

Committee of Public Accounts

Asylum accommodation: Home Office acquisition of former HMP Northeye

Seventh Report of Session 2024–25

HC 361

Committee of Public Accounts

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Publication

This Report, together with formal minutes relating to the report, was Ordered by the House of Commons, on 27 January 2025, to be printed. It was published on 5 February 2025 by authority of the House of Commons.
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Summary

In 2023–24, the Home Office spent £4.7 billion supporting asylum seekers who were destitute. Of this, £3.1 billion went on paying for hotels being used as contingency accommodation.

As part of its efforts to move people out of hotels, the Home Office spent £15.4 million of public money buying a site at Northeye to provide asylum accommodation, but has now decided it is unsuitable for this purpose and cannot be used. Despite clear warnings that the site would require significant remediation work, the Home Office proceeded with the purchase in September 2023. It agreed to pay the vendors more than double what they had purchased the site for less than a year previously.

In its rush to purchase the site, the Home Office ignored expert advice available at the time and bypassed the established processes in place to protect public money. It asserted that it could manage the risks without understanding the full extent of them. The site did not provide the expected 1,400 bed spaces for asylum seekers, and the Home Office now intends to dispose of the site.

This acquisition is one of four large accommodation sites the Home Office acquired at speed, none of which provided the benefits expected when it approved the projects. In its rush to act, the Home Office has repeatedly prioritised operating at speed and without regard to available information or established processes to the detriment of making informed decisions and protecting value for money. However, the Home Office knew about the property in May 2022 and eventually exchanged contracts in March 2023 so there was not an unusual rush to purchase the property.

The Home Office now accepts that it would have made different decisions if it had had the full information it has now. It claims that it has learnt lessons from this poorly managed acquisition and others such as the Bibby Stockholm vessel and the Scampton and Linton-on-Ouse sites. However, given that some of these ‘lessons’ should have been evident at the time, we are concerned about the Home Office’s ability to put that learning into practice and prevent such an unacceptable waste of public money from happening again.

We are also concerned about the Home Office’s ability to fulfil its duty to safeguard public money and tackle the backlog of asylum claims without pushing problems and costs elsewhere. For example, by taking up rental

accommodation that is in short supply and desperately needed by local authorities; pushing up rents and leading to more and more people being temporarily housed outside their local area. It also remains to be seen how an already stretched courts and tribunals system will be able to cope with the likely growth in asylum appeals.

It is simply unacceptable that we must repeat the statement from our 2024 report on asylum accommodation that “The Home Office’s excuse of needing to work at pace does not absolve it of its responsibilities to manage projects effectively and safeguard value for money”. That we must restate this points to a dysfunctional culture at the Home Office in which value for money was a secondary concern.

Introduction

The Home Office is responsible for asylum and immigration policy in the UK. This includes supporting asylum seekers who would otherwise be destitute by providing financial support and accommodation while it determines their asylum claims. In 2023–24, the Home Office spent £4.7 billion on asylum support, including £3.1 billion on hotels. At the end of September 2024, the Home Office was providing accommodation for around 106,000 asylum seekers, including around 35,700 in hotels.

The previous government sought to reduce the use of hotels to accommodate asylum seekers by trying to procure accommodation in local areas, as well as by setting up large sites such as barges and disused military bases. As part of this policy, the Home Office decided to acquire the Northeye site in Bexhill-on-Sea and completed the purchase in September 2023 for around £15.4 million.

The Home Office now intends to transfer or sell the Northeye site as it is not suitable for asylum accommodation. It is also resetting its asylum accommodation strategy and plans to move away from using large sites to house asylum seekers in favour of smaller sites.

Conclusions and recommendations

- 1. The Home Office rushed to spend public money in trying to reduce the cost of supporting asylum seekers, but has very little to show for its efforts.** Despite spending significant amounts of public money, it has not delivered the planned benefits. The Home Office spent £15.4 million to purchase the Northeye site, but it failed to deliver the promised 1,400 bed spaces. The site remains contaminated and in need of remediation, and the Home Office now plans to transfer it to another government department or sell it. To date, the Home Office has spent £34 million on the Bibby Stockholm vessel, which housed far fewer asylum seekers than expected and will not be used past January 2025; £60 million on the Scampton site, which was abandoned before it could open; £2.9 million on the cancelled site in Linton-on-Ouse; and approximately £715 million on the Rwanda scheme, which we understand failed to remove anybody who was not going to go voluntarily, before it was scrapped. The Home Office repeatedly emphasised that it was working at pace to reduce its reliance on costly hotel accommodation for asylum seekers, but this does not excuse it from its responsibility to safeguard taxpayers' money. As we have previously found, in some cases these programmes have cost more than the alternative of using hotels.

RECOMMENDATION

The Home Office should, as part of its Treasury Minute response, provide a detailed breakdown of: how much money it has spent on asylum programmes that have now been cancelled, including additional remediation costs; what benefits these programmes have delivered for asylum seekers and the taxpayer; how much alternative accommodation would have cost; and how much public money has been wasted. This breakdown should include all large asylum accommodation sites, the Rwanda partnership, and any other asylum accommodation initiatives that have not met their intended objectives.

- 2. In its haste to purchase the Northeye site, the Home Office ignored opportunities to properly understand the risks and costs of developing it, leading to poor value for money for the taxpayer.** The Home Office asserts it did a “fair amount” of due diligence before acquiring the Northeye

site, but the NAO highlighted significant shortcomings. The Home Office rejected offers of expert property advice within government, ignored valid criticisms of contract terms that increased its costs, and failed to act on recommendations from the due diligence reports it had commissioned. Furthermore, the Home Office overlooked the value of fully engaging with local stakeholders, which could have provided critical insight into the site's condition. The decision to proceed was based on an incomplete Accounting Officer assessment, filled with uncertainties and overly optimistic assumptions. Despite this, the Home Office assured the Cabinet Office it could manage the risks and proceeded with the purchase - only now acknowledging that the risks were unacceptable and that it should in fact have done much more due diligence. Indeed, the Home Office did not even commission a proper 'red book' valuation, so it did not know whether it was paying a fair market price for the property. We have previously warned that working at pace does not absolve the Home Office of its responsibility to manage projects effectively and safeguard value for money. The Home Office has since accepted it did not strike the right balance between due diligence and operating at pace. However, even with assurances about lessons learnt, it remains unclear to us how the Home Office plans to strengthen its processes to avoid similar failings in future acquisitions.

