

Home Office Contracting Dossier

Discernment Correlation Matrix (DCM) Audit

Scope: AASC & AIRE Frameworks — Serco Ltd, Mears Ltd, Clearsprings Ready Homes Ltd, CTM, and Migrant Help

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1. EXECUTIVE SUMMARY

Between 2019 and 2029, the UK Home Office’s asylum accommodation contracts are projected to cost the taxpayer **£15.3 billion** – more than **triple** the original baseline estimate of £4.5 billion. Three primary regional contractors – **Serco Ltd, Mears Ltd, and Clearsprings Ready Homes Ltd** – have collectively extracted **£383 million in audited profits** since 2019, while documented failures including fatalities, malnutrition, regulatory breaches, and unmonitored subcontracting have gone largely unpenalized.

Profit-share mechanisms designed to cap contractor margins have experienced systematic default. **£45.8 million** owed by Mears and Clearsprings remained uncollected as of October 2025 due to stalled administrative audits. Concurrently, Corporate Travel Management (CTM) admitted to **£118 million** in corporate overcharging, yet retained government contract extensions awarded in September 2026.

2. DCM METHODOLOGY & SCORING FRAMEWORK

The Discernment Correlation Matrix (DCM v1.0) measures operational risk, administrative opacity, and evidence convergence across four analytical axes (scored 1–3 per axis, maximum 12):

Axis	Evaluation Criteria	Scoring Metric	Audit Application
D1 (Temporal)	Chronological pattern and duration of non-compliance	1: Isolated (<1 yr) 2: Trend (1–3 yrs) 3: Systemic (4+ yrs)	Multi-year contract value inflation and persistent SLA defaults.
D2 (Epistemic)	Data provenance and independent verification	1: Opaque/Self-reported 2: Partially audited 3: Fully verified	Reliance on contractor self-reporting vs independent state audits.
D3 (Skepticism)	Severity of harm, overcharging, or regulatory breach	1: Low impact 2: Moderate breach 3: Severe harm/Deception	Documented casualties, uncollected profit-shares, overbilling.
D4 (Correlation)	Multi-source investigative consensus	1: Single source 2: Two sources 3: Multi-agency consensus	Convergence across NAO, Parliamentary, Council, and Court records.

Score Interpretation Key: 1–4 (Low Risk) 5–8 (Moderate Risk) 9–10 (High Discernment / Systemic Failure) 11–12 (Maximum Discernment / Confirmed Deception & Opacity)
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3. DCM AUDIT FINDINGS: PRIMARY ACCOMMODATION CONTRACTORS

3.1 Serco Ltd **DCM: 9/12 (High)**

Scope: AASC North West, AASC Midlands & East of England | **Contract Value:** £1.9bn original estimate

Axis	Score	Rationale
D1–D4	3, 1, 2, 3	6+ year pattern of service failures; self-reported metrics; 7 deaths recorded in 2025; convergence across NAO, Committee, and Council prosecutions.

Serco reported profit margins averaging 4% (below the 5% profit-share threshold). However, Serco was fined £10,000 for housing neglect in Coventry, received 127 formally escalated complaints, and failed to rectify housing faults within contractual timelines on 57 occasions. Financial penalties applied by the Home Office remained below 1% of total contract turnover.

3.2 Mears Ltd (Mears Group PLC) **DCM: 10/12 (Maximum)**

Scope: AASC North East, Yorkshire & Humberside, Scotland, Northern Ireland | **Contract Value:** £1.2bn original estimate

Axis	Score	Rationale
D1–D4	3, 1, 3, 3	6+ year non-compliance; profit-share mechanism opaque; documented resident harm; convergence across BBC, NAO, and Select Committee findings.

Mears exceeded its permitted contractual profit margin by **£13.8 million**, with Northern Ireland operations recording a 17% profit margin (300% above cap). Former residents documented severe harm, including a teenager admitted to intensive care with malnutrition. The Home Office had not completed audits to recover the £13.8m as of late 2025.

3.3 Clearsprings Ready Homes Ltd **DCM: 10/12 (Maximum)**

Scope: AASC South of England, AASC Wales | **Contract Value:** £1.0bn original estimate (7x escalation)

Axis	Score	Rationale
D1–D4	3, 1, 3, 3	7x contract value growth; £32m uncollected profit-share; fatality linked to staff training; 27 regulatory breaches recorded by Swindon Council.

Clearsprings owes **£32 million** under profit-share agreements but claimed to be "waiting for Home Office transfer authorization". Clearsprings extracted £187m in profits and paid £183m in dividends. Swindon Council issued £140,000 in penalties for 27 regulatory breaches, while a coroner ruled staff failings possibly contributed to a suicide in a sub-contracted hotel.

3.4 CTM, 3.5 MIGRANT HELP & FINANCIAL SUMMARY

3.4 Corporate Travel Management (CTM) DCM: 11/12 (Maximum)

Scope: Travel Management Services & Contingency Hotel Booking

Axis	Score	Rationale
D1–D4	3, 2, 3, 3	4+ year billing arc; admitted £118m overcharging; historic deception indicators; contract extension granted despite liability.

