the local authority and the MP, and to do what they can to ensure that discussion—

Q43 **Shabana Mahmood:** If they are instructed, why have so many of them failed?

Shona Dunn: We recognise that there have absolutely been some issues, and the team concerned has looked into them in detail. If there are ongoing issues about a total absence of contact, rather than the fact that, of course, sometimes the contact has to happen very shortly in advance, because we often have to move fast, it would be enormously helpful, from my point of view, to have that information so I can proceed.

Q44 **Shabana Mahmood:** Would you accept that the problem has been far more prevalent than you intimated to me the last time we discussed this at a previous hearing?

Shona Dunn: What I would have said at that previous hearing, Ms Mahmood, is that we are doing our absolute utmost to make sure that people are engaged and that that is absolutely our intent. We have gone back over that in the light of some of the concerns that you raised, and we have redoubled our efforts to make sure that that takes place.

Q45 **Shabana Mahmood:** I am not sure what your redoubling looks like, though, because those problems continue. The usage of hotels has increased—there are more people housed in hotels—and we are getting complaints from local authorities all over the country, as well as from Members of Parliament, about the fact that you are simply not consulting in advance with them or even telling them what is going on in their own areas. What is that redoubling of efforts actually going to yield on the ground for the people who are not being informed about significant changes in their areas?

Shona Dunn: Ms Mahmood, as I said a moment ago, it would be enormously helpful for me personally, where there are specific issues being raised by specific local authorities about contact not being made and engagement not happening—

Q46 **Chair:** Ms Dunn, I will cut you off there. We will be happy to share with you—with some redactions—the dossier of information that we have received. I have to say, I have chaired this Committee for five years now, and feedback from colleagues about the poor communications from either you or your contractors—still, the Home Office is ultimately responsible—is consistent. Is it that you expected your contractors to do that for you, or do you accept that there is some role for the Home Office in contacting local authorities and not blindsiding them with those sorts of changes in



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their areas?

Shona Dunn: There is absolutely a role for the Home Office, Chair.

Q47 **Chair:** Good. In that case, we will write to you. Will you commit to directly contacting about this matter the MPs who wish to be named to you?

Shona Dunn: Absolutely.

Q48 **Shabana Mahmood:** How many covid outbreaks have there been in hotels housing asylum seekers?

Shona Dunn: In terms of actual outbreaks, to the best of my knowledge we had two. We have got the main outbreak in Birmingham, which you will be familiar with, Ms Mahmood, and we had one earlier in the pandemic in Wakefield.

Q49 **Shabana Mahmood:** How many infections have been reported from asylum seekers in hotel accommodation?

Shona Dunn: In total, we have had 429 people tested and 6,776 people, in cumulative numbers, have self-isolated. We have had 122 positive tests. We currently have 750 individuals self-isolating and 348 individuals shielding.

Q50 **Shabana Mahmood:** Across how many hotels have you had those positive tests?

Shona Dunn: I think those positive tests have been across a small number of hotels, Ms Mahmood. It has not been a large number of hotels. I would have to come back to you with that information.

Q51 **Shabana Mahmood:** If you could write to us with that data, delineated by both hotel numbers and local authority areas, that would be helpful.

It will not surprise you, Ms Dunn or Mr Rycroft, that I wish to talk to you about the Stone Road outbreak, because that occurred in Birmingham. Why did the Home Office move people who were positive for coronavirus out of a hotel and into other parts of the country, including Hammersmith, without informing the local authorities, thereby spreading the virus across the country?

Shona Dunn: Ms Mahmood, the detail of what occurred around Stone Road, and the movement of asylum seekers from Stone Road to other hotels, was the subject of detailed conversations at the incident management team meetings that were occurring during that time.

The issue with the Hammersmith hotel, as I understand it, happened at the end of August, when Stone Road was being closed and all service users were being moved from Stone Road to other hotels. There were two hotels that were identified, I think, to move people to. The second hotel in Birmingham fell through at the last minute and an alternative in Hammersmith was found.



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It was done entirely in close contact with all colleagues who were working with us through the incident management team meetings. I would need to check, but my assumption would be that what engagement was undertaken with Hammersmith depended on the circumstances in the moment. I know that it was a very last-minute change because of a late loss of a hotel in Birmingham.

- Q52 **Shabana Mahmood:** Ms Dunn, we are talking about people who have tested positive for coronavirus. If that does not mean that you pick up a phone to a local authority to say, "We are about to send some people into your area, for whom you will have public health responsibilities," what on earth will escalate something, so that the Home Office can ensure that a conversation takes place? What would it take, if coronavirus positive cases do not yield that conversation?

Shona Dunn: It is not my understanding that there was no engagement with Hammersmith.

- Q53 **Shabana Mahmood:** It has been all over the press that there was no conversation with Hammersmith beforehand. It has been widely reported and officials from Hammersmith council have said publicly that they were not informed. They have said that they went in and did the tests themselves and found positive cases. You must recognise that there has been a pretty significant failure of practice by you and your team at the Home Office at the centre of this process.

Shona Dunn: The issue is around the timings of that, as you say. My understanding is that it was a very last-minute change and that as soon as engagement could happen, it will have happened. I am more than happy to—

Shabana Mahmood: I think you should write to us with a full, detailed explanation of exactly what happened to all the people who were moved out of Stone Road and what conversations took place, with whom and when, so that we can understand, when you say that things happened as quickly as they could, whether that is in fact the case, Ms Dunn.

Chair: Can I chip in, Ms Dunn? The MP for Coventry North West sought me out last night to make the point that people had been moved to Coventry from Birmingham, that she had found that out on Twitter, as had everyone else in the area, and that they included covid-19 positive cases. You are talking the talk, but the reality is that colleague after colleague, and their local authorities, has not been informed about changes. We recognise that you are working at pace and we all recognise the pandemic is a challenge, but you need to hear that very firmly. We will send you the dossier, as I have said.

Shona Dunn: Thank you, Chair.

- Q54 **Shabana Mahmood:** What are your expectations of your providers—Serco, Clearsprings and Mears—in situations where there is a covid outbreak in a hotel? Are they supposed to provide PPE, for example? Are they meant to police self-isolation? What are your expectations of what is



supposed to be happening?

Shona Dunn: Our expectations are that our providers, first of all, need to work closely with us, with PHE and with the relevant local authority. That was absolutely at the heart of the response around Stone Road and what was designed to be delivered through the daily incident management team meetings. Our expectation is that our providers will make use of all those relationships to make sure that people are, as far as they are able, self-isolating, that they understand the expectations on them and that they adhere to them. I know that there have been significant issues on that in Birmingham. That has been the subject of a lot of detailed partnership working between providers and others.

Q55 **Shabana Mahmood:** Despite all that partnership working, we are regularly seeing pictures in the local and national media of people who are supposed to be self-isolating hanging out outside hotels. Why is that partnership working not actually yielding results on the ground, Ms Dunn?

Shona Dunn: We all recognise that the circumstances around the Strathallan Hotel and around the fallout of closing Stone Road have been very difficult to manage. Serco have identified that it has been very difficult to manage. They have brought more security on site, they have worked with the police and they have worked with the local authority. As I understand it, Birmingham City Council are clear that compliance has certainly improved significantly at this point in time and Serco know that that is an important role for them to play in future and to make sure that they have sufficient security and sufficient engagement on site with service users to make sure that that compliance is adhered to.

Q56 **Shabana Mahmood:** If we could move on from the current position on covid cases, you have a target of 35 days for the length of stay in initial accommodation before moving into dispersed accommodation. That was being breached significantly before the pandemic hit. In paragraph 15 of the NAO Report, there is a reference to 86 days. Why were people, even before the pandemic, spending much longer in hotel accommodation before being moved on?

Shona Dunn: As Mr Rycroft said at the beginning of the session, we do our best under normal circumstances to keep hotel numbers—

Q57 **Shabana Mahmood:** I don't want to hear about what has happened as a result of the pandemic. I am talking about the period before the pandemic. People were spending far too long in hotel accommodation before the pandemic. Why is that the case?