RECOMMENDATION

The Home Office should, as part of its Treasury Minute response, set out what changes it has made to ensure future investment decisions are made on a comprehensive range of information, following a full and transparent consultation with a range of stakeholders, even where decisions need to be made at pace.

- 3. The Home Office failed to ensure it had sufficient capability to manage the commercial and property risks during its acquisition of the Northeye site.** In 2023, the Home Office was acquiring several large asylum accommodation sites at the same time but lacked the in-house skills and capacity to effectively manage the commercial risks. Despite offers of support, including expert advice from the Ministry of Justice's property team, the Home Office chose not to use these options. It brought in contracted staff to manage the acquisition of the Northeye site, but did not have the skills to adequately oversee their work. This led it to agree to unusual contract terms that were almost impossible to meet, resulting the Home Office paying a £0.5 million penalty for delays in completing the purchase. We are concerned about the Home Office's lack of expertise in both undertaking commercial transactions and overseeing the work of contracted staff. With a shift towards using smaller asylum accommodation sites and the potential retendering of its Asylum Accommodation and Support Contracts, the Home Office must urgently strengthen its

capabilities to effectively manage the risks of future projects. Without this, there is a significant risk to both value for money and the successful delivery of these initiatives.

RECOMMENDATION

The Home Office should, as part of its Treasury Minute response, set out: how many dedicated commercial and property staff it now has working in its asylum accommodation team (and how many it had at the time it purchased the Northeye site); their level of seniority and experience and/or professional accreditation; and its further plans for strengthening its commercial capability.

- 4. We are concerned that the Home Office’s culture allowed it to override too easily the controls and processes in place to protect taxpayers’ money.** The Home Office appears to have been operating in crisis mode for several years and now asserts that it is moving back to business-as-usual. It argues that its response to an “emergency” meant it had to make quick decisions, which led it to unreasonably abandon controls and weaken approval processes in acquiring the Northeye site and other large asylum accommodation sites, such as the Bibby Stockholm vessel. While the Permanent Secretary told us he was “proud” of how hard Home Office staff have worked to deliver these programmes, many of these programmes have ultimately failed. Home Office staff were no doubt working hard in challenging circumstances, yet the failures surrounding the Northeye acquisition suggest a troubling culture of repeating mistakes and a lack of internal challenge. Moreover, it has often appeared that the Home Office has prioritised appearing to address the issue of asylum accommodation over value for money and the effective implementation of projects. In 2023–24, the Government Internal Audit Agency found “weaknesses” in the Home Office’s control framework and provided a ‘limited’ opinion on the overall adequacy of its governance, risk management and controls, as it has done for the last six years. We are particularly concerned that the Accounting Officer did not seek a Ministerial Direction in the case of Northeye, given how marginal the decision was and how little was understood about the risks involved. Much of the Home Office’s learning from this poorly managed acquisition focuses on improving processes, but does not directly address the culture in the Home Office that allowed key controls to be abandoned so easily. Without confronting these cultural issues, the Home Office risks repeating past failures in future projects.

RECOMMENDATION

The Home Office should, as part of its Treasury Minute response, set out how it will raise the profile of control and assurance across the department.

5. **We are not convinced that the Home Office has learned the lessons it identified from its costly acquisitions of large sites.** The Home Office claims it has identified “over 1,000” lessons from its acquisition of large asylum accommodation sites. It argues that it had to be innovative in its approach to securing these sites and is proud of this innovation and its ability to learn lessons. However, buying land and buildings is not inherently innovative, and innovation should not be an excuse for failing to make well-informed decisions or managing risks. We are deeply concerned that the large sites programme has come at a high cost to the taxpayer and has gone so drastically wrong. The Infrastructure and Projects Authority criticised the Home Office for not applying lessons from the failed Linton-on-Ouse site to its other acquisitions at the time. Given this, we remain to be convinced that the Home Office will prevent such mistakes from happening again. This is particularly important as the Home Office now intends to transfer or sell the Northeye site as it is no longer suitable for asylum accommodation. If no other government department requires the site, it is imperative that the Home Office resells the property and it should ensure that it properly applies the lessons learnt and achieves the best possible sale price in line with the market.

RECOMMENDATION

The Home Office should, alongside its Treasury Minute response, write to the Committee detailing the lessons it has identified from its acquisition of all large asylum accommodation sites and explain how it has changed its structures and processes to prevent it from making the same mistakes again. As part of this, it should explain how it is applying these lessons to its approach to smaller asylum accommodation sites.

6. **We are concerned that the Home Office’s work to resolve the asylum backlog may increase costs elsewhere, such as for Local Authorities or the Ministry of Justice.** The Home Office has a track record of poor engagement with local authorities, and some of the written evidence submitted to us illustrates the missed opportunities to better understand the impact of its work on local areas. Furthermore, as we have previously stressed, the Home Office’s efforts to reduce its reliance on hotels could continue to have unintended consequences, such as increasing homelessness and placing unacceptable financial pressure on local councils by driving up rental prices. We are pleased to hear the Home Office has increased the number of liaison officers and is introducing a joint working group with local authorities to improve engagement. The Home Office told us it also plans to work with the Ministry of Justice to fund additional capacity within the courts and tribunal system to manage the growing number of asylum appeals. It also asserts that the newly introduced Border Security Command will, in time, help reduce the number of people illegally

arriving in the UK to claim asylum. While these steps are positive, the Home Office will need to act quickly to achieve the planned savings in the cost of supporting asylum seekers. It remains to be seen whether the Home Office will be able to do this without pushing costs to other areas of the asylum system.

