



Home Office

Home Office Accounting Officer System Statement

September 2018



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Scope of my Accounting Officer System Statement

Accounting Officer Responsibilities

I am the Principal Accounting Officer for the Home Office. This System Statement sets out all the accountability relationships and processes within my Department, making clear who is accountable for what at all levels of the system.

My Department has policy responsibility for Homeland Security, Public Safety and Borders, Immigration and Citizenship.

The Home Secretary and other Departmental ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of this Department and its agencies. They look to me as the Department's Accounting Officer to delegate within the Department to deliver their decisions and to support them in making policy decisions and handling public funds.

As Accounting Officer, I am personally responsible for safeguarding the public funds for which I have been given charge under the Home Office Estimate. Where I have appointed additional Accounting Officers, their responsibilities are also set out in this system statement.

This statement covers my core Department, its arm's length bodies and other arm's length relationships. It describes accountability for all expenditure of public money through my Department's Estimate, all public money raised as income, and publicly owned assets for which I am responsible.

This system statement helps me ensure that I am fulfilling my responsibilities as an Accounting Officer, in accordance with the Treasury's guidance set out in [Managing Public Money](#).

This system statement describes the accountability system which is in place at the date of this statement, and which will continue to apply until a revised statement is published.

Sir Philip Rutnam

Role of Ministers

The [Ministerial Code](#) sets out the general principle that ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of the departments and agencies. Ministers also look to the department's Accounting Officer to delegate within the department to deliver the minister's decisions and to support the minister in making policy decisions and handling public funds.

Further information regarding the roles of ministers can be found on the [Home Office website](#).

Home Office Responsibilities

The [Home Office](#) is the lead government Department for immigration and passports, drugs policy, crime, fire, counter-terrorism and policing.