Shona Dunn: Where people were spending time in hotel accommodation for longer than we would ideally have it before the pandemic—those numbers were higher than we wanted them to be but, obviously, substantially smaller than they are now—there were a variety of issues involved, but it will have been a consequence of issues with identifying sufficient dispersed accommodation in the relevant areas and with making sure that we could provide services users with the appropriate support. Our ambition, like yours, is to make sure that as few service users as



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possible spend time in hotels and that they spend as little time in hotels as possible once they are there.

- Q58 **Shabana Mahmood:** Why have you designed a service where there is no incentive for your providers to move people out of hotel accommodation once the 35-day period has been breached?

Shona Dunn: I do not think it is the case that we have designed a system that has no—there is certainly no incentive for providers—

- Q59 **Shabana Mahmood:** The National Audit Office Report is clear that there is a difference between people for whom the 35 days has been breached and those for whom it is not breached, and that there is no incentive to remedy the situation for people who have been in that accommodation for longer than 35 days. Why have you allowed that to be the case? Why not redesign it to get those longer-term hotel residents out of hotels?

Shona Dunn: We are working on—I think we have said this before—a tasking note for our providers to make sure that they are working through to get people out of hotels in the appropriate way. It will not always be the case that because someone has been in a hotel longer than somebody else, it is the right decision to prioritise that person to move out. There might be other vulnerabilities or support needs that suggest that you should prioritise one person over another. But we are going through a process with providers; we are developing a tasking note, which will be really clear, across providers, on the sorts of questions they should be asking themselves when they are prioritising people for moving out of hotels.

- Q60 **Shabana Mahmood:** Have you considered prioritising children and families, for example? While they are in hotels they cannot access any education, and in the long term that is creating a huge amount of damage to children, so have you considered prioritising them if they have been in longer than 35 days?

Shona Dunn: Families are prioritised, as well as other potentially vulnerable service users. We are being very clear with providers that we would expect that, and will absolutely reinforce that through the tasking note that we are producing.

- Q61 **Shabana Mahmood:** How many families with children currently in hotels have been in there for longer than 35 days?

Shona Dunn: I don't have that figure immediately in front of me, Ms Mahmood.

- Q62 **Shabana Mahmood:** Can you write to us to tell us how many there were before the pandemic and how many there are during the pandemic, please?

Shona Dunn: I will seek that number, yes.

- Q63 **Shabana Mahmood:** Thank you; that is very helpful. How many of these hotels are you aware have received a visit from protesters or activists, or far-right organisations, during the period of the pandemic?



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Shona Dunn: There are a number. It has certainly not been the majority, but there have been a number.

Q64 **Shabana Mahmood:** There have been a number. Are you tracking that number?

Shona Dunn: I am aware of a number, but we are not tracking the number. There will be some hotels or some accommodation that have received multiple visits and some accommodation that have received one or none.

Q65 **Shabana Mahmood:** Why are you not tracking the number?

Shona Dunn: There are many things that we could track, Ms Mahmood. The most important thing from my perspective is that we make sure that service users in our various accommodation feel supported and protected, so if they are—

Q66 **Shabana Mahmood:** They ought to feel safe, Ms Dunn.

Shona Dunn: Absolutely.

Q67 **Shabana Mahmood:** Is it not of interest to you that you have large numbers of people who are sitting ducks in hotel accommodation, attracting a wide amount of interest, some of it of an insecure and dangerous nature? You are not tracking that number? Should you not at least have a line of sight on this?

Shona Dunn: I think we do have a line of sight on it, Ms Mahmood. I think we absolutely work with our providers where they raise concerns and where they identify that there are issues that are affecting service users' sense of security, and we engage with them on how they are dealing with that. Absolutely we do. What we do not have is a sort of running total of instances where there has been some protest.

Q68 **Shabana Mahmood:** I am slightly astounded by that, because the police of course also sit within the remit of the Home Office and they will be dealing with these issues on the ground. If you have no line of sight, how are you managing the pressures on local services and the police, to whom you have a responsibility, given that they are in your own Department?

Shona Dunn: We do have line of sight. Where an issue like that arises, we have line of sight through our providers. Our providers work with the police in the locality. There will be times when it is something that the police need to engage with and there will be times when it isn't.

Q69 **Shabana Mahmood:** Are you working with the police nationally to consider the risks and the issues that arise because of the hotel usage?

Shona Dunn: No, this is something that has absolutely been handled at local level by local police forces—*[Inaudible]*—with our providers.

Q70 **Shabana Mahmood:** Well, we all have our views about how well that has gone locally. Could I move you on very quickly to the initial roll-out of



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your new contracts? You had been preparing for that since 2016, so you had some years to get ready. I don't need to tell you that the NAO Report has some worrying examples of issues with the roll-out, so why did your services struggle in the early months, despite all those years of preparation to get it right?

Matthew Rycroft: Can I start to answer that question and then hand over to Mr Palmer and bring him into the session?

Chair: That's fine. Yes, Mr Palmer was indicating that he wished to speak as well, so we will hear from Mr Rycroft and then Mr Palmer.

Matthew Rycroft: First, there cannot be that many National Audit Office Reports that come to this Committee that declare that the Government has fulfilled its contracts on time and on budget, but that is what this one does, so I think that before we go into the undoubted problems with the transition, we should bear it in mind that this was a, broadly speaking, successful letting of new contracts, which lay the foundation, as the NAO says—

Q71 **Chair:** Mr Rycroft, I am going to interrupt you there, because we know what the NAO Report says. I would just remind you that our Committee also looks at the effectiveness of the taxpayer spend, so it is not just about getting that bit right. We'll bank that. The NAO says that, and we agree. We'll bank that, but we want to know about the effectiveness, which is what Ms Mahmood is talking about, so please continue.

Matthew Rycroft: The NAO found that the contracts provide the right foundation to improve the service to asylum seekers to support them better. Just on the transition, I am sure Mr Palmer will come in on this but it is absolutely the case that the majority of people in the system did not have to relocate during transition, which might not have been the case. Perhaps over to Mr Palmer at this point.

Sean Palmer: The transition was complex. I think we learned lessons from the transition from Target to COMPASS in 2012 where this Committee or predecessor Committees were very critical of that. I think we did the transition better, so only 5% of the population needed to move accommodation, as compared to 10% in 2012, so there was a smoother transition. There were localised issues that we had to work through. In particular, as the NAO Report picked up, the AIRE issue reporting helpline was not scaled sufficiently. We got the forecasting there inaccurate and we received far more calls in the early couple of months than we had predicted—about four times as many. So overall I think the transition for something so complex was fairly good, actually. There were localised pockets where new providers needed to secure a supply chain and sufficient property; there was a need to move some people to new accommodation, and there were problems with the AIRE contract. I am willing to go into any of those issues.

Q72 **Shabana Mahmood:** Are the services now hitting their targets?



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Sean Palmer: Yes. The AIRE contract is now regularly meeting 11 out of its 12 KPIs. The issue that was particularly relevant, and picked up by the NAO, was call answering times. The KPI there is 90% within 60 seconds; the performance in July was 95% within 60 seconds and the average call wait before pick-up was just 7 seconds, so that service is significantly better than it was, and over-achieving on the KPI as well.

Shabana Mahmood: Thank you very much. I think one of my colleagues is going to pick up on the issues with migrant health, so that is it from me for now, thank you.

Chair: Thank you very much, Ms Mahmood. Mr Barry Gardiner MP, over to you.

Q73 **Barry Gardiner:** Mr Rycroft, in response to my colleague Sarah Olney, when she talked about unaccompanied minors, you said that this country was doing more than any other, that in fact we were taking about 40,000. Is it not the truth that nine out of 10 of those children are coming through dangerous and illegal routes, and now that the Dubs scheme has been closed and at the end of this year we will be leaving Dublin III that means there will be no safe and legal routes for us to have unaccompanied minors come to this country and rejoin their families. Is that not true?

Matthew Rycroft: We are working with our EU colleagues in the ongoing negotiations about the future relationship and we will make sure that whatever the outcome of that negotiation—so in all the different scenarios—we fulfil our international and moral obligations.

Q74 **Barry Gardiner:** So it is true: nine out of 10 children that you referred to are coming here through illegal and dangerous routes—in lorries, under lorries, under trains—yet you boast that there are 40,000, that we are doing so much. Would it not be a lot better to ensure that the way those children come to this country is through safe and legal means?