RECOMMENDATION

The Home Office should, alongside its Treasury Minute response, write to the Committee setting out how it intends to reduce spending on asylum support, including: by when it will have processed the current backlog of asylum claims; how it will work with HMCTS to ensure Immigration Tribunals have enough capacity to hear appeals in a timely way; by when it expects to stop using hotels to accommodate asylum seekers; how it will ensure asylum seekers are fairly dispersed and integrated in Local Authorities; and by when it expects the Border Security Command to reduce arrivals from small boats.

1 Acquiring asylum accommodation at pace

Introduction

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Home Office about its approach to acquiring the Northeye site in East Sussex to use for asylum accommodation.¹
2. The Home Office is responsible for asylum and immigration policy in the UK. This includes supporting asylum seekers who would otherwise be destitute by providing financial support and accommodation while it determines their asylum claims. It is also responsible for removing people from the UK who arrive illegally, including those with unsuccessful asylum claims.² In 2023–24, the Home Office spent £4.7 billion on asylum support, including £3.1 billion on hotels.³ At the end of September 2024, the Home Office was providing accommodation for around 106,000 asylum seekers, including around 35,700 in hotels.⁴
3. The previous government sought to reduce the use of hotels to accommodate asylum seekers by trying to procure accommodation in local areas, as well as by setting up large sites such as barges and disused military bases. Around November 2022, the then government established the Small Ministerial Group to support its plans to tackle illegal migration. The group was responsible for identifying accommodation options that might be suitable for the Home Office to house asylum seekers. The group was tasked with progressing the swift delivery of large sites that it had already identified as potential sites for large-scale accommodation—the former RAF sites at Wethersfield and Scampton, the Bibby Stockholm vessel docked at Portland Port, former student accommodation in Huddersfield and the Northeye site.⁵

1 C&AG’s Report, [Investigation into the acquisition of the Northeye site for asylum accommodation](#), Session 2024–25, HC 30, 15 November 2024

2 C&AG’s Report, para 1.1

3 [Home Office annual report and accounts: 2023 to 2024](#), 30 July 2024, page 82

4 Home Office, [Immigration system statistics: Asylum and Resettlement - Summary tables: Asy_DO9](#), 28 November 2024

5 C&AG’s report, para 1.4

4. The Home Office decided to acquire the Northeye site in Bexhill-on-Sea from the vendors Brockwell Group Bexhill Limited Liability Partnership, who had previously bought the site in August 2022 for around £6.3 million. In March 2023, the Home Office exchanged contracts with the vendors for an agreed price of £14.5 million, intending to develop the site as accommodation for single adult males seeking asylum. The Home Office completed the purchase of the Northeye site in September 2023 for around £15.4 million. The site was intended to provide around 1,400 bed spaces through a mix of refurbished and new buildings.⁶
5. Ahead of our evidence session, the Permanent Secretary wrote to us confirming that Ministers have decided not to move forward with the Northeye site for asylum accommodation.⁷ The Home Office told us that it will either transfer the site to another government department or sell it.⁸ However, as of December 2024, the Home Office remains in a dispute with the vendors on the costs of remediating the site.⁹ The Home Office also explained it is now resetting its asylum accommodation strategy. It plans to move away from using large sites to house asylum seekers in favour of smaller sites for asylum accommodation.¹⁰

Rushed spending decisions

6. The Northeye site first came to the Home Office's attention in May 2022, when Clearsprings Ready Homes (Clearsprings), an existing holder of an Asylum Accommodation and Support contract with the Home Office, notified the Home Office about the potential use of the site for asylum accommodation. Negotiations from May to August 2022 between Clearsprings and the vendors centred around the Home Office leasing the site for a rent of around £6 million per year. At this time, the Home Office believed it needed to move quickly to confirm it wanted to acquire the site or risked losing the opportunity. Around December 2022, the Home Office decided to acquire the Northeye site through purchasing it from the vendors rather than leasing the site. It ultimately exchanged contracts with the vendors in March 2023 and completed the purchase in September 2023. Nonetheless, no work on the site has yet begun as it is contaminated and requires remediating.¹¹ It did not commission a proper 'Red Book' valuation so it did not know whether it was paying the correct value for the property.

6 C&AG's Report, para 3

7 [Letter from the Permanent Secretary of the Home Office relating to the Home Office acquisition of the Northeye site at Bexhill](#), dated 9 December 2024

8 Qq 1-2, 48

9 Qq 27, 46

10 Q 1

11 C&AG's Report, para 1.7, 1.9

7. When we asked the Home Office whether it had rushed its decision to acquire the Northeye site, the Home Office told us it was “operating at pace” to address the growing number of people claiming asylum. The Home Office said Ministers were “pushing” the department to progress quickly with this acquisition.¹² It explained that there was a clear government strategy to stop using hotels as asylum accommodation due to their high costs.¹³ In December 2022, the then Prime Minister made a statement to Parliament on illegal migration, which included the aim of abolishing the backlog of initial asylum decisions by the end of 2023 and ending the use of hotels to house asylum seekers.¹⁴ The National Audit Office reported that this “generated significant pressure within the Home Office to identify and secure sites for asylum accommodation at pace”.¹⁵
8. In 2023, the Home Office was acquiring several large asylum accommodation sites at the same time, including the Bibby Stockholm vessel in Dorset and the former RAF base in Scampton, Lincolnshire.¹⁶ The Home Office has spent more than £34 million on the Bibby Stockholm vessel, which will not be used after January 2025.¹⁷ In April 2024, the Home Office told the previous Public Accounts Committee it expected to accommodate a maximum of 400 people on board the Bibby Stockholm vessel by June 2024, although it had originally planned to accommodate approximately 500 people on board.¹⁸ The Home Office also spent around £60 million on the site in Scampton, which it has announced it will now not use as it no longer represents value for money.¹⁹ Moreover, the Home Office spent £2.9 million in 2022–23 preparing the former RAF base in Linton-on-Ouse to accommodate people, but it later cancelled plans for using the site.²⁰
9. In July 2024, the government announced the cancellation of the Migration and Economic Development Partnership with Rwanda (MEDP).²¹ We noted that nobody had been removed under the scheme, and the Department told us that there were no flights under the scheme other than for four voluntary

