

Briefing for MPs on Asylum Accommodation Contracts

September 2018

The asylum accommodation contracts are one of the Government's largest procurements, worth over £4 billion. These are currently out to tender and will replace the COMPASS accommodation contracts. Due to be signed through November and December 2018, they will be binding for the next 10 years. Yet the contract procurement process has reached a critical juncture. Government has failed to address concerns with the design and delivery of the current COMPASS contract and risks repeating past mistakes, disregarding the recommendations of the Home Affairs Select Committee and failing to recognise the crucial role played by Local Authorities, whose confidence has been eroded over the last six years of COMPASS. It is our understanding that Local Authorities up and down the country have taken action – including an unprecedented collective response from dispersal areas in England and similar representations from Scotland and Wales - to raise concerns with the procurement process, with some warning that unless resources and oversight are granted to them then they may not be able to remain dispersal areas when the new contracts are due to start in September 2019.

The Home Secretary must now listen and act - as the Home Affairs Select Committee recommended - and genuinely work in partnership with Local Authorities and the Third Sector, on whom the dispersal system relies, to urgently address concerns with the contracts and ensure the sustainability of the asylum dispersal system going forward.

The Asylum Accommodation and Support Services Contract (AASC) and Advice, Issue Reporting and Eligibility Contract (AIRE) together replace the current COMPASS contract delivered by G4S, Serco and Clearsprings and the advice and guidance contracts provided by Migrant Help. These contracts detail the provision for asylum seekers in initial and dispersed accommodation¹.

Despite the huge sums of public money involved and the lengthy period they cover, there has been little to no public or Parliamentary scrutiny of the forthcoming contracts. The important details of the contracts are set out in the Statement of Requirements and Performance Regime which accompanies the KPIs, neither of which is in the public realm. The Home Office and Minister for Immigration have responded to questions from key stakeholders by stating the information is 'commercially sensitive' and therefore cannot be made available.

The current COMPASS contracts have received considerable Parliamentary scrutiny and widespread public criticism. There has been extensive press coverage of poor accommodation standards, and in addition to issues raised by constituency MPs, Local Authorities and the Third Sector, a number of Parliamentary interventions have been undertaken by the National Audit Office, Public Accounts Committee and the Home Affairs Select Committee (HASC), detailed in the appendix at the end of this briefing.

The Home Office appears to have ignored many of the issues raised to date and the recommendations of Parliament, opting instead for a broadly 'as-is' model² which closely resembles the current COMPASS contract. Namely, there has been no change in the role or resourcing of Local Authorities to enable them to support dispersal, and the contracts continue to allow the use of forced bedroom sharing and the use of large scale HMOs.

Despite recommendations that Local Authorities should be 'actively involved' in designing the replacement to COMPASS, key stakeholders are being entirely cut out of the process – devolved governments and Local Authorities,

¹ The 1999 Immigration and Asylum Act established the asylum dispersal system, set up to alleviate pressures on London and the South East. Asylum seekers who would otherwise be destitute are first housed in Initial Accommodation centres in different regions, before they are sent to Dispersal Accommodation in areas agreed with participating Local Authorities. While efforts have been made to increase the number of Local Authorities participating through the Home Office's Widening Dispersal Programme, asylum seeker populations remain concentrated in a number of key regions, with higher numbers in certain towns, cities and areas, particularly those where accommodation is cheapest.

² While details of the contracts have not been shared publicly, this intelligence is based on Regional Home Office presentations.

who are crucial to the long-term sustainability of the contracting process and the asylum dispersal system as a whole, are in the dark.

We welcome the proposal that accommodation-related complaints under the AASC contract are handled by an independent body (under the new AIRE contract) but this does little to address wider concerns. In addition, tight transition and mobilization periods for the contracts appear on a par with those previously criticised by the National Audit Office and Public Accounts Committee in the transition to COMPASS.

There remain concerns that with the timelines getting tight, bidders may have increased influence over the contracts. While the Home Office are confident that the contracts will be ready to go live in September 2019, **a delay in the contracting process could mean that Local Authorities will be asked to step in** to accommodate people – as they did in 2012 when the COMPASS contracts failed to go live in time.

It was recently revealed that the Home Office had not received compliant bids in the North East, Yorkshire and Humber, and Northern Ireland – so a second procurement notice was put out for these regions, known as AASC2. Local Authorities were not informed of this at the time, and remain in the dark as to why this has happened and thus unable to plan accordingly.