Figure 1 – Home Office policy and operational delivery

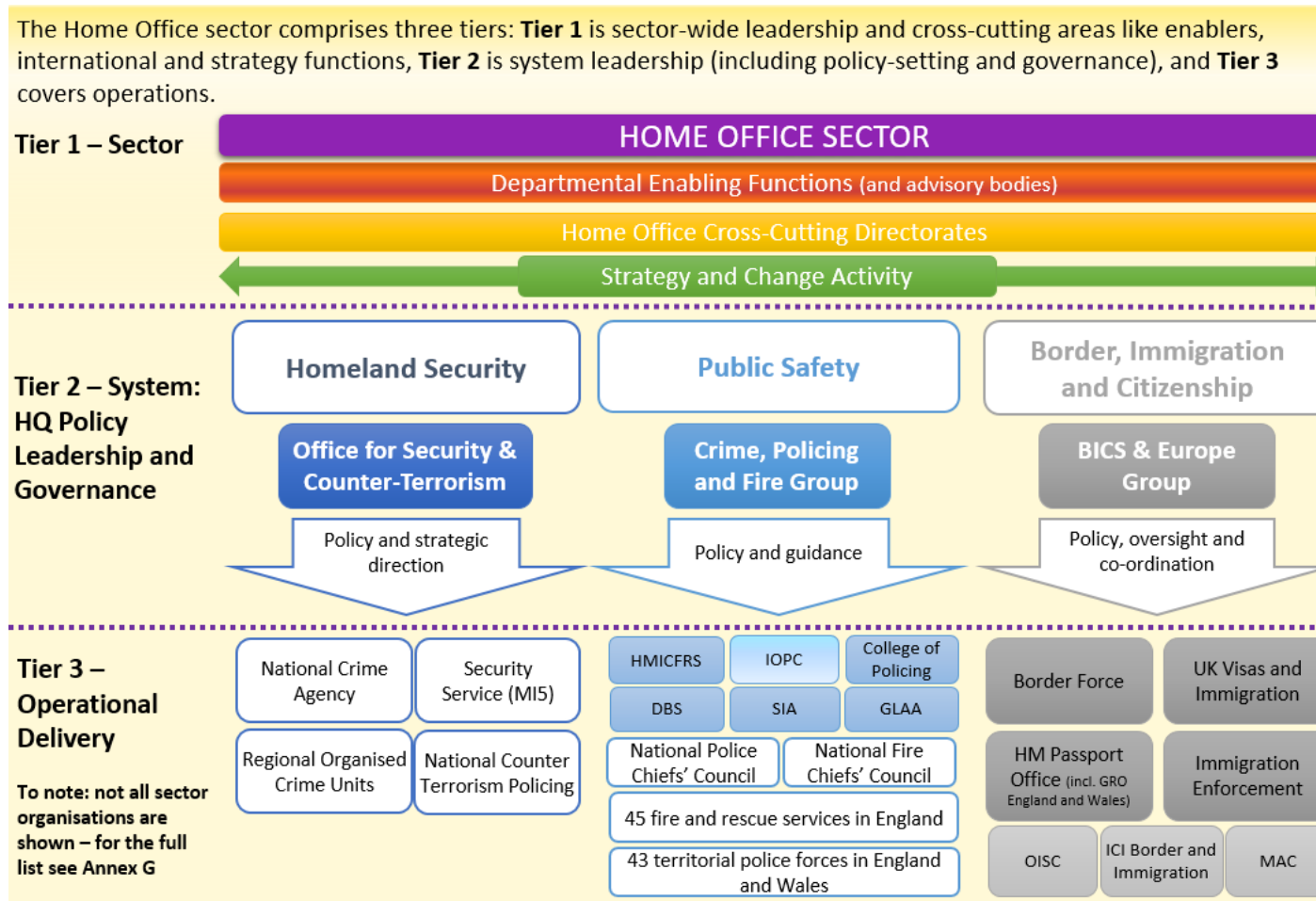
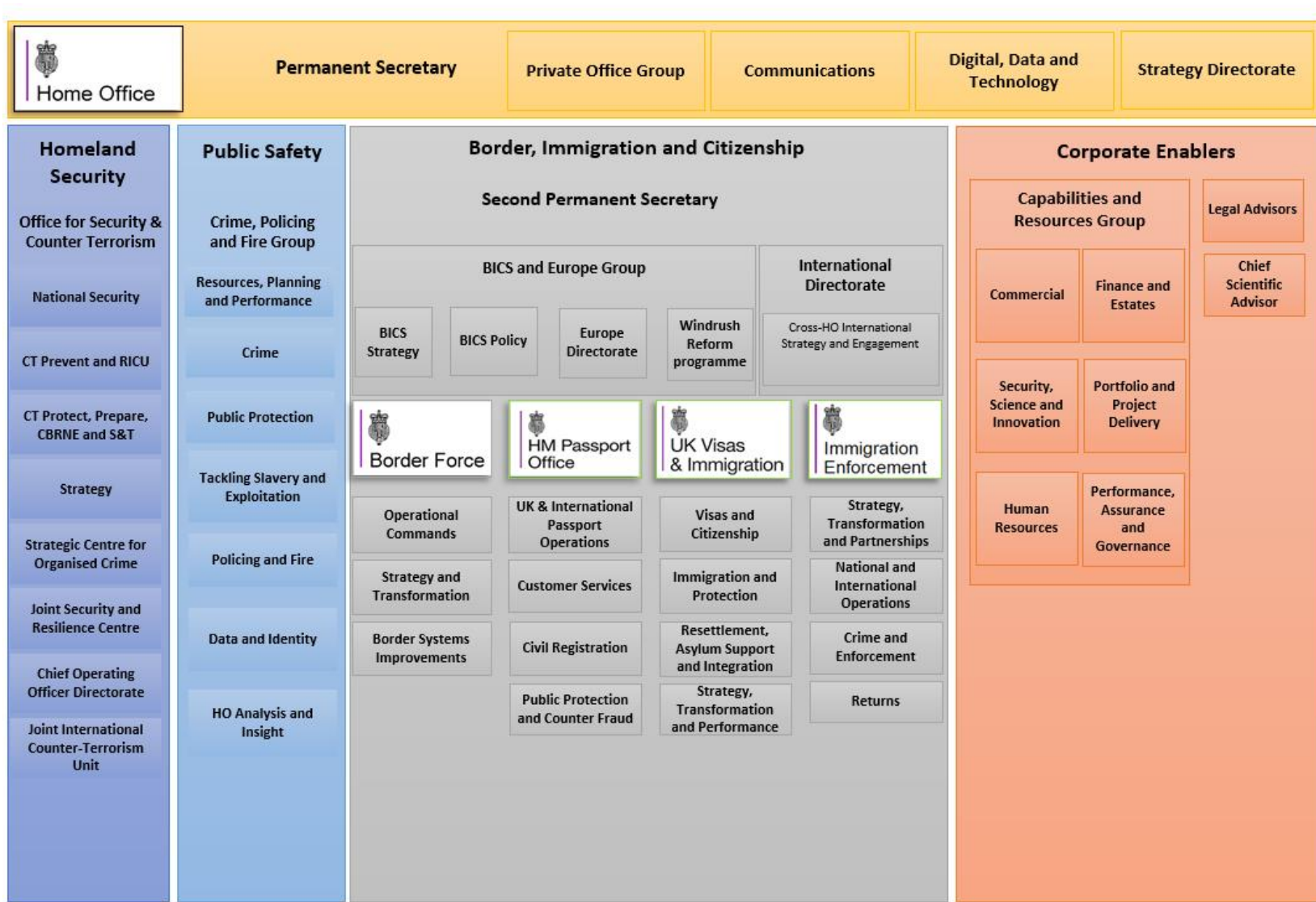


