



National Audit Office



REPORT

# Investigation into the acquisition of the Northeye site for asylum accommodation

Home Office

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SESSION 2024-25  
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HC 305

## What this investigation is about

**1** The Home Office is responsible for asylum and protection in the UK, including ensuring compliance with the UK's legal commitments. It is responsible for supporting destitute people seeking asylum by providing financial support and accommodation while it determines their asylum claim.

**2** Our March 2024 report *Investigation into asylum accommodation* examined the increased demand for asylum accommodation over recent years and how the Home Office had responded.<sup>1</sup> It reported that in 2023 the Home Office received 67,300 applications for asylum, nearly double the number received in 2019. It found that the Home Office had experienced increasing difficulty finding houses or flats in residential areas to accommodate people seeking asylum and was making greater use of hotels, intended as a contingency measure. By December 2023, the Home Office was providing accommodation for around 106,500 people, including 45,800 in hotels.

**3** The previous government sought to reduce the use of hotels to accommodate people who seek asylum 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 from the vendors Brockwell Group Bexhill Limited Liability Partnership, who had previously bought the site in August 2022 for around £6.3 million. In January 2023, the Home Office initially offered the vendors around £14.2 million to purchase the site. 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 Home Office anticipated that the site would provide around 1,400 bed spaces through a mix of refurbished and new buildings. No work on the site has yet begun. The site is contaminated and requires remediating.

**4** This report sets out the process by which the Home Office acquired the Northeye site and the reasons for the site not being operational yet. We undertook this work in response to concerns raised with us over the suitability of the site for asylum accommodation. Our report adds to the findings from our March 2024 report *Investigation into asylum accommodation*, which covered the Home Office's acquisition of other large sites in detail but did not include the Northeye site.

<sup>1</sup> Comptroller and Auditor General, *Investigation into asylum accommodation*, Session 2023-24, HC 635, National Audit Office, March 2024.

## **Scope of our work**

**5** Our report is factual and does not conclude on the value for money of the acquisition. It sets out:

- the timeline of events leading to completion of the acquisition, and subsequent events;
- the process to acquire the site followed by the Home Office; and
- how this process differs from standard practice.

# Summary

## Key findings

**6 The Home Office dispensed with some established processes to acquire the Northeye site.** The Northeye site was one of four pathfinder sites acquired by the Home Office under the direction of the Small Ministerial Group, a cross-Whitehall group of ministers and officials, chaired by the Chancellor of the Duchy of Lancaster. The Small Ministerial Group implemented changes to established processes, including dispensing with the requirement for a business case before approving the purchase. The Home Office's external property advisers recommended the Home Office undertook a 'Red Book' valuation for the site, as would normally be required for a site requiring remediation, but the Home Office and the vendors negotiated the purchase without one. 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. The Home Office went ahead with the purchase the following day (paragraphs 1.4, 1.12, 1.16, 1.17 and 1.22).

**7 Pressure to acquire the Northeye site at speed, from different parties at different stages in the acquisition, drove the variation from normal process.** During the period between May and August 2022, the Home Office believed that it needed to acquire the site quickly or risk losing the opportunity. 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. This generated significant pressure within the Home Office to identify and secure sites for asylum accommodation at pace. In January 2023, the Home Office was endeavouring to exchange contracts with the vendors in early February, despite the technical due diligence and approvals process not having been undertaken or key elements commissioned. Full assessments of the remediation required at the site were not undertaken before contracts were exchanged with the vendors (paragraphs 1.3, 1.7 and 1.10).

**8 The Home Office relied on contracted staff to take forward the acquisition of the Northeye site without having the expertise in-house to quality assure their advice and decisions.** From 2016 until April 2024, the Home Office had a shared-services agreement with the Ministry of Justice's (MoJ's) property function to provide a range of business-as-usual property services on behalf of the Home Office. However, the four pathfinder sites were viewed by the Home Office as outside the scope of the shared-services arrangement. Contracted staff within the Home Office led on the acquisition of the Northeye site, including the planning and commissioning of the technical due diligence and approvals required, liaising directly with the vendors, and determining the terms of the contract for the purchase of the site. The Home Office did not directly involve the MoJ property function in the acquisition and rejected offers of advice and support from the MoJ team. The Home Office did not put in place arrangements to oversee the work of the contracted staff. For example, incorrect advice by the contracted staff led to the Home Office paying the vendors an additional £0.9 million, in part because the Home Office underestimated the time it would take between exchanging contracts and completing the purchase (paragraphs 1.4 to 1.6, 1.21 and 1.24).

**9 The amount and cost of remediation required at the site was underestimated prior to the Home Office becoming locked into the purchase.** Preliminary surveys of the site warned of potentially high remediation costs. The Planning Appraisal, completed in February 2023, highlighted contamination across the site as a high risk. A geo-environmental review, 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. The technical due diligence report, also February 2023, indicated that repairs to buildings on the site could cost in excess of £20 million; however, this did not feature in the Accounting Officer Advice. When the Chief Secretary to the Treasury approved the acquisition on 25 March 2023, he noted that the value-for-money case was marginal and based on assumptions that were highly uncertain. In May 2023, the Home Office concluded that the site was unsuitable for the non-detained asylum accommodation programme and moved the site to the programme for detained accommodation (paragraphs 1.11 to 1.15, 1.18 to 1.20 and 1.23).

**10 When purchasing the Northeye site, the Home Office did not apply lessons from previous cases where sites were developed for asylum accommodation but plans later abandoned.** In February 2023, the Infrastructure and Projects Authority (IPA), which scrutinises the deliverability of major government programmes, found that the Home Office was not applying lessons learnt from its attempt to set up an asylum accommodation site in Linton-on-Ouse to the acquisition of the Northeye site in Bexhill-on-Sea. 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. From November 2022 to September 2023, all three reviews by the IPA rated the Home Office’s work on asylum accommodation as ‘red’, meaning that “successful delivery of the programme to time, cost and quality appears to be unachievable” (paragraphs 2.4 and 2.5).

**11 The Home Office has made improvements to its property function in response to lessons learnt from the purchase of the Northeye site.** In November 2023, the Home Office identified lessons learnt from the acquisition of the Northeye site, including that decisions had been made at a senior level with incomplete information and before exploring concerns about the suitability of the site. A further review by the IPA in March 2024 found that the Home Office’s asylum accommodation programme now had firmer foundations, realistic ambition and more deliverable plans. The IPA upgraded its rating from ‘red’ to ‘amber’. In April 2024, the Home Office brought its property function back in-house following a joint decision between the Home Office and the Ministry of Justice (MoJ) to end the shared-services agreement with the MoJ’s property function (paragraphs 2.5 and 2.6).

## **Concluding remarks**

**12** The Home Office’s attempt to acquire the Northeye site within just a few months of adopting it onto the non-detained asylum accommodation programme led it to cut corners and make a series of poor decisions. This resulted in it purchasing a site that was unsuitable for that original purpose, and it paying more for it than it needed to. While the site has been moved to a different programme and may yet fulfil a need the Home Office has, it remains to be seen whether the acquisition of the Northeye site results in benefits that justify its cost. It is encouraging that the Home Office has taken steps to understand what went wrong, and that it has made changes to improve its in-house property function. But this case exemplifies the need to adhere to minimum standards and not forgo due diligence, especially at times of intense pressure.