Matthew Rycroft: Absolutely, and we are doing—

Q75 **Barry Gardiner:** Let us move on to destitution. Can you remind us what the test is under section 95 of the Immigration and Asylum Act of whether an asylum seeker should receive support in relation to destitution?

Matthew Rycroft: Ms Dunn, do you want to come in on that?

Shona Dunn: Section 95 and support for asylum seekers who are—apologies, Mr Gardiner, I did not quite catch the question.

Q76 **Barry Gardiner:** Let me give you the answer rather than asking you the question, then.

Chair: We know the answer, Mr Gardiner. They are entitled to support.

Shona Dunn: Indeed.

Q77 **Barry Gardiner:** But it is within 14 days, if the Home Secretary believes



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that they are in or are at risk of destitution. Why is it that in the report from Refugee Action the average waiting time for initial decision was 20 days, and to receive that funding support was actually 40 days?

Sean Palmer: There are two different things here. If someone is immediately at risk of destitution, we will immediately take them into initial accommodation and they can go into an initial accommodation centre. The Refugee Action report, where the wait is somewhat longer, is about where people decide that, rather than going into initial accommodation, they would rather go into dispersed accommodation or receive just the subsistence allowance of £39.60. For that, the processing times have been slower than we wanted, but if anyone is at immediate risk of destitution I think the latest stats I saw were that within a couple of days people would move into initial accommodation.

Q78 **Barry Gardiner:** So what are you doing now to improve those response times so that destitution does not happen within that 14-day period?

Sean Palmer: I suppose I would repeat a bit of what I said before. If people were immediately destitute, they would be moved immediately into initial accommodation. There are obviously processing time waits to move people into dispersed accommodation, and there is some competition at the moment for dispersed accommodation between people moving immediately from private accommodation and people moving from initial accommodation or hotels. If people are at immediate risk of destitution, they should let us know, and we will move them into initial accommodation straightaway to avoid that risk.

Q79 **Barry Gardiner:** Ms Dunn, you accepted when you were speaking with my colleague Shabana Mahmood that there had been failures in contacting local authorities. In my own local authority area of Brent, Clearspring booked 336 rooms for 160 asylum seekers in the Holiday Inn. They gave notice within a week to the local authority, but they did not bother to notify the local GP service or the care commissioning group, which only found out about the medical needs of these people when they started turning up in considerable numbers in their surgeries. There had been no medical screening of them. You have committed, I think, that you will always contact local authorities and Members of Parliament. Will you also commit, please, to contacting local care commissioning groups and local GPs so that the medical needs can be catered for properly?

Shona Dunn: That should always be what happens and is always the intent. As I said to Ms Mahmood, we know we have to be better at this and we are working to be better at it. We will do our utmost in all circumstances, and I am more than happy to—

Q80 **Barry Gardiner:** What repercussions have there been for those people whose responsibility it was to notify all those people and authorities but have not done so? What action have you taken in reprimanding them or in sanctioning them in some way?

Shona Dunn: If there are specific contractual requirements that our providers have not fulfilled, and we have evidence of the fact that they



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have not fulfilled them—Mr Palmer might want to comment on this—there are, of course, sanctions that we can apply, and there are sanctions that we will apply. It is certainly the case, as it was with the COMPASS contracts, that there are circumstances under which those sanctions have been applied. I will not go into the detail of them here because they are commercially confidential, but I assure you that sanctions do exist in the contract, and where we have evidence of providers not meeting the requirements of our contracts we take action.

Q81 Barry Gardiner: If I could turn to the way in which you dealt with AIRE, in that case, you seem to have been remarkably generous in not applying sanctions. You gave them a three-month grace period at the start of the contract, but even though they were not performing well you gave them a further two-month grace period after that. Why was that?

Shona Dunn: Mr Gardiner, whenever you are transitioning to new, large, lengthy contracts, particularly with a new service you are bringing on stream, it is important that you work in collaboration with your providers to ensure that the mobilisation period and then the transition period go right. As we have all acknowledged, there were definitely some issues with the AIRE contract at the outset. I can assure you that there were very regular and very robust conversations with AIRE throughout that period to improve its performance. Judgments will be made throughout the period as to what the fastest and most effective way to improve the service is. At times, we have made some allowances or chosen not to go down the sanctions route; that would have been a judgment call about what was the best way to get fastest to improvement.

Q82 Barry Gardiner: My colleague, Shabana Mahmood, raised the issue of the 35-day period, but for measuring performance, the Department penalises providers for each accommodation request and move that exceeds the agreed timescales every month, rather than for each day. There is really a perverse incentive that encourages providers to prioritise newer arrivals, whose time in the initial accommodation has not yet breached the performance standards. Would you agree that that is perhaps one of the reasons why the people who have been staying in the accommodation longer than 35 days sometimes accrue up to 80 days in that accommodation?

Shona Dunn: We engage with our contractors, our providers and all those we serve regularly, and if we think that there is a perverse set of activity driven by our KPIs, we will adjust them.

Q83 Barry Gardiner: Are you adjusting this one?

Shona Dunn: The key thing here, Mr Gardiner, is working with our providers and setting out very clearly through the tasking note what is expected of them in terms of the prioritisation of different service users.

Q84 Barry Gardiner: May I move now to talking about people who have been vulnerable? Again, it is picking up on what has been said by colleagues previously and by the Chair. One of our colleagues wrote in to tell us—this is in [REDACTED]—that the Home Office had actually disclosed



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the address of a victim of domestic abuse to her ex-partner. That seems to me to be unconscionable. In Birmingham Yardley, our colleague Jess Phillips spoke of a young woman, nine-months pregnant, human-trafficked, being moved to Bradford because she was being moved from asylum accommodation to trafficked accommodation; all her support mechanism at the end of her pregnancy was there in Birmingham, but she still wanted to move because the conditions were so appalling. Do you recognise the extra burden of care that you have toward some of the most vulnerable people who are in your system? How are you prioritising them? How are you ensuring that they are specially treated and taken care of so that these sorts of things simply do not happen?

Shona Dunn: Mr Gardiner, Sean may want to come in on some of the details of the contract, but you will know that many of the things we have attempted to do in bringing these contracts on stream have been driven by a desire both to increase the quality of the provision and to make sure that we are making better provision for the most vulnerable. You will know that through the contracts we have put in place, the intention absolutely is to make sure that we have more welfare provision, that we are more concerned with safeguarding and that we are more able to address the individual needs of particularly vulnerable service users. I will not comment on specific cases. Without the detail—

Barry Gardiner: We can send them to you, and it would be important—

Shona Dunn: Suffice it to say that if breaches of confidential and personal information have taken place, that is a very serious matter. I would absolutely like to have further detail of that. But in terms of the support for individual service users, that is entirely one of the drivers of the way we have constructed these contracts.

Chair: May I chip in there, Mr Gardiner? On that particular issue, raised by Anne McLaughlin MP, I think we all recognise that these terrible mistakes can happen. It is what happens afterwards, and as she highlighted on behalf of her constituent, one of the problems was that staff training is not consistent. The staff they were in contact with initially did not appear to understand how to escalate the inquiry. So it is not just the breach, which is obviously a bad thing—we recognise that; it is what happens afterwards, which is at the core of the contract.

Q85 **Barry Gardiner:** Very briefly, Ms Dunn, what work did you do to assess whether Migrant Help's original staffing and recruitment plans would be sufficient?

Shona Dunn: Mr Palmer will want to pick this up in terms of the testing that was done in advance of mobilisation and then during mobilisation. There was a substantial amount of testing and phased implementation of the AIRE contract to try to get this right, but, as Mr Palmer has said, we absolutely accept that the forecast for the demand was not accurate. Mr Palmer, do you want to add any detail?

Q86 **Barry Gardiner:** Do you know why it wasn't accurate?



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Sean Palmer: The AIRE telephone service is a new service, so there was no historical data on which to model. It brought together several different elements of the historical call handling, so it brought together issues that were dealt with by Migrant Help under their CAGS and CASAS contract and grant.