12 Q 4

13 Qq 4, 6

14 C&AG’s Report, para 1.3

15 Q 4; C&AG’s Report, para 7

16 Q 1

17 C&AG’s Report, Asylum Accommodation, Figure 6; Home Office News story, ‘[Contract for Bibby Stockholm not renewed past January 2025](#)’, dated 23 July 2024

18 Committee of Public Accounts, [Oral evidence](#): Asylum Accommodation and UK-Rwanda partnership, HC 639, 15 April 2024, Q 179

19 Home Office News story, ‘[Home Office will not use RAF Scampton for asylum accommodation](#)’, dated 5 September 2024

20 C&AG’s Report, para 10, 2.4

21 BBC News report, ‘[Sir Keir Starmer confirms Rwanda plan ‘dead’ on day one as PM](#)’, dated 6 July 2024

removals.²² Despite this, the Home Office spent around £715 million on the scheme, including on payments to Rwanda, staffing, flights and detention capacity.²³

10. We were concerned by the amount of public money the Home Office has spent on these projects, which have either been abandoned or have not delivered the expected benefits. During our evidence session, we questioned the Home Office on this, and it stressed again that it “acted with pace” to meet Ministers’ expectations and address a need to find additional asylum accommodation.²⁴ It acknowledged that while this urgency was well-intentioned and aimed at responding to challenging circumstances, it “should have gone more slowly” so more due diligence could have been completed before it acquired these sites.²⁵ The Home Office stated that it has already “embedded” lessons into its future strategy to improve decision-making and told us it will ensure a better balance between operating at pace and undertaking due diligence in future acquisitions.²⁶

Understanding the risks and costs

11. The Home Office commissioned some surveys but not a complete ‘Red Book’ survey and sought some additional professional advice on the state of the Northeye site before deciding to purchase it. Preliminary surveys of the site warned of potentially high remediation costs. For example, the planning appraisal, completed in February 2023, highlighted a high risk of contamination across the site. A geo-environmental review, also undertaken in February 2023, concluded that the primary contamination risk was from asbestos-containing materials in existing buildings and contaminated ground. It recommended supplementary investigation to further understand the risks before establishing the cost of remediation. A technical due diligence report, also undertaken in February 2023, indicated that repairs to buildings on the site could cost in excess of £20 million; however, the National Audit Office found that not all the recommendations in these surveys were actioned by the Home Office.²⁷
12. When we asked the Home Office what it had done to understand the risks before acquiring the Northeye site, it told us it did a “fair amount of due diligence” and repeatedly emphasised that “with the benefit of hindsight”

22 Qq 52, 53

23 Q 7; Home Office, [Breakdown of Home Office costs associated with the MEDP with Rwanda and the Illegal Migration Act 2023](#), dated 2 December 2024

24 Qq 4–5

25 Q 7

26 Qq 4–5

27 C&AG’s Report, para 9, 1.13

it should have done much more.²⁸ We received written evidence from both Bexhill-on-Sea Town Council and the ‘No To Northeye’ campaign group, which highlighted concerns raised by local residents about site contamination early in the acquisition process.²⁹ They told us their concerns were not adequately addressed or acknowledged by the Home Office. In its written evidence to us, the Wethersfield Airbase Scrutiny Committee highlighted similar concerns regarding the Home Office’s due diligence in relation to the former RAF base in Wethersfield, Essex.³⁰ It indicated that the Home Office’s “refusal to procure expert advice” and its failure to act on expert recommendations, particularly those arising from geo-environmental surveys of contaminated land, was a recurring issue. The written evidence we received suggests that these oversights were part of a broader pattern. During our evidence session, the Home Office acknowledged the shortcomings of its assurance process regarding the Northeye site. It explained that a key lesson it has learned is the need to engage with local authorities and communities to ensure acquisitions are in the “right places” and have the necessary support from local areas.³¹

- 13.** Both the Ministry of Justice’s property function, which provided an outsourced property service to the Home Office, and the Home Office’s external property advisers recommended conducting a ‘Red Book’ valuation for the site, as typically required for a site requiring remediation. However, the Home Office negotiated the purchase of the Northeye site without one.³² During our evidence session, the Home Office told us that while it did not commission a ‘Red Book’ valuation of the Northeye site, it will do so for any future site acquisitions.³³ Moreover, the Home Office sought, but was not granted, an exemption from complying with standard approval of the acquisition by the Office of Government Property within the Cabinet Office. Following its review, on 27 March 2023 the Cabinet Office highlighted to the Minister for Immigration significant risks with the acquisition, but stated that if the Home Office believed it would be able to mitigate these risks, then the Cabinet Office would accept the Home Office’s assurances.³⁴ We asked the Home Office how it could have assured the Cabinet Office when it did not fully understand the risks involved. It reiterated that, with hindsight, it “definitely would not do that again”. The Home Office explained that it while it was “not operating in a total vacuum” and was receiving proper advice,

28 Qq 5–7, 12, 18, 20

29 [AA0007](#), Written evidence submitted by Bexhill-on-Sea Town Council, 9 December 2024; [AA0008](#), Written evidence submitted by Mr Nigel Jacklin (Leader at No To Northeye), 9 December 2024