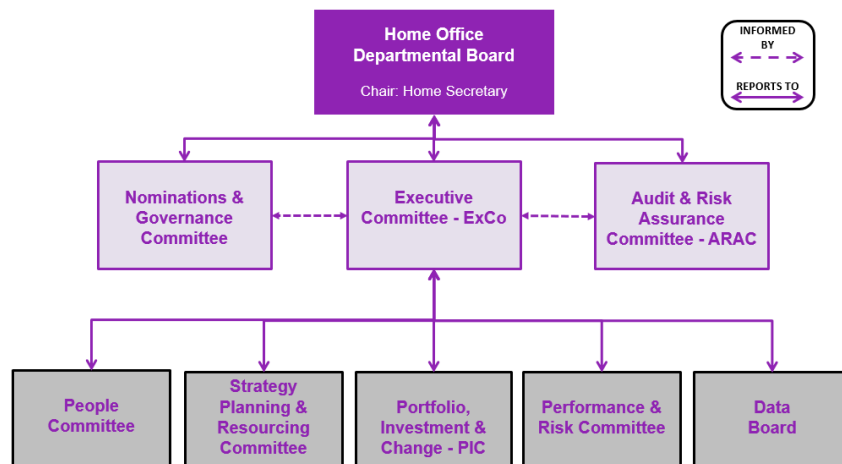
Figure 2 – How the core Department is organised



Governance

1. The Department and the Home Office sector as a whole is complex. Current top-level governance arrangements aim to reflect that, placing explicit emphasis on subsidiarity, and addressing the unusual blend of substantial delivery at arm's length, and policy sponsorship, alongside major in-house operations and high political salience throughout.
2. At its most senior level, corporate governance within the Department rests with the Departmental Board, chaired by the Home Secretary, and the Executive Committee (ExCo, which manages the Whitehall Department and its directly-managed operations).
3. On 1 August 2017, ExCo agreed a new supporting governance structure to ensure that the Department has the most appropriate arrangements in place to help the Department meet its objectives. This refreshed structure is designed to make the Department's governance as focused and effective as possible, to create an environment that encourages clear accountability and delegation, and to foster behaviours that encourage feedback and collaboration. This structure is illustrated as Figure 3 below.

Figure 3 - Home Office governance structure



System Governance

4. This comprises the three systems within the Home Office: the Homeland Security, Public Safety, and Borders, Immigration and Citizenship systems. Applied at system level, the principle of subsidiarity means issues which impact upon the entire system, rather than one operational command or the entire sector, are addressed at system level.

Homeland Security

- The Office for Security and Counter-Terrorism (OSCT) implements and delivers the counter-terrorism strategy (CONTEST) and the Serious Organised Crime (SOC) strategy. Funding is allocated centrally and is governed by the OSCT Board.

- Police and Crime Commissioners (PCCs) receive funding to support counter-terrorism policing. £757m was allocated to support counter-terrorism policing in 2018-19, including £29m provided for armed policing.

Public Safety System

Policing

- Directly elected and locally accountable Local Policing Bodies including Police and Crime Commissioners (PCCs), the Mayor's Office for Policing and Crime for the Metropolitan Police Service area and the Mayor for Greater Manchester for the Greater Manchester Police area, and the Common Council for the City of London Police are receiving approximately £11.3bn for policing in 2018/19 (£7.7bn through Central Government grants and around £3.6bn from Council Tax Precept). Governance responsibility for how this funding is spent is managed through PCCs who, along with chief constables, must have regard to statutory guidance such as the [Financial Management Code of Practice \(FMCP\)](#). The Home Office also has a role to play in supporting the police to be effective, by investing in the right capabilities, for example. By way of illustration, the Home Office are providing an additional £0.9bn of police funding in 2018/19 police funding to support national programmes (e.g. major technology programmes such as Airwave and the Emergency Services Network), which have their own governance structures, and the allocation of the Police Transformation Fund; the latter is overseen by the Police Reform and Transformation Board, with final allocations made by Ministers.