Q87 **Barry Gardiner:** No, Mr Palmer, you are telling us what happened. You are not answering the question why you did not manage to properly assess the sort of—

Sean Palmer: I might get there quickly. The element that we were not able to forecast terribly accurately were the calls that went from service users to housing providers to report issues. Those calls were dealt with in a number of different ways under COMPASS directly to the housing advisors, either to individual housing officers or to call centres. We were not able to fully extract what the historical trend for that was. Nor were we able accurately as it turned out to forecast forward what the unmet demand was under the COMPASS contracts. What we found is that, although there was a significant bulge in demand over the first two months, the demand has settled down now between 35,000 and 45,000 calls a month. That is about twice what we forecast, which indicates that there was quite a large unmet need under the COMPASS contract, so I think it is reassuring that we have done the right thing in putting this service in place.

Q88 **Barry Gardiner:** Would you have been able to more properly assess the demand if you had spent more time talking direct with NGOs who deal with refugees, with those who are providing the service to them, and indeed with refugees themselves?

Sean Palmer: I think there is always more that we could have done. In designing the service, we had over 100 different engagement events with NGOs, local authorities and service users themselves. We gathered quite a lot of information. Some of the information that you are getting at here was unknown to us, and I think unknown to NGOs, because there was quite a channel shift of people who before would have sought help from the charitable sector into the AIRE contract. So it is not entirely predictable. We could always have done more, of course.

Q89 **Barry Gardiner:** Finally, if I can ask the permanent secretary, Mr Rycroft, you have heard from us some of the human impact that this has had on communities and also on those vulnerable people who are supposed to be the recipients of a service. The Refugee Action report said, "Towards the end of 2019, the asylum accommodation and support system was almost fatally disrupted by the transition... People seeking asylum began to experience unacceptable and entirely avoidable destitution. There were chronic delays in accessing advice, chaotic moves in and between substandard asylum accommodation and inadequate help for people newly granted refugee status".

Chair: Question, please.

Barry Gardiner: Who is going to bear responsibility for these failures?



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Matthew Rycroft: As we have all said in our different ways in this session of the hearing, there are lessons to be learnt and the transition was not perfect. However, since the transition, month by month the service that our providers are providing is improving. As Mr Palmer said, 11 out of 12 KPIs are being met and we are rigorously focusing on that continuing.

Q90 **Barry Gardiner:** Permanent secretaries always come to Committees and tell us things are getting better, but you have acknowledged that things were bad. You have acknowledged that there were failures. Sometimes the public wants to see that you are taking action and holding people to account for failures. Please tell us what you are going to do about that.

Matthew Rycroft: I can tell you what we have already done. We have been holding to account providers to ensure that they meet their key performance indicators, and I am very glad to report back to this Committee that that process is working; there is continual improvement, month on month. We will not hesitate to use the sanctions in the contracts, as Ms Dunn has already set out to the Committee, if we need to ensure continued improvement and the continued meeting of those targets.

Q91 **Peter Grant:** I will first follow up with Ms Dunn on part of her answer to an earlier question about information on sanctions. I understand why that information cannot be made public, but will you agree to write to the Committee in confidence with information on the sanctions that have actually been implemented against contractors that failed to deliver?

Shona Dunn: I think we have shared information on service credits and sanctions in the past. I will certainly look into whether we are able to do that privately.

Q92 **Peter Grant:** I am interested in the Committee having access, in confidence, to information that is not suitable to be made public. I will leave that question with you, but if you decide that you cannot do that, I think we will ask you to write to the Chair explaining why.

There have been quite a lot of questions about the underestimation of demand for the AIRE service. Mr Palmer, you said a lot about the reasons why the number of calls was underestimated. However, it was not only the number of calls that was badly underestimated but the length of time that each call would take. You had information indicating that each call would take about 12 minutes, and significantly more if the caller needed a translator to assist them. The bid for that service was clearly based on an estimated time of four minutes per call. Why didn't the assessment of the contract pick up the fact that the staffing numbers were never going to be enough to provide the service that you were asking for?

Sean Palmer: Migrant Help, who provide the AIRE contract, also provided two elements of the predecessor contracts, CAGS and CASAS, and were therefore in a fairly good place to estimate how long they thought the calls would take. Also, as part of their bid, they set out how they thought they could go faster. The speed at which they are dealing with calls is much quicker than it was at the beginning, because part of how the AIRE contract works is through an accumulation of data. As all the services are



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under Migrant Help now, doing the inductions for initial accommodation provides them with good information that goes through to issue reporting and the move-on service at the end. As more data on service users accumulates on Migrant Help's databases, the call speed gets quicker. Also, in the early days, many of the calls were not as focused as they are now. People were reporting a selection of issues, whereas now, because the call centre is up and running—

- Q93 **Peter Grant:** I'm sorry to interrupt, Mr Palmer, but I was not asking you to repeat the assurances you have given about what is happening now. As the sponsoring Department that let the contract, you had information that told you that that contractor could not provide the service from day one, yet you still let the contract on that basis. I am asking why you agreed to let that contract to a bidder who, for whatever reason, submitted a bid that was never going to be achievable. Why did you let the contract on those terms?

Sean Palmer: That wasn't our assessment. Our assessment was that they could achieve the contract—and, indeed, now they are.

- Q94 **Peter Grant:** Did you pick up the fact that they thought they could deal with calls in four minutes when you knew it would take between 12 and 17 minutes per call? That meant that they were likely to underestimate the staffing requirement by a factor of three. Did you pick up that they were basing their bid on a four-minute call duration, yes or no?

Sean Palmer: That would have formed part of the evaluation.

- Q95 **Peter Grant:** So you knew that they had underestimated the staffing requirement by a factor of three, but you let the contract anyway? Is that what you are saying?

Sean Palmer: I think that question assumes that we had the right estimate and they had the wrong estimate. Both were estimates; they were different estimates. The actual call handling time appears to be turning out to be somewhere between the two.

- Q96 **Peter Grant:** Thank you. Can I go back to the start of the process, when the contract specifications were being prepared and the invitations to bid and so on were being done? Mr Palmer, how many bids did you expect to receive for each of the seven contracts?

Sean Palmer: We knew from the very beginning that the competition would be limited. This Committee well knows the issues that there were with the COMPASS contracts and the onerous contract provisions that two of the providers had. We knew that the market would be limited, and we looked in quite a lot of detail at different options and sizings of lots to make the market more interested. We also did a lot of market engagement at the very early stages with the CBI, the BSA, the National Housing Federation, other trade associations and suppliers of all kinds to try to get as much interest as we could. We always knew that it would be challenging. Even holding on to the incumbent providers required us to look very carefully at how we constructed the contracts. Holding on to all



incumbents and attracting a new entrant was probably a fairly good outcome.

- Q97 **Peter Grant:** Essentially you are saying that it was a seller's market. When you are the customer in a seller's market, the two risks that you have to protect yourself against are that there is profiteering by the seller, and that they bid down to get the contract and then underdeliver. Before you assessed the contracts, what assessment did you make of the risk that you would either end up paying way over your price for it, or get it for a fair price, but with the contract becoming effectively irrelevant?

Sean Palmer: Those are two separate issues. We did a "should cost" model at the very start of the project to work out what we thought was a reasonable range of costs for the contracts. We knew that COMPASS was underpriced and therefore provided the wrong counterfactual, so we had a "should cost" model that estimated that the cost should be between 20% and 31% more expensive than COMPASS. That gave us a decent benchmark to test the bid prices against.

We also had competition within some regions, and some of those competitions were very close. That enabled us to see that there was market pressure to get good prices. Then we benchmarked across different regions—including the regions where we had less competition—to ensure that the prices in non-competitive or less competitive regions were comparable to the prices that we were paying in the more competitive regions.

That is how we tried to ensure that we were paying the right price and getting value for money. The way in which we assure that we are getting the services that we are paying for is through having a rigorous performance management regime, including a range of KPIs. We manage those services tightly.

- Q98 **Peter Grant:** I will maybe come back to performance and contract management later. I want to come back to Ms Dunn. The bids that were submitted indicated profit margins of between 5% and 13%—about twice as much as these big outsourcing companies would usually expect to make—across the contracts. Do you consider that 13% profit on those contracts was excessive?

Shona Dunn: I don't think it is the case, Mr Grant, that all the contracts attract that level of profit. The level of profit that was acceptable in the context of these contracts was benchmarked using information that the Cabinet Office and Crown Commercial Service hold for contracts of this type, where there is a significant amount of risk transferred to the contractor. That was explored thoroughly, tested and assured by others in Government with an understanding of a much wider range of contracts with similar risk profiles. The profit component for each of the contractors was deemed to be reasonable within that context.