30 [AA0009](#), Written evidence submitted by Wethersfield Airbase Scrutiny Committee, 9 December 2024

31 Q 17

32 C&AG’s Report, para 6, 1.17

33 Q 11

34 C&AG’s Report, para 6

it nevertheless went ahead with the acquisition because it was “seeking to operate at pace”. The Home Office said it will now ensure a more detailed assessment is made by property experts before making final acquisition decisions.³⁵

14. The Home Office assessed the acquisition against the Accounting Officer tests, concluding that the proposal met the tests of regularity, propriety and feasibility, presented in the Accounting Officer Advice. The assessment also found that the use of the site for asylum accommodation represented value for money when compared with the cost of housing asylum seekers in hotels over a period of five years. The Accounting Officer Advice did however note significant risks to feasibility, including the critical risk that it might not be possible to connect the site to utilities. The National Audit Office reported there was limited reference in the Accounting Officer Advice to the potential scale of contamination or the need for further investigation, despite reports raising contamination as an issue with potentially high associated costs.³⁶ The Home Office told us it prioritised the Northeye site due to its “size, flexibility and location”.³⁷ While it had conducted some due diligence, it only commissioned full contamination surveys after the completion of the sale in September 2023.³⁸ The Home Office acknowledged that, at the time of the Northeye acquisition, it believed it would have been “impossible” to know all the risks involved. However, it accepted that it could have discovered more if it had “slowed down and done the extra assurance”.³⁹ The National Audit Office reported that in November 2023, the Home Office identified lessons learnt from the acquisition, including that decisions had been made at a senior level with incomplete information and before exploring concerns about the suitability of the site.⁴⁰ The Home Office emphasised it now places due diligence at the forefront of its acquisitions.⁴¹
15. The Small Ministerial Group, established around November 2022, implemented concessions to the process of acquiring sites, including dispensing with the requirement for a full business case before approving acquisitions. The Home Office began drafting an outline business case for the acquisition of the Northeye site, dated 1 March 2023, but never completed it.⁴² When asked why a full business case was not developed for the Northeye site, despite it being a condition for HM Treasury approval, the Home Office explained that it could not complete a full business case in time due to the lack of final cost information for operationalising the site.

35 Q 31

36 C&AG’s Report, para 1.19–1.20

37 Q 26

38 Q 26

39 Q 24

40 C&AG’s Report, para 11, Figure 4

41 Q 17

42 C&AG’s Report, para 1.12, Figure 2

Instead, it opted to complete an outline business case.⁴³ The Home Office also stated it was now resetting its asylum accommodation programme and will revise the programme business case, with a formal accounting officer assessment expected in the first quarter of 2025.⁴⁴ When asked if the Home Office would develop a specific business case for the Northeye site, given it plans to either transfer or sell it, the Home Office explained it would develop a “disposal strategy”.⁴⁵ It said this strategy would assess the cost, value and interest in the site, which the Home Office believes will help ensure the “best value-for-money solution” for the taxpayer.⁴⁶

Appropriate skills and capabilities

16. Since 2016, the Home Office has had a shared-services agreement with the Ministry of Justice’s (MoJ’s) property function to provide a range of property services on behalf of the Home Office. For the Northeye acquisition, the Home Office made limited use of this arrangement, only engaging a firm through the MoJ to conduct some aspects of due diligence. While the MoJ’s property function was aware of the acquisition, it was not directly involved. The MoJ offered to provide advice and assistance during the process, but these offers were not accepted by the Home Office.⁴⁷ During our evidence session, the Home Office explained that the Northeye acquisition fell outside the scope of its shared services agreement with the MoJ property team, in part due to resourcing constraints within the MoJ.⁴⁸
17. In April 2021, the Home Office contracted staff who had previously worked under the Ministry of Justice’s property function to provide in-house expertise in commercial property transactions. From August 2022, the contracted staff managed the acquisition of the Home Office’s interests in the Northeye site.⁴⁹ The National Audit Office reported that the Home Office did not put in place arrangements to oversee the work of the contracted staff. For example, it found that incorrect advice by the contracted staff led to the Home Office paying the vendors an additional £0.9 million.⁵⁰ This comprised of £0.5 million due to a six-month delay between exchanging contracts and completing the site purchase and £0.4 million related to legal action over the acquisition.⁵¹ We questioned the Home Office on the quality of advice it had received during the acquisition. It stated that the

43 Q 36

44 Q 35

45 Q 40

46 Q 42

47 C&AG’s Report, para 1.5

48 Q 91

49 C&AG’s Report, para 1.6

50 C&AG’s Report, para 8

51 Qq 55–58; C&AG’s Report, para 1.24

accounting officer at the time relied on consolidated advice from internal legal, financial, property and policy teams to secure the necessary approvals.⁵²

18. The contract for the Northeye acquisition contained conditions that meant that the longer it took the Home Office to complete the purchase beyond a six-week timeframe, the more money it would pay. The National Audit Office reported that despite these terms being questioned by some of the Home Office’s advisers, those leading the purchase felt that the terms would never be enacted. Once contracts were exchanged, there was little scope for the Home Office to withdraw from the agreement without heavy financial penalties.⁵³ During our evidence session, the Home Office explained that the inclusion of specific contract conditions stemmed from a lack of necessary expertise within its property function at that time. It acknowledged that it lacked the capability to assess the agreed terms properly.⁵⁴ When challenged on why it entered into the contract without fully understanding its implications, the Home Office again justified this approach because there was “significant pressure to secure” the acquisition.⁵⁵ It told us that it “judged it the right thing” to go ahead with the purchase due to “overriding requirement for pace”.⁵⁶ The Home Office told us that its current strategy is shifting towards using smaller asylum accommodation sites, and asserted it is unlikely to pursue large acquisitions like Scampton, Wethersfield or Northeye again.⁵⁷ We asked for assurance that it would not make similar mistakes again, and the Home Office reiterated that it had learned lessons. While the Home Office acknowledged its mistakes and said that it “definitely rushed into the acquisition”, it highlighted efforts to strengthen its property expertise.⁵⁸ If the Government decides to resell the site, we are anxious that the previous mistakes are not repeated and that a realistic sale price in line with the market is achieved.