Meanwhile **Local Authorities (and the third sector) continue to be expected to pick up the pieces.** Statutory duties and safeguarding obligations mean in certain circumstances Local Authorities will step in to prevent destitution, at their own expense. The continued failure of the Home Office and private providers to meet the needs of vulnerable asylum seekers jeopardises ambitions to end rough sleeping and homelessness at a local level and puts additional pressure on local services.

Recent developments in [Glasgow](#) – where on 27 July, Serco and the Home Office gave the refugee Third Sector and the local statutory sector only one working days' notice of their intention to evict those considered to be 'overstayers' - demonstrates how asylum accommodation runs as a parallel public service as opposed to in conjunction or partnership with the democratically-elected Council, the Third Sector and local communities. This needs to change both in Glasgow and across all asylum dispersal areas.

Local Authorities have also been charged with regulating Home Office contractors' housing standards and practices through local legislation and in one case in Newcastle, through a legal battle, the cost of which fell to the council.

In the [Newcastle case](#), G4S subcontractor Jomast successfully appealed Newcastle Council's issuing of overcrowding notices on houses where asylum seekers were being forced to share bedrooms. The Council are now bound to licence properties that would otherwise be in breach of local standards. The case revealed the limitations of Local Authorities' powers to enforce standards.

Echoing the recommendations of the Home Affairs Select Committee, Local Authorities' **requests that the Home Office contracts are tightened to prevent forced bedroom sharing have been ignored**, along with concerns about whether the needs of vulnerable groups (pregnant women, children, people with mental health issues) are being met in both Initial and Dispersed accommodation.

These same imbalances are being built into the new contracts, which ensure that Local Authorities will continue to have little say in the way the dispersal system as a whole - and asylum accommodation in their area - operate. Despite this, Local Authorities remain compelled to provide support and interventions where accommodation provision falls short, with no financial remuneration. Failure to respond to these concerns about lack of control over local matters, and the absence of resourcing to meet local needs together risk generating resentment, undermining community cohesion and threatening the long-term sustainability of the asylum dispersal system: **Without urgently addressing the concerns of Local Authorities who are willingly hosting asylum seekers, the Home Secretary risks undermining their participation and bringing into question the sustainability of asylum dispersal.**

Local Authorities across Yorkshire and Humber have already [publicly threatened to pull out](#) of dispersal stating: "For too long, asylum dispersal has been implemented as something done to local authorities and communities in the north of England rather than done with them in partnership...Being an asylum dispersal area is voluntary and some local authorities in our region have over recent months been giving serious consideration to actively pursuing withdrawal. The current process of procurement for the new asylum system is making this outcome increasingly likely"

We remain deeply concerned that the many issues that have been raised throughout the delivery of the COMPASS contracts about the quality of accommodation, treatment of residents and lack of accountability of providers have been so roundly ignored by the Home Office. Despite the large sums of public money involved, throughout the design and procurement process there has been a marked lack of opportunities for Parliamentary scrutiny. The forthcoming asylum accommodation contracts must work to ensure the long-term sustainability of the dispersal system through taking heed of calls for greater Local Authority oversight and more co-operative working. Our view is that this would best be achieved by returning the contracts into Local Authority control, where together with guaranteeing more local accountability, any financial surplus would also be reinvested in local services.

Recommendations

- **We call on the Government to recognise Local Authorities, communities and the Third Sector as key stakeholders in the provision of asylum accommodation and the successful integration of new communities, and commit financial resources to enable effective integration** of asylum seekers (as is available for resettled refugees) - ensuring they can unlock their potential and the whole community benefits from dispersal. Further, to commit to offsetting the direct costs to local services - health, education, advice - of new arrivals.

Over and above this, for the contracts themselves to work, the Government must make the following commitments, in-line with the recommendations of the Home Affairs Select Committee:

- **Empower devolved Governments to oversee the delivery of the AASC contracts** and take responsibility for standards inspection regimes, providing them with Home Office funding to perform this role. Similar arrangements should be made in England using appropriate local structures, such as Combined Local Authorities or Metro-Mayor offices.
- **Give Local Authorities greater flexibility to determine where accommodation is procured**, and ensure that they have at least 5 working days to respond to property procurement notices in order to allow for appropriate consultation with relevant services (as opposed to 72 hours at present). Where there are genuine concerns, the Local Authority **should be able to refuse a request**, and this should be respected by the Provider. Local Authorities should be resourced to undertake these procurement postcode checks and consultation with relevant local stakeholders.
- Amend the AASC contracts to ensure that **no person seeking asylum is forced to share a bedroom** in asylum accommodation, and work to reduce the use of large-scale Houses of Multiple Occupancy (HMOs) for the benefit of asylum seekers and local communities. If large-scale HMOs continue to be used, the Home Office must specify that **vulnerable service users** - including pregnant women, new mothers, victims of torture, physical or sexual violence or trafficking, and those with physical or mental health needs - **should not be forced to live in large-scale HMOs**.
- Place both the **Statement of Requirements and 'Performance Management' regime for the new contracts in the public domain** to allow for due scrutiny, increased transparency and accountability. Further, ensure that financial penalties are applied for contractors that fail to meet contractual obligations.
- Ensure that **accommodation and facilities take into account asylum seekers' needs**, and that there are better pathways for identifying and responding to vulnerable people across both Initial Accommodation and Dispersal Accommodation, as per the HASC report.
- **Extend the move on period for newly recognised refugees** to reduce the risk of homelessness and to support successful integration. In addition, AASC Housing Providers should be included in the list of public authorities with a **duty to refer under the Homelessness Reduction Act**.

Appendix: Key Parliamentary interventions

The 2014 National Audit Office (NAO) [investigation](#) of the COMPASS contracts and providers reported that private providers took on rented housing stock without conducting inspections, and subsequently failed to meet contractual quality standards. The report documents that providers were not ready to deliver in time and the impact on Local Authorities. It also touches on the potential conflict of interest between providers keen to house asylum seekers in certain areas driven by cost concerns, against Local Authorities' desire to maintain sustainable levels of dispersal.

The 2014 Public Accounts Committee [Report](#) covers transition to and first year of operation of COMPASS, which in [summary](#) 'did not go well', echoing the findings of the NAO. The PAC agree that a mobilization period of just 3 months was 'very challenging'. They note that 'the standard of the accommodation provided has often been unacceptably poor for a very fragile group of individuals and families', criticising the Home Office for slow resolution and failure to hold providers to account and impose penalties. The report also highlights that the move from Local Authority to private provision of accommodation was unlikely to achieve the cost saving which was the rationale behind the model, not least because of the additional costs resulting from poor standards, additional inspections and lack of communication.

The 2017 Home Affairs Select Committee (HASC) inquiry into Asylum Accommodation took evidence, including from the Local Government Association, the Scottish Refugee Council, Freedom from Torture, Serco and Orchard and Shipman. The [report](#) documented many challenges, and produced 37 recommendations, including:

- **Local authorities must be actively involved in developing the replacement to COMPASS and the Government should engage them on the provision of accommodation, support and integration and how a fair distribution of accommodation might be achieved. Commissioning of asylum accommodation should be devolved rather than being done centrally by the Home Office to give local authorities greater responsibility and flexibility about how and where accommodation and support are provided.** (Paragraph 48)
- *To date the Government has had only limited success in persuading local authorities to accept asylum seekers...The Government should revise its approach and give local authorities greater flexibility over where accommodation is provided within their area. For example, local authorities should be given **more control over where asylum accommodation is located and a longer timeframe in which to consider Providers' requests**. The option for local authorities to refuse requests should be maintained where there are genuine concerns over the quality or concentration of accommodation, the capacity of local health, education and other support services, and risks to social cohesion; and refusals should only be overturned on appeal in exceptional circumstances. The Government should also provide **additional resources** to local authorities which continue to bear the brunt of supporting the asylum system while broadening dispersal remains a challenge.* (Paragraph 44)
- **The devolved governments should be given a significant role in deciding the appropriate arrangements for decentralising commissioning and ensuring a fair distribution of accommodation.** (Paragraph 48)
- **We recommend that the inspection duties currently carried out by the Home Office are transferred to local authorities, along with the necessary resources to carry out this function effectively.** (Paragraph 88)
- *When allocating accommodation Providers should do much more to address the needs of particularly vulnerable asylum seekers, such as expectant mothers, those living with mental health needs and victims of trafficking, rape and torture. At the very least people in these circumstances should not have to share a room or be placed in large-scale Houses of Multiple Occupancy. Indeed, we recommend that **forced bedroom sharing be phased out across the asylum estate as a whole and that the use of large scale HMOs be reduced.*** (Paragraph 97)
- **A 28-day [move-on] period is not sufficient to enable a smooth transition from asylum seeker to refugee status, and we recommend that the period be extended.** (Paragraph 113)