- Q99 **Peter Grant:** You talk about transferring the risk to the contractor, but the risk doesn't fall on the contractor, does it? It falls on the desperate asylum seeker, who is getting a shoddy service because the contractor is



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having to cut back on it to keep within their budget. That's the case, isn't it? How much consideration do you give to the fact that, when you chose to transfer the risk to the contractor, they would then transfer the risk to the people you were supposed to be looking after?

Shona Dunn: I return to the fact that the very reason that these contracts are more expensive than their predecessors is down to the specification that we have put out there, which was very much about improving the outcome for, and the support to, the service user. It was very much about improving the quality of the accommodation and very much about improving the quality of the support services provided to the service users. There was absolutely no thought in our minds in setting these contracts about transferring any risk to the service user—quite the reverse and the opposite.

The contractors are holding risks, in terms of being able to deal with different levels of intake, and the requirements that we place on them to respond to those different levels quickly. I am conscious, of course, that that there are risks in these types of circumstances that you can never transfer away from Government, and rightly so. When I talk about risk transference, I am certainly not talking about a transference of responsibility for making sure that the service users receive the service that that we contracted for.

Q100 **Peter Grant:** There was mention earlier of what I think was termed a "should cost" model. Has that model been shared with the National Audit Office, and if not, can it be shared in private with the Committee?

Sean Palmer: It has been shared with the National Audit Office, and they commented on it in their report.

Peter Grant: Thank you. One way to make sure that contractors are not profiteering in the circumstances that we have looked at is by requiring from the beginning what is termed an open-book accounting practice, which means they have to declare to you everything—all the financial information—about the contracts, which would usually be commercially confidential. Given that you knew there was a risk, which was created by the fact that so few contractors would be able to bid, why did you not insist on open-book accounting from day one of these contracts?

Sean Palmer: The contracts are let with open book in mind, so there are open-book requirements. Indeed, there is a profit-share mechanism within the contracts. If providers or suppliers are making more profits than they declared in their bid, then there is an annual audit process whereby we will go and look at that, and if they are making excess profits, then they share them.

The bidding process on pricing was very transparent. Providers had to do a line-by-line detail of what prices they were charging, including their profit line, which is why you and the NAO had the information on the expected profit mark-ups feature of the contract.

Q101 **Peter Grant:** Can you tell us when you expect to carry out that open-



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book exercise, and will the results be published?

Sean Palmer: It is annual, on the anniversary of the contract date. We have just approached the first anniversary now, so we will be working with providers in the coming months. Generally, that is a confidential commercial arrangement.

Q102 **Chair:** Maybe it is confidential, obviously commercially. Would the Committee be able to have sight of those documents privately?

Sean Palmer: I defer to the permanent secretary, but I am sure—

Chair: Mr Rycroft?

Matthew Rycroft: We will do what we can, but I think we need to learn to operate within the system set by—

Q103 **Chair:** Just to be clear, within the system, the Public Accounts Committee has received several confidential papers from different Government Departments, which we read in private. We are a responsible Committee; we are not reckless. We are not out to undermine good public service delivery. We are here to help improve it. Sight of those documents helps us to get a clearer understanding, so I hope you will consider that request, which we will follow up.

Matthew Rycroft: Absolutely—we will do everything we possibly can.

Q104 **Peter Grant:** Thank you, Chair. Ms Dunn, the NAO Report highlights that different information systems that various contractors and indeed the Home Office used did not properly speak to each other at the start of the contract. Why did you not make it a requirement that the systems had to be able to communicate effectively with each other before the contract began?

Shona Dunn: I am sure that Mr Palmer will be able to go through the specific details of the different systems and their connections, but absolutely one of the expectations of the contract, and one of the issues that continues to evolve, is the ability of the contractor to share data, to make sure that they are providing the best service for the service user across the contract. There are actions and activities under way to improve the automation of that, but that does not mean that it is not happening now. In the context of moving to these sorts of services, it was important to get those under way.

We think that all the appropriate service delivery is being co-ordinated, and data is being shared. The next stage is to make sure that that is automated and that the systems talk to each other seamlessly. Mr Palmer may want to add to that.

Sean Palmer: No, I think you have covered it, Ms Dunn.

Q105 **Peter Grant:** So are you accepting that as of now, and certainly for most of the time since the contract started, the sharing of information between providers, and between providers and the Home Office, has not been adequate? Are you accepting that that is insufficient just now?



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Shona Dunn: No, I do not think I am. Mr Palmer?

Sean Palmer: The contract requires an automated link for issue reporting between the AIRE provider and the accommodation provider. Where that link was not possible early on, we agreed a workaround, and that workaround requires manual communication. The information is being shared, and the NAO Report picked up that one of the providers actually found that human interaction quite a useful early step to help build relationships between the organisations, but it is absolutely our intention to ensure that the information is shared in an automated way.

Q106 **Peter Grant:** But the NAO Report, which your Department has agreed is factually correct, says that the service "is not yet sufficiently integrated...to provide an efficient service", and that an inefficient email system increases the risk of errors. That is what the NAO reported. Do you accept still that that is factually correct?

Sean Palmer: The inefficiency lies with the providers, so we are not paying any more for that inefficiency; it is the providers that have to bear with that workaround at their own expense. There is a slightly increased theoretical risk through manual handling, which is why we wanted automated risking, but we have not seen any evidence that information has not been shared effectively or efficiently.

Q107 **Peter Grant:** Of course, it might be that a contractor who expects to make a profit of up to 13%, as the NAO reported, is quite happy to take that small amount of risk because they are already charging more than they needed for that, but that might be something to go back to another day.

Can I come to the permanent secretary now? The Government's outsourcing playbook indicates that for any significant outsourced contract, there is certain key performance information that should be published. Why are you not publishing that information in relation to the asylum accommodation and support contract?

Matthew Rycroft: We are about to. We will be publishing it later this month, in concert with the Cabinet Office.

Peter Grant: Thank you. I do not think I have anything else just now, Chair. I may want to come back in towards the end, if that is okay.

Chair: That is fine, Mr Grant; thank you very much. In that case, I am going to turn to Stuart McDonald. Welcome, Mr McDonald, from the Home Affairs Select Committee; you are welcome to guest on our Committee today.

Q108 **Stuart C. McDonald:** Thank you, Chair. Could I turn to the issue of how these contracts enable the Home Office to deal with changes in demand? Obviously, the Home Office will have limited control over the amount of demand on the system. The National Audit Office recorded a doubling of numbers in initial accommodation over the period they were assessing the contract, and we now see the Home Office relying on military barracks and detention centres. How are these contracts designed to



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cope with changes in demand? They do not seem to be doing that very well.

Chair: That is for Mr Palmer to pick up on, I think.

Sean Palmer: The contracts are designed to be flexible, and there is always a trade-off between flexibility—and, therefore, risk pricing—and lower prices. We have tried to accommodate both of those elements.

As Ms Dunn and Mr Rycroft have said, we are in fairly extraordinary times. People have been entering the asylum system, but not leaving through the choices on cessations and also, earlier in the pandemic, not moving between accommodations for public health reasons. That is part of the reason why there is an expanded population in initial accommodation and people not moving through to dispersed accommodation. The numbers in initial accommodation are often a feature of how much movement there is in the asylum system, so although in the transition year, we kept the population steady at about 47,000, we had a much higher intake, and also a higher outtake that balanced those two numbers out. That means that you get busier around the front end of the system in initial accommodation, which acts as a shock absorber.

Q109 **Stuart C. McDonald:** What are the flexibilities, then? Putting covid aside, if there is an increase in demand in the system, how is it designed to cope?

Sean Palmer: The pricing mechanism for initial accommodation is based on a fixed cost, so the Home Office pays for 1,750 beds, static, no matter what the demand is, which helps providers to invest in some of the large infrastructure that is required in initial accommodation. Then there is variable pricing on a per-person, per-night basis for populations above that, which should enable the accommodation providers to flex up using a hub-and-spoke model for initial accommodation—or, in extremis, hotels. The flexibility in IA, and keeping that population down, is also a feature of moving people through from initial accommodation into dispersed accommodation, which requires providers to have sufficient accommodation available in the dispersal estate. Again, that flexibility has been built in through having tiered pricing as a feature of the pricing mechanism of the contracts.