52 Q 93

53 C&AG’s Report, para 1.12

54 Q 61

55 Q 64

56 Q 76

57 Qq 49, 51

58 Q 65

2 Learning lessons and controlling costs

Home Office culture

19. In May 2024, the previous Public Accounts Committee reported on the Home Office’s development of alternative asylum accommodation to hotels, including large sites at Scampton and Wethersfield, the Bibby Stockholm vessel, and former student accommodation in Huddersfield. The Committee found that the Home Office’s value for money assessments of the large sites fell short of reality and risked wasting taxpayers’ money. It reported that the Home Office expected its Large Sites Programme to cost £1.2 billion.⁵⁹ Since then, the Home Office has stopped using the Bibby Stockholm vessel and abandoned the Scampton site.⁶⁰ Also, the Huddersfield site currently remains unused and the Home Office told us it will be opening it in 2025.⁶¹ During our evidence session, the Home Office stated it was working “at pace” because the then government needed to find accommodation because it was spending too much on hotels.⁶²
20. We asked the Home Office why, despite spending large sums of public money on these large sites, many of them did not achieve the expected benefits. It explained that both the previous and current government had strategies to exit hotel accommodation for asylum seekers.⁶³ The Home Office explained that the urgency behind its actions stemmed from a significant increase in asylum claims, rising from 20,000–40,000 annually to nearly 100,000.⁶⁴ It said this surge in demand drove the push to find alternative accommodation, accelerating the pace of its work. The Home Office admitted it had prioritised speed over assurance when acquiring the Northeye site, a lesson it again emphasised it is now learning. It said that it focused on quickly acquiring and preparing large sites as long as

59 Committee of Public Accounts, [Asylum Accommodation and UK-Rwanda partnership](#), Thirty-Fourth Report of Session 2023–24, HC 639, May 2024, para 12

60 Home Office News story, ‘[Contract for Bibby Stockholm not renewed past January 2025](#)’, dated 23 July 2024; Home Office News story, ‘[Home Office will not use RAF Scampton for asylum accommodation](#)’, dated 5 September 2024

61 Q 83

62 Q 4

63 Q 54

64 Q 54

the government policy required it. When the policy changed away from procuring large sites, the Home Office said it shifted its focus to meet the new priorities with the same pace.⁶⁵

- 21.** We were concerned about a prevailing culture within the Home Office that normalises operating in an emergency and led it to weaken approval processes when acquiring large sites like Northeye. Moreover, it has often appeared that the Home Office has prioritised appearing to address the issue of asylum accommodation over value for money and the effective implementation of projects. The National Audit Office reported that the Home Office dispensed with some established processes to acquire the Northeye site, in part due to the pressure to acquire at speed.⁶⁶ In our evidence session, the Home Office acknowledged an “optimism bias” in its asylum accommodation plans and admitted to operating under sustained pressure for years, although it claims to have returned to “business as usual.”⁶⁷ Previously, the Public Accounts Committee has raised similar concerns about over-optimism and planning failures in other Home Office programmes, such as the Emergency Services Network.⁶⁸ The Permanent Secretary said he was “proud” of the pace demonstrated by Home Office staff and emphasised the complexity and divisive nature of the issues they handle.⁶⁹ The Home Office told us that while there are instances where it must “operate with extreme pace” in response to crises and emergencies as described by Ministers, it also recognised the need to operate more sustainably in the future.⁷⁰
- 22.** When the Chief Secretary to the Treasury approved the acquisition of the Northeye site on 25 March 2023, he noted that the value-for-money case was marginal and based on assumptions that were highly uncertain.⁷¹ The cost of remediating the building of asbestos and removing contaminated ground estimated at £20 million did not feature in the Accounting Officer’s advice.⁷² The National Audit Office reported that full assessments of the level of contamination and feasibility of the site were not undertaken before the Home Office exchanged contracts with the vendors. In our evidence session, we questioned the Home Office about why a ministerial direction was not sought for the Northeye acquisition, especially given it had weakened the control framework.⁷³ The Home Office explained that it judged all four

65 Q 53

66 C&AG’s Report, para 6–7

67 Qq 14, 118

68 Committee of Public Accounts, [The Emergency Services Network](#), Sixty-Fourth Report of Session 2022–23, HC 1006, 14 July 2023, paras 1 and 5

69 Q 52

70 Q 118

71 C&AG’s Report, para 9

72 C&AG’s Report, para 9

73 Q 21

accounting officer tests were met at the time, despite its own Accounting Officer Advice noting significant risks to feasibility.⁷⁴ However, when asked if, in hindsight, the Permanent Secretary wished a ministerial direction had been sought, he acknowledged that with the current information, “some of the accounting officer tests would not have been met”. The Home Office accepted that, in such a case, either the acquisition would not have gone ahead or a ministerial direction would have been necessary.⁷⁵