CTM admitted overcharging UK clients by **£118 million** (repaying £87m / 86%). Despite these liabilities, the Home Office extended CTM's asylum transport contract to August 2027 (~£65m value), alongside MoD Afghan Resettlement liability caps of £170.3m and a £550m contingency hotel award.

3.5 Migrant Help (AIRE Framework) DCM: 10/12 (Maximum)

Scope: Advice, Issue Reporting and Eligibility (AIRE) National Contract

Axis	Score	Rationale
D1–D4	3, 1, 3, 3	Missed KPIs from contract inception; admitted policy breaches; income quadrupled from £11.0m to £45.7m while service defaulted.

Migrant Help answered only 20% of calls in initial phases; monthly call volumes surged to 90k (7x forecast). Admitted breaching trafficking support policies. Contract value expanded from £295m to £385m despite widespread performance failures.

4. FINANCIAL SUMMARY & TAXPAYER EXPOSURE

Metric Description	Amount / Value	Audit Source
AASC Original Estimate vs Projected Actual (2019–2029)	£4.5bn → £15.3bn (£10.8bn overspend)	NAO Audit
Combined Contractor Profit (Sep 2019 – Aug 2024)	£383 million	NAO Report
Uncollected Excess Profit-Share (Mears & Clearsprings)	£45.8 million	Select Committee
CTM Admitted Overcharging / Repayment Liability	£118 million (£76m outstanding balance)	ASX / Corporate
Total Penalties Levied Against Accommodation Providers	£4.0 million (<1% of total contract value)	Parliamentary Return

5. OPPORTUNITY COST & ALTERNATIVE FUNDING ANALYSIS

To contextualize the scale of public funds absorbed by contractor overspends and uncollected liabilities, the **£10.8 billion** AASC contract cost escalation and the **£45.8 million** in uncollected profit shares are evaluated against national social expenditure baselines.

5.1 National Homelessness Eradication Comparison

The UK Government's statutory **£3.5 billion national plan to end homelessness** represents just **32%** of the asylum accommodation overspend. The £10.8bn variance could fully fund this national strategic housing initiative **more than three times over**, leaving a residual surplus of £3.3 billion.

Furthermore, local authorities expended **£3.8 billion** on statutory homelessness services in 2024/25 alone (£2.8bn on temporary accommodation). The asylum contract overspend covers this annual municipal burden **2.8 times over**.

5.2 Veterans Support & Disparity Index

The dedicated **£12 million veterans homelessness fund** is eclipsed by the procurement anomalies identified in this audit:

- The **£45.8 million** in uncollected profit-share from Mears Ltd and Clearsprings Ready Homes Ltd funds the veterans homelessness programme **3.8 times over**.
- Op FORTITUDE (veterans referral service, £1.8m/yr) could be funded for **6,000 years** using the total £10.8bn overspend.
- The paltry **£4 million in penalties** applied across all accommodation contractors represents 1/11th of uncollected profit-share and 0.03% of total contract inflation.

Alternative Social Expenditure Benchmark	Cost Baseline	Multiple of £10.8bn Overspend
National Plan to End Homelessness	£3.5 billion	3.1x
Local Authority Annual Homelessness Spend	£3.8 billion	2.8x
Veterans Homelessness Eradication Fund	£12 million	900x
Op FORTITUDE Referral Network	£1.8 million	6,000x

6. CONSOLIDATED DCM SCORE & INTELLIGENCE CONCLUSION

Contractor Entity	D1	D2	D3	D4	Total	Discernment Level
Corporate Travel Management (CTM)	3	2	3	3	11	Maximum
Mears Ltd (Mears Group PLC)	3	1	3	3	10	Maximum
Clearsprings Ready Homes Ltd	3	1	3	3	10	Maximum
Migrant Help (AIRE Contract)	3	1	3	3	10	Maximum
Serco Ltd	3	1	2	3	9	High
Ecosystem Mean Average	3.0	1.2	2.8	3.0	10.0	Maximum

INTELLIGENCE CONCLUSION

The DCM audit confirms systemic institutional failure: **the Home Office maintains a contracting framework that insulates private suppliers from financial risk while failing to protect vulnerable service users or public capital.**

1. **Fiscal Escalation:** £10.8bn AASC contract cost overrun above baseline estimates.
2. **Extracted Wealth:** £383m in audited profits, with £45.8m in uncollected excess margins.
3. **Unpunished Harm:** Documented casualties, malnutrition, and regulatory breaches with negligible fines (<£150k total levied directly by local councils).
4. **Immunity & Extensions:** Providers under active overcharging investigation receive contract renewals.

Recommendation: Immediate statutory freeze on non-compliant supplier renewals, mandatory independent financial forensic audits, and rigorous enforcement of profit-recovery mechanisms.