Q110 **Stuart C. McDonald:** To explore that a bit further, because the dispersed accommodation is crucial, are you saying that providers are paid at a higher rate if numbers are going up beyond certain levels?

Sean Palmer: The pricing mechanism gives tiered pricing. The bids were from the providers; they could choose where they put their pricing tiers and how much the pricing was in each of those tiers. Generally, the cost gets more expensive as the population grows, as providers need to enter different housing markets.

Q111 **Stuart C. McDonald:** Mr Rycroft, is there a commitment at the Home Office to return to total reliance on community dispersal? Is there a target to end hotel use by a certain date, and to end the use of military



barracks and detention centres?

Matthew Rycroft: There is not a target date, but we are obviously keen to do those things as soon as possible. Both those measures—the use of hotels, and the use of other assets owned by the Government, including by the Ministry of Defence—are temporary, to take account of the surge in demand.

Q112 **Stuart C. McDonald:** How are you going to try to make that happen as fast as possible? Is it simply a matter of trying to procure extra accommodation?

Matthew Rycroft: There are different parts to the answer to that. Absolutely, it is about accommodation, but it is also about thinking about the system as a whole and all the different aspects of that, such as speeding up the decision-making; preventing people who do not need to come here from making a perilous journey, as we talked about earlier; and all the other parts of the asylum system that are interlinked.

Q113 **Stuart C. McDonald:** That brings us to the issue of asylum interviews, which has been mentioned in the House of Commons. You will appreciate that there is huge concern among organisations that represent asylum seekers and work on their behalf about the possibility of outsourcing. Is that under consideration? What discussions have you had with NGOs and others who have concerns about that?

Matthew Rycroft: We are looking at the bottlenecks in the system. Certainly, there are a large number of people in the system awaiting their interview. We are exploring, as part of our efforts to continually improve the process, ways to do that.

Q114 **Stuart C. McDonald:** You describe it as improving, but speeding up and improving are not necessarily the same thing. The plans that have been mentioned seem to include the fact that the decision maker would not actually see or ever meet or interview the asylum applicant—that would be done by the outsourced company. Is that genuinely what is under consideration?

Matthew Rycroft: What we are seeking to do, in these extraordinary times, is test what is possible. One of the things that we are doing is testing, through a short-term—six to eight week—pilot with a third-party supplier, whether that sort of interviewing is possible. If it is, then clearly that would open doors to seeking to cut back some of those lengthy queues. If it isn't, because the concerns that you have identified are borne out, then obviously we will not go ahead with that. We will seek to *[Inaudible.]*

Q115 **Stuart C. McDonald:** Can I have your undertaking that it is not just going to be you and the unnamed contractor that decide whether that is possible or not, and that you are going to speak to organisations, such as UNHCR, and NGOs to see whether they are content with the arrangements?



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Matthew Rycroft: Absolutely. This goes to one of the themes of the Windrush report and we are making sure that six months on, just this week, we have learned that lesson throughout the whole of the Home Office's work. We are making sure that we listen to the people most effected by our policies and operations. In that spirit, we will be consulting with a wide range of people to work out whether this sort of change might be possible.

Q116 **Stuart C. McDonald:** We will hold you to that. Can I turn to a broader issue that underlies many of the questions that have been asked today? Despite the fact that the COMPASS contract was much criticised, the renewed contract is, to all intents and purposes, very similar. There is some extra money there and a shuffling around of many of the same providers. Why did the Department leave it so late in the COMPASS contract before thinking about whether it wanted to redesign the contract, essentially making a complete redesign impossible?

Matthew Rycroft: First, I do not think that early 2016 was very late in this process. I think that that was a reasonable time for the Department to have started to look seriously at different options. Secondly, I take on board the view of the National Audit Office and of this Committee that, in hindsight, we could have started even earlier. As you know, this is now a 10-year contract with break clauses at the four year and the seven year point. We will use those moments, and the run up to them, to look at whether we should be renegotiating those contracts.

I take exception to the suggestion that this is literally just a roll-over, and that we are just paying a lot more for the same service. That is absolutely not the case. These were deemed by the Treasury, the Cabinet Office and the National Audit Office as value-for-money contracts, because we are buying a better service, with better support, for vulnerable people.

Q117 **Stuart C. McDonald:** You spoke about break clauses, the first of which is in 2024. If you want to have the full range of options available then, when will you start thinking about possible alternatives?

Matthew Rycroft: In one sense we are already, because the conversation is live within the Department. Mr Palmer might want to give a more precise answer.

Sean Palmer: The AIRE contract is a four-plus-three-plus-three contract. The accommodation contract is a 10-year contract with a break without cost at seven years. We did this procurement in three years and, as the permanent secretary has said, a little bit more time would have been more comfortable. Our general estimation is that if we want to take the seven-year option and to have an adequate period of time to radically change, that would probably be five years, so we would be looking at setting up a project in the coming year, if we want to take both the option of breaking at seven and doing something more radical.

Mr McDonald, to go to your first question, when we did the extensive design evaluation with stakeholders, no one said to us, "What we want is some kind of different design." People came to us saying, "There are



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problems with COMPASS and we would like you to fix these spot problems,” whether they were registration with a GP, no room sharing for pregnant women, a combined advice line so there was a single point of entry, a move-on service at the end, or the markets saying the risk sharing and the price point wasn’t quite right. We tried to put in place a set of contracts that would resolve some of the issues we saw with COMPASS, without taking significant risk by doing a very experimental project that was probably not feasible.

Q118 Stuart C. McDonald: I am surprised you say that. I don’t know who you were consulting with on whether they wanted to see a radical redesign, but if I speak to local authorities, for example—dispersal authorities—I think they would all very much want to see a radically redesigned contract. Was any consideration given to allowing local authorities to bid for much more in the local contracts?

Sean Palmer: Both thought and engagement were given to whether local authorities wanted to be involved in any element of the supply chain and whether different sized lots, or geographical areas, would enable them to do that. What we heard back from local authorities was that they did not want to take on the services, generally. Some public sector organisations expressed an interest early in the bidding process on the lots that we gave, but none of them moved through the selection questionnaire process.

Q119 Stuart C. McDonald: Some did. Glasgow City Council, for example, was definitely interested in having a contract. Isn’t that actually one of the problems? The fact that the contract was redesigned meant that you had 37 interested organisations but you actually ended up with only 10 who felt capable of bidding for it. Three of those were excluded. By designing exactly the same contract, you have ended up with the same old faces, committing the same errors again.

Sean Palmer: I don’t think the reduction from 37 to 10 is unusual, particularly, in a procurement process of this nature. Some of the people that expressed an interest did that quite speculatively. Some of them did that to access more information, having signed a non-disclosure agreement to get access to some of the data that was provided, so that they could consider whether they did want to bid or not.

The market engagement we did asked a number of people, including all of those 37, earlier on in the process, whether they would be interested if we designed the services in a different way—either designed them geographically differently or broke up the service lines in a different way. What we found, and what we concluded, was the way in which we designed it was both the best solution in terms of giving ourselves and service users the services that they needed, but also in giving most market interest.

Q120 Stuart C. McDonald: And yet you have ended up with pretty much the same faces as before. Can I turn to Shona Dunn. On the issue of the same contractors and the same faces, you spoke earlier about service



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credits and information that you were unsure about sharing, but there have been freedom of information requests about this in the past. For example, we know—and it is in the public domain—that Serco were fined £7 million under the COMPASS contract, and yet they are still involved. Why, if they were so routinely breaching the standards under the COMPASS contract, were they allowed to participate in this new contract?

Shona Dunn: Evaluation of the bidders would have taken account of all of those issues. They would have taken account, in the case of bidders that had previously been involved—that would have played a part in an assessment of the ability of those bidders to perform the contracts going forward. That absolutely would have been part of the assessment.

Q121 **Stuart C. McDonald:** But you have got seven contracts and 10 bidders, and three that are excluded. You really don't give yourself much room for manoeuvre if you then find that one of these made a mess of the COMPASS contract. Isn't that the problem?