Learning lessons

- 23.** The Home Office had initially planned to be using the Northeye site to accommodate asylum seekers by March 2023, but this was delayed due to issues around the remediation costs and challenges getting the site operational. In March 2023, the Home Office changed the site’s status to a ‘long-term strategic site’, expecting that it would take six to nine months to get the site up and running.⁷⁶ The National Audit Office reported that when purchasing the Northeye site, the Home Office did not apply lessons from previous asylum accommodation sites.⁷⁷ Between November 2022 and September 2023, the Infrastructure and Projects Authority (IPA), which scrutinises the deliverability of major government programmes, reviewed three iterations of the Home Office’s plans on asylum accommodation, rating each one as ‘red’, meaning that successful delivery of the programme to time, cost and quality appeared to be unachievable.⁷⁸
- 24.** The second of the IPA reviews, in February 2023, concluded that, while the Home Office had identified learning in relation to the failed site at Linton-on-Ouse, these lessons were not being applied to some of the asylum accommodation sites it was delivering at the time. The IPA stated that the impact of not applying those lessons would likely be a continued high attrition rate of sites.⁷⁹ The Home Office told us that Linton was the first site in its large sites programme, but it had to be abandoned after the Ministry of Defence withdrew its offer of the site.⁸⁰ In March 2024, the National Audit Office reported that the Home Office has incurred losses of at least £3.4 million before it found sites to be unsuitable or unavailable. For example, it spent £2.9 million preparing Linton, and paid around £0.5 million to reserve vessels it had embarked as asylum accommodation but was unable to use as it could not secure a suitable port.⁸¹

74 Q 24; C&AG’s Report, para 1.19-1.20

75 Q 24

76 C&AG’s Report, para 2.1

77 C&AG’s Report, para 10

78 C&AG’s Report, para 2.4, Figure 3

79 C&AG’s Report, para 2.4, Figure 3

80 Q 82

81 C&AG’s Report, Asylum accommodation, para 10

- 25.** When we questioned the Home Office about repeated mistakes in its acquisitions of large sites, it explained that it was learning from multiple projects at the same time. The Home Office informed us that its lessons learned review identified over 1,000 lessons.⁸² When asked if it planned to publish the review, the Home Office stated that it had no intention of doing so.⁸³ However, the Home Office emphasised that it is a “lesson-learning organisation” and stressed that this requires it to be open to acknowledging when things go wrong and learning from those experiences.⁸⁴ In our evidence session, the Home Office highlighted two key types of lessons it had learned: one focused on capability, and the other focused on refining systems, assurance and processes within the department.⁸⁵ It said that building up the capability of its property team was the first lesson learnt after the Northeye acquisition and told us that its newly formed team has much greater property expertise than previously.⁸⁶ The Home Office also claimed to have learned lessons around its systems and processes, stating that it is now “stricter” about the necessary due diligence.⁸⁷ We sought assurance that the Home Office would maintain adequate controls and safeguards to prevent similar mistakes in future acquisitions. It outlined that before any site is acquired, thorough due diligence will be conducted by in-house property advisors.⁸⁸ The National Audit Office reported that the Home Office ended its shared-services agreement with the MoJ in April 2024 and has re-established an in-house property function.⁸⁹
- 26.** During our evidence session, the Home Office described its approach to acquiring large sites as “entrepreneurial”. It explained that this strategy was about piloting and testing approaches while operating at speed with limited information.⁹⁰ The Home Office explained this as a good approach for identifying what works, quickly learning from failures, and adapting accordingly.⁹¹ We therefore, asked the Home Office how it plans to fully understand the seriousness of the issues that occurred in previous acquisitions. The Home Office repeated it has learnt lessons by improving its capabilities and processes. It told us, as a result, its accommodation strategy for the next decade will be markedly different from the previous two years, moving away from using large sites for asylum accommodation.⁹²

82 Q 15

83 Q 17

84 Q 82

85 Q 82

86 Q 32

87 Qq 32, 83

88 Q 113

89 C&AG’s Report, para 2.6

90 Q 84

91 Qq 84, 116

92 Q 116

Costs savings and the impact on other parts of the system

27. The Autumn Budget 2024 set a target for the Home Office to deliver significant savings by 2026.⁹³ Moreover, following the cancelled Rwanda scheme, the current government has promised to resume processing asylum decisions for those previously considered as inadmissible. Under the former government, the Home Office was not processing cases for people who had arrived after 7 March 2023 (as these cases were subject to provisions under the Illegal Migration Act 2023).⁹⁴ We asked the Home Office about its confidence in delivering the cost savings, and it explained that these “stretching targets” will require not only finding savings within the department but also increasing its income.⁹⁵ The Home Office stated its commitment to meeting savings targets and staying within budget. However, it acknowledged that if it fails to do so, it may need to seek supplementary funding from the Treasury.⁹⁶
28. The Home Office explained it plans to reduce costs quickly, in part, by focusing on upstream measures, such as controlling irregular arrivals through the new Border Security Command. In our evidence session, the Home Office described the Border Security Command as the “start of a very long haul,” emphasising that it is part of ongoing efforts to work upstream and collaborate with other countries. It explained that it had already invested £75 million to support new capabilities, such as additional specialist investigators, and planned to invest another £75 million this year.⁹⁷ Given the costs already incurred, we asked the Home Office whether the Border Security Command is having an impact on those arriving illegally to the UK. It stressed it was “too early to point to particular reductions in numbers crossing the channel” but stated it was “tracking all those metrics” and agreed to keep us updated on its progress.⁹⁸ In addition, the Home Office also emphasised that while it was “maximising the use of existing hotels”, it was still reducing its reliance on hotels for asylum seeker accommodation. It said it had closed 191 hotels and lowered the per night costs from £8.8 million in 2023 to around £5.4–5.5 million.⁹⁹ We reiterated our concerns that these measures may have implications on the wider asylum system, especially in terms of local authorities and the courts.¹⁰⁰

93 HM Treasury, [Autumn Budget 2024](#), 30 October 2024

94 C&AG’s Report, footnote 6

95 Q 114

96 Q 115

97 Qq 130-131

98 Q 131

99 Q 114

100 Committee of Public Accounts, [The Asylum Transformation Programme](#), Seventy-Sixth Report of Session 2022–23, HC 1334, 27 October 2023, para 6

The Home Office stressed that the asylum system should be managed as a whole, not treated as a “crisis” requiring only “spot intervention” like clearing a backlog. It explained that its asylum and returns transformation program aims to address all stages of the process.¹⁰¹

