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Report on new contracts for asylum seekers' accommodation

April 2014

The Public Accounts Committee published its 54th report, *COMPASS: provision of asylum accommodation*, on 24 April 2014. The report is critical of the Home Office's decision to remove contracts from 13 separate providers of accommodation for destitute asylum seekers and to reissue the contracts in bulk to three large providers¹. Two of whom – G4S and Serco – had no previous experience of housing asylum seekers. The Committee evaluated the operation of the new contracts in their first year and concluded that there had been unsatisfactory performance by the new contract holders, as well as a failure to make the intended savings.

Accommodation of asylum seekers

The Home Office provides accommodation to roughly 23,000 destitute asylum seekers at any given time. In March 2012 the Department decided to restructure the way it provides this accommodation, by hiring fewer and bigger housing providers instead of renewing the contracts for the smaller companies and not-for-profits who had previously provided accommodation. There are now six regional contracts (known collectively as COMPASS), which are delivered by three large companies (G4S, Serco and Clearel, each of whom holds two contracts).

The Committee's findings

The key findings of the Committee were:

- Serco and G4S failed to inspect or check their properties before taking them over, causing delays, extra cost and disruption and confusion for the "very vulnerable" occupants;
- The intention of the new structure is to save money through economies of scale – the aim is to save £140 million over seven years. So far only £8 million has been saved in the first year, £12 million below target. Higher than anticipated costs due

¹ G4S, Serco and Clearel

to the combined failings of the contractors and Home Office contributed to the failure to make the intended savings;

- The standard of the accommodation provided has often been unacceptably poor in the past. The new contract holders have failed to improve quality in a timely manner. The Committee stated it was “disturbing” that over a year into the contract the accommodation is still not of the required standard. The Committee noted that no penalties have been imposed on the new contract holders despite their failings;
- The Home Office’s decision to rely on fewer and larger contractors was risky and lies at odds with the Government’s stated commitment to encourage smaller businesses to deliver public services. The knowledge of experienced specialist providers has been lost and there are fewer alternative options available to the Department if one of the new contractors fails;
- The changes have led to delays in providing suitable accommodation to asylum seekers;
- Progress has been hampered by the failure of the Home Office and its contractors to establish a proper working partnership and to share necessary information, such as forecasts of demand for asylum accommodation.

The Chair of the Committee, the Rt Hon Margaret Hodge MP stated on introducing the report: *“The change was poorly planned and badly managed”* concluding that it was *“unlikely to yield the savings intended.”*

Further Information

For more information on the Public Accounts Committee see link below:

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/asylum-accommodation-substantive/>