Shona Dunn: Mr McDonald, the approach we would have taken through the assessment of the bids would have been a very transparent process. It would have taken account of the same information for all of the bidders. We would have taken account of—and Mr Palmer could talk about the degree to which we took account of—the different factors; but absolutely the previous performance of contractors, and our assessment of their ability to provide the service going forward, would have been part of that evaluation.

Q122 **Stuart C. McDonald:** On that issue, has the Home Office done any assessment about how these providers respond to having service credits levelled against them? If you take £7 million out of Serco's budget, doesn't that essentially mean that £7 million has been taken out of investment in asylum accommodation and meeting the contractual requirements?

Shona Dunn: We will always make sure that we use the sanctions within the contracts in a sensible way to get the best outcome for the service user. It certainly would not be the case that we would think, with a Serco for example, that we won't penalise them appropriately if they do not perform. As I said earlier, with respect to the AIRE contract, we do always have in mind the relationship that needs to deliver for the service user. These are complex contracts and we will make judgments as we go along about where we absolutely need to penalise for performance issues and where we think that will drive change, and where we actually need service providers to focus on delivery.

Q123 **Stuart C. McDonald:** That sounds fine in principle, but I still struggle to understand the nuts and bolts of how you can decide whether a particular fine is going to have implications for the service users. If you could write to us about that, that would be very helpful indeed.

Shona Dunn: That is a process that frequently people go through for complex contracts—absolutely.

Q124 **Stuart C. McDonald:** Sure. Can I turn to the issue of forecasting demand



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for services? Obviously, the Home Office does not have a crystal ball, but as I understand it, the NAO highlighted that there was no single integrated process. Why is that? When will there be one? And why has there not been an updated accommodation forecast since 2019?

Shona Dunn: There is, at the moment, a process under way for the asylum forecasting model to be redeveloped. The Home Office are working through a process at the moment where they are reassessing all the underlying assumptions for that model and where they are looking at a wider variety of demand scenarios and looking at historical experiences. That new model I expect to be ready within the coming months. It is a complicated task, but it is absolutely right that we reassess that model this year. As you say, we did have a model in 2019; it is right that we reassess it now.

Q125 **Stuart C. McDonald:** In the coming months—good. How often are providers given information about a predicted level of demand?

Shona Dunn: Data on potential demand, forecast demand, is shared with providers on a very frequent basis. It is shared. The engagement with providers is, as you would imagine—particularly right now—very, very active. We are engaging with them on a daily, weekly, monthly basis, on potential demand scenarios that they will have to focus on, and they have full access to the information that we have.

Q126 **Stuart C. McDonald:** Okay. Can I turn to the agreement reached, I think, with local authorities to try to rebalance the number of asylum seekers in different regions? That agreement was reached in July 2019, after the contract had already been signed, so how can that rebalancing be achieved, given the constraints in the contract, and how much will it cost to renegotiate the contract if that is required?

Shona Dunn: I might turn to Mr Palmer for the detail on this.

Sean Palmer: The contracts have caps on them, which was part of the risk sharing to enable a more equitable share of risk between the Home Office and the providers. Those caps are broken down regionally and were based on the regional shares that we had at the time of going to market in 2018. Rebalancing will impact those caps, depending on what the absolute population is. If the population is as it is today or higher, we will have to readjust those caps. If the population is lower, you have more flexibility within those caps to realign the populations from, for example, the north-west to the south. There is not an easy answer, because it depends on both the absolute population and the shares of population in each area.

What the NAO picked up in their Report, quite rightly, was that at the point when they looked at it, rebalancing the population in the equitable way Ministers wanted would breach the cap in the south. Therefore we would need to reassess and look with the provider in the south at renegotiating a higher cap there.

Q127 **Stuart C. McDonald:** When do you expect this process to be completed?



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Sean Palmer: The move to a more equitable distribution is a gradual move and was agreed with chief execs of local authorities and the Home Office to take place over a number of years. When exactly that move and rebalance will impact upon the caps will depend upon the speed at which we go, but also the absolute population at the time.

Q128 **Stuart C. McDonald:** Might you slow it down if that saves money?

Sean Palmer: No, I think what Ministers have said is that they want to rebalance to a more equitable distribution. If that costs more money, then that is a feature of it.

Shona Dunn: I would add to that that the Home Office has recently set up the Home Office and local government chief executive group, to work with local authority chief executives to make sure that we can work together on a strategic approach to dispersals. We have put in place a mechanism, which we are absolutely committed to, returning to my earlier point about improving our engagement with local communities and local authorities. We will use that mechanism at a senior level to make sure that we take those decisions collaboratively.

Q129 **Stuart C. McDonald:** When you are doing this rebalancing or dispersal generally, do you for example take account of groupings of nationalities, or even by language, so that you have communities and community support in the dispersed authorities?

Sean Palmer: Generally, we do not disperse on a nationality base. Obviously, there are political choices about whether to do that or not. It is not without risk, though.

Q130 **Stuart C. McDonald:** What would the risks be?

Sean Palmer: There are nationalities that are more popular than others, frankly, and everyone needs to be somewhere.

Chair: That was a laden point, but we will leave it there.

Q131 **Stuart C. McDonald:** You do not have to have one cluster for a single nationality; you could have different clusters, but we will leave that for now, if it is a political decision. In terms of local authorities, we have this new board—fine—but at the end of the day local authorities are absolutely clear that what is absolutely missing here is that, while there is more funding for accommodation providers and more proper funding for local authorities, they think this is cost shunting. What can you say to me? Has the Home Office done any assessment of the financial implications for local authorities of being an asylum dispersal authority?

Shona Dunn: One of the things that we have committed to using the Home Office's local government chief executives group for is to consider that question. We know—we hear frequently, you are quite right, Mr McDonald—that some local authorities absolutely regard that there are costs that are not being accounted for. The LGA has said that it is happy to work with us on that. The group is co-chaired by Mark Lloyd of the LGA.



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Absolutely, we will use that mechanism to take account of any such evidence.

Q132 **Stuart C. McDonald:** Briefly, will you give us a timescale? This is something that has been spoken about for two or three years. Do you know when that work will be complete?

Shona Dunn: That work is being undertaken under that group. That evidence will come forward from the LGA and I think is being gathered as we speak. I cannot give you a definitive time for how long it will take to get through that work.

Q133 **Stuart C. McDonald:** Another aspect of the contract that was unpopular under COMPASS and the new system was about what happens after people are evicted from their asylum accommodation. Is there any change? Essentially, are people evicted on to the streets, with the local authorities left to pick up the pieces? Can you tell us how many evictions are likely to take place in the coming months, given that the pause in evictions has stopped?

Shona Dunn: On cessations generally, the first thing to say is that we are at a point in the pandemic where we need to restart, or are able to restart, some of those decisions. Ministers have committed very clearly to doing that in a very careful and phased way, in discussion with local authorities. That is under way.

We think that a number of individuals will move out of the system during the period. Of course, it is different for those who have received a positive decision and those who have received a negative decision. Those who have received a positive decision will start their life in the UK and can seek support through the normal mechanisms that other people in the UK seek support through. They will get assistance with that.

For those who have received a negative decision, what happens to those individuals will depend to a degree on the action that they take to leave the country. Of course, we provide support and assistance with that too. It is quite often the case that individuals who receive a negative decision will remain in section 95 or section 98 support until such time as they leave the country. What happens to individuals will depend on the nature of the decision and what has occurred.

Q134 **Stuart C. McDonald:** You must know who in your accommodation is still there after a positive or a negative decision, so you must have a rough idea of what is going to happen.

Shona Dunn: We do, Mr McDonald. Our latest internal analysis is that, as of mid-September, there are approximately 2,500 service users in receipt of support who have a grant of status and are therefore liable to leave the estate; there are 1,600 people who are likely to receive a grant in the coming weeks, and there are 1,200 people who have had a negative decision and are no longer eligible for support. Those are internal figures. As of mid-September, that is the position. I repeat, though, that Ministers



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have been very clear throughout that we must do this in a way that is careful and phased.

Q135 **Stuart C. McDonald:** They have also avoided answering questions about whether or not they have had advice from Public Health England or any other public health authority or local health authority about whether or not they think this is a sensible thing to do as we approach a second wave of covid. Was such advice requested and received?