- 29.** Since 2020, the Home Office has increasingly used hotels to accommodate asylum seekers due to rising demand and a shortage of alternative accommodation. The previous Public Accounts Committee had raised concerns about the Home Office’s lack of effective engagement with local authorities regarding the impact of such accommodation on local areas.¹⁰² We asked the Home Office how it is addressing the problems raised with us by councils, and it told us that it has since implemented more structured engagement processes with local authorities and relevant community groups.¹⁰³ It explained that it has funded 125 “asylum move-on” liaison officers to work with local authorities, helping them understand local challenges. In addition, the Home Office told us that, to ease pressures on councils, particularly from the asylum backlog, it introduced a temporary increase in the move-on period for asylum seekers, extending it from 28 days to 56 days.¹⁰⁴ In its written evidence, the Local Government Association expressed long-standing concerns about the need for an extension to the move-on period to reduce risks around homelessness and destitution.¹⁰⁵ We sought assurance from the Home Office about closer collaboration with local authorities to mitigate additional pressures. The Home Office acknowledged the importance of ensuring its asylum accommodation strategy does not place further strain on local government, particularly due to the overall housing shortage in the UK.¹⁰⁶
- 30.** The National Audit Office reported that the increase in asylum decisions had placed greater pressure on local authorities to support refugees in finding accommodation and increased the risk of homelessness and rough sleeping.¹⁰⁷ The previous Public Accounts Committee also raised concerns about the Home Office paying higher rates for limited rental accommodation and therefore driving up rents. The Local Government Association reported to us that, despite additional financial support, councils were spending over £1.74 billion in 2024 to support more than 117,000 households in temporary accommodation.¹⁰⁸ We questioned the Home Office again on

101 Q 119

102 Committee of Public Accounts, [Asylum Accommodation and UK-Rwanda partnership](#), para 4

103 Q 45

104 Q 121

105 [AA0010](#), Written evidence submitted by the Local Government Association, 28 November 2024

106 Qq 120, 132-133

107 C&AG’s Report, Asylum Accommodation, para 2.9

108 [AA0010](#), para 4

the effectiveness of its measures, and it explained that its joint work with the Ministry of Housing, Communities and Local Government (MHCLG) aims to prevent situations where it pays higher rental rates than local authorities, contributing to increased rents.¹⁰⁹ The Home Office said it now had a commitment “that if we ever hear that a local authority is seeking to acquire a particular piece of accommodation, we withdraw our interest.”¹¹⁰ We had held an evidence session on homelessness with MHCLG two weeks earlier, during which it acknowledged that coordination between the Home Office and local councils had not been adequate. MHCLG said efforts were underway to improve this, with a new locally-led plan aimed at reducing the competition for accommodation.¹¹¹

- 31.** People who are refused asylum by the Home Office can appeal the decision in the immigration and asylum tribunal, administered by HM Courts & Tribunals Service (HMCTS). The increased number of refusals brought about by more decisions being made is likely to increase the number of appeals. In June 2023, the National Audit Office reported that the Home Office estimated the number of appeals in progress could quadruple to 75,000 between July 2022 and March 2025.¹¹² The Home Office agreed to provide funding for the first six months of 2023–24 to help HMCTS increase its capacity to hold immigration and asylum hearings by almost 50%. However, HMCTS’s modelling suggested it would require additional capacity beyond this if the Home Office successfully met its recruitment and productivity targets.¹¹³ In our evidence session, we asked the Home Office about its discussions with the wider criminal justice system regarding the impact of increased numbers of asylum decisions and the potential effect on the courts and tribunals services. The Home Office acknowledged that the appeal system is “under acute pressure” and stated that it holds regular meetings with HMCTS to assess operational efficiency. It said it is exploring ways to “fund extra judicial capacity” and is working with legal representatives to identify ways to save judicial time in handling asylum cases.¹¹⁴

109 Qq 132–134

110 Q 132

111 Committee of Public Accounts, [Oral evidence](#): Tackling homelessness, HC 352, 2 December 2024, Q 46

112 C&AG’s Report, Asylum and protection transformation programme, para 8

113 C&AG’s Report, Asylum and protection transformation programme para 2.14 and Figure 11

114 Q 119

Formal minutes

Monday 27 January 2025

Members present

Sir Geoffrey Clifton-Brown, in the Chair

Mr Clive Betts

Nesil Caliskan

Luke Charters

Anna Dixon

Rachel Gilmour

Sarah Green

Chris Kane

Sarah Olney

Rebecca Paul

Declaration of interests

The following declarations of interest relating to the inquiry were made:

9 December 2024

The Chair declared the following interest: qualified chartered surveyor.

Asylum accommodation: Home Office acquisition of former HMP Northeye

Draft Report (*Asylum accommodation: Home Office acquisition of former HMP Northeye*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 31 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Thursday 30 January at 9.30 a.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 9 December 2024

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

[Q1-134](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

AA numbers are generated by the evidence processing system and so may not be complete.

1	Jacklin, Mr Nigel (Leader, No To Northeye); and NA	AA0008
2	Bexhill-on-Sea Town Council	AA0007
3	Caritas Westminster	AA0001
4	Cook, Mr Nigel D (Expert Business Efficiency Identification, Management and Delivery)	AA0002
5	Local Government Association	AA0010
6	Regeneration Of Scampton Estate (R.O.S.E.) Community Group	AA0006
7	The Fields Association	AA0005
8	Wethersfield Airbase Scrutiny Committee	AA0009

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2024–25

Number	Title	Reference
1st	Support for children and young people with special educational needs	HC 353
2nd	Condition and maintenance of Local Roads in England	HC 349
3rd	HMRC Customer Service and Accounts	HC 347
4th	Tackling homelessness	HC 352
5th	NHS financial sustainability	HC 350
6th	DWP Customer Service and Accounts 2023-24	HC 354