Shona Dunn: Certainly, we have been having conversations about how we move forward as a system, and they have included conversations with Public Health England, DHSC and others.

Q136 **Stuart C. McDonald:** That is exactly what we get told, but we don't get told what the advice was. Do Public Health England think this is consistent with a public health response to the covid crisis?

Shona Dunn: Public Health England have worked with us to arrive at a position that allows us to move forward. We certainly do not have advice from Public Health England—I don't think that they would do this—that presents a veto or a bar. They are with us on the situation and how we do this in the fairest way that takes account of the covid situation.

Q137 **Stuart C. McDonald:** Finally, as time is short, safeguarding should be utterly essential to these contracts, as we are talking about vulnerable people. It is mentioned, but despite references to it in the contract, there is nothing enforceable. There is no KPI, and the Home Office has not even published a safeguarding framework. Why is that? How will you hold contractors to account on safeguarding vulnerable people if there is not even a KPI for it?

Shona Dunn: We have said before that the reason why there is not a single safeguarding KPI is that the criticality of safeguarding is reflected throughout the contract. It is reflected throughout almost all aspects of the contract. We have put in place a safeguarding board, and we have said that we will work with partners to make sure that the safeguarding assurance framework that we will use with providers to ensure that the safeguarding elements of those KPIs are met is understood by our partners.

Q138 **Stuart C. McDonald:** So why not publish the safeguarding framework, in the interests of accountability?

Shona Dunn: That safeguarding framework is something that we are working on with partners through the safeguarding board. The critical thing here is that we do not try to contain this in a single focus within the contract. It is imbued throughout all elements of the contract, rather than being drawn out as a separate requirement.

Q139 **Stuart C. McDonald:** I hear that, but I am left wondering how you actually make sure it happens and who does the assessment. For example, take the very controversial move in Glasgow to put people in hotels as the pandemic was unfolding; is that something that the safeguarding board will look at? How do you assess that if there is not a



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KPI or a standard? Who decides whether that was good safeguarding practice or whether it was very bad practice?

Shona Dunn: That is something that we will absolutely look at. That is a very good example in the context of the choices that were made about who to move, when to move them, the support that they received once they were moved, the data that was available and the engagement of partners. That is a very good example of all the sorts of things that we would expect a provider to do effectively. We, as the contract owners, would be responsible for evaluating whether that has happened effectively. We will use the safeguarding board as one of the mechanisms by which we can gain insight from others on the degree to which that was successful.

Chair: Thank you very much for that. Last one, Mr McDonald.

Q140 **Stuart C. McDonald:** For the sake of accountability—I think a lot of organisations would take a different view about what happened there—will you publish your views on what happened in Glasgow? That must be essential in the interests of accountability.

Shona Dunn: You know that an evaluation is being undertaken at the moment, and we are seeking input. That is an internal evaluation for our purposes in terms of making sure that we are driving performance appropriately in the contract. I know Ministers will give consideration to the degree to which the outcome of that evaluation is known. That is something that we will return to once that evaluation is completed. It is not yet finalised.

Chair: Thank you, Mr McDonald. Can I just say, Ms Dunn, that safeguarding is really vital? Mr McDonald has highlighted the very obvious, very public, tragic events in Glasgow from the dossier that we have, which we will forward on to you. There is a lower but very important level of issues around safeguarding. Again, engagement with local partners would be helpful.

Q141 **Peter Grant:** I want to go back to Mr Rycroft regarding an almost throwaway comment that he made about how some nationalities are more popular as asylum seekers than others. Is that statement based on a judgment that you have made yourself, or is it a view that has been handed down to you by Ministers?

Matthew Rycroft: It was Mr Palmer who said that.

Peter Grant: I beg your pardon. Mr Palmer, can you pick up the question?

Sean Palmer: In some of the conversations that we have had with local authorities particularly after the successful vulnerable persons resettlement scheme, Syrian refugees, for example, have attracted a great deal of public sympathy throughout the UK, and rightly so. Therefore, there are some local authorities who have approached us and asked specifically whether we could route them more Syrian individuals, partly because they have built up diaspora groups and links. That to me would



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seem problematic in that other refugees or other people seeking asylum might not have the benefit of moving to those communities that would be able to work with them.

Q142 **Peter Grant:** That seems to contradict the explanation that you gave earlier. If it is an advantage, as I would argue it is, for Syrian refugees to be housed in an area where there are other Syrian refugees already living, where there are contacts they can make quickly, how can you then say that it would not be a good idea to be able to locate other national groups of refugees close to one another so that they can maintain links? Why is it a good thing for refugees from Syria and a bad thing for asylum seekers from other countries?

Sean Palmer: My concern would be for the groups that were not being chosen. Where would they go and how would they benefit from the community support that otherwise they would get? That is the point I was trying to make.

Q143 **Chair:** The refugee resettlement programme that the Home Office no doubt still runs would often work with communities where they particularly worked to develop linguistic and cultural expertise. Is that not something that you could read across to the asylum accommodation programme as well? Refugee resettlement from camps, I should say.

Sean Palmer: Yes, and there has been quite a lot of learning and cross-fertilisation between NGO groups and local authorities in how we can utilise community groups and volunteers working across both groups.

Q144 **Peter Grant:** One final question on this, Mr Palmer. Do you have a concern that what you are actually doing is reinforcing prejudices that local authorities might be picking up from their populations, rather than attempting to break down those prejudices so that everywhere in our society people who arrive here in danger of their lives are all treated as people who deserve to be looked after, rather than picking and choosing based on what appears to be unfounded prejudice against particular nationalities?

Sean Palmer: I think that is the basis of the dispersal system. It does not discern between nationality groups. The dispersal is based on need rather than on nationality

Q145 **Peter Grant:** But you have strongly implied that there would be more difficulties in gaining acceptance for a group of asylum seekers from some nationalities. I am asking whether you are concerned that by acknowledging that, you are actually reinforcing prejudices that exist against refugees and asylum seekers from some countries.

Sean Palmer: I think that by acknowledging it, I am acknowledging the experience that I have had working in this sector for the last five years. I don't think I am attempting to reinforce it.

Q146 **Chair:** Thank you for that input. We are nearly at the end. I just want to go back to Ms Dunn. On the numbers that you quoted earlier about people who were being turned down, you kept referring very firmly back



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to how many people have been returned since January 2019. Was that actual deportations on charter flights—the figure of 231?

Shona Dunn: They were small boats Dublin returns.

Q147 **Chair:** Because there were still over 9,000 people before covid who should have been returned. In the past, reasons for not being able to return people include a lack of papers and questions over nationality. Can you give us a bit of an idea of that, both now and when you write to us—a breakdown of the reasons that you have not returned people who have reached the end of the line?

Shona Dunn: Pre-covid?

Chair: Particularly pre-covid. Covid is obviously another challenge. Presumably, papers and nationality would be part of the reason you had that bigger backlog.

Shona Dunn: For returns, there is a variety of reasons. Of course, we frequently have issues with getting papers and with the logistics. We also, of course, have issues in terms of taking someone from detention to removal. Often there is a late or last-minute submission of new claims or new considerations. There is a variety of reasons why people whom we have detained do not get removed at the last minute.

Q148 **Chair:** I think we need the breakdown of that figure when you write to us, because we need to get into that detail.

Shona Dunn: We absolutely have that.

Chair: On the transparency issue, we have talked a bit about that and have asked for some papers that we would hope you would share with us. I will just remind you that figure 9 in the Report highlights some of the service credits. There are other things you shared with the National Audit Office; if we could see those in more real time, it will help us keep an eye on this contract, which is at an early stage.

We hope that with the input from this Committee, from our sister Committee—the Home Affairs Committee—and from the many colleagues around the House who have sent us correspondence, which we will forward on to you once we have redacted information, we will see an improvement in this contract. You were very optimistic. Mr Rycroft, at the beginning you talked about how positively it was going, but I would refer you to figure 7, which shows that there a lot of red crosses there in terms of service delivery failure. Let's not overblow and over-egg the improvement. The contract was let and the transfer happened on time, that is true, but there is still a long way to go. I think we would all acknowledge that. Thank you very much indeed for your time.