Fire & Rescue

- Fire and Rescue services receive approximately £2.2bn per annum (£920m through the Local Government Finance settlement and around £1.3bn from Council Tax Precept). Governance responsibilities for how this funding is spent is managed through Fire and Rescue Authorities. The Home Office is responsible for fire policy and is delivering a reform programme to support services to become more effective, efficient and professional including through the expansion of the role of the inspectorate to include fire inspection, and the creation of a professional standards board, as well as enabling police and crime commissioners to take on local fire governance where a local case is made. Fire governance has been taken on in two areas to date, creating a Police, Fire and Crime Commissioner in both Essex and Staffordshire.

Crime, Policing and Fire Group (CPFG)

- CPFG is a Group within the Department. Its funding is allocated centrally and governed through the CPFG board.

Borders, Immigration and Citizenship System

- Funding is allocated centrally from the Department's overall budget to each of the four operational commands which make up the Borders, Immigration and

Citizenship System (BICS). Governance is carried out through the Borders, Immigration and Citizenship (BICS) Board.

- The Second Permanent Secretary is the Additional Accounting Officer for the Borders, Immigration and Citizenship System. Her appointment as Second Permanent Secretary carries with it the responsibility of Additional Accounting Officer for borders, immigration and citizenship policy and operations within the Home Office.
- As Additional Accounting Officer, she must be able to assure Parliament and the public of high standards of probity in the management of public funds. This includes decision-making and financial management assurance when considering, promoting and safeguarding regularity, propriety, affordability, sustainability, risk and value for money across the public sector; and accounting accurately, and transparently, for the Borders, Immigration and Citizenship system's financial position and transactions.

Operations

- This comprises the individual operational commands, e.g. Border Force, Immigration Enforcement, which forms part of the Border, Immigration and Citizenship system.

Financial Governance

5. All government departments are subject to a number of legal and financial obligations. These include:

Adherence to Government Spending Controls

6. Spending controls help government departments to reduce wasteful expenditure and thereby support reducing the fiscal deficit. Details of these controls can be found at: [Cabinet Office Spending Controls](#)

Financial Management

7. The standards below apply to all civil servants, especially those working in the Government Finance function, and provide a base level that they must comply with. Some of these standards, such as Managing Public Money and the Green Book, Magenta Book, Aqua Book and Better Business Case guidance apply to all civil servants, staff in ALBs and anyone employed to work in or with central government including contractors.

[Managing Public Money](#)

[The Green Book](#)

[The Magenta Book](#)

[The Aqua Book](#)

[Consolidated Budgeting Guidance 2017-2018](#)

[Government Financial Reporting Manual 2017-2018](#)

[Supply Estimate Guidance Manual](#)

[Public Sector Annual Reports: Sustainability Reporting Guidance](#)

Financial Resources

8. The Home Office developed a strategic plan at the Spending Review based on investment in large-scale transformation in order to deliver efficient services in a digital age. Financial allocations align with the Home Office Settlement, agreed through the Spending Review 2015 and subsequent amendments via the Main and Supplementary Estimates.
9. The allocation for the Public Safety system includes grant funding provided to Police Forces. Homeland Security includes funding provided to the Police in relation to the UK's Counter-Terrorism strategy. The allocations for the Borders, Immigration and Citizenship system are shown net of income received for services (notably immigration and passports).

10. The Department has plans to increase non-tax income for Government over the Spending Review period, through a combination of fee increases for immigration products and the introduction of premium services with the intent to move towards a system which is fully-funded by users.

11. The decision to leave the EU has significant implications across all the Home Office systems, particularly Borders, Immigration and Citizenship. The Department is working through potential impacts to finance and workforce plans

Figure 4 - Financial resources forward look Resource (£m)

	18-19	19-20
Homeland Security	785	768
Public Safety	8,728	8,835
Border, Immigration and Citizenship	413	269
Enablers	539	428
Total	10,381	10,302

Note: Figures match budget delegations that include changes at the Main Estimate following the Spending Review

Capital (£m)

	18-19	19-20
Homeland Security	118	114
Public Safety	153	140
Border, Immigration and Citizenship	163	79
Enablers	39	99
Total	440	432

Note: Figures match budget delegations that include changes at the Main Estimate following the Spending Review.

Income (£m)

	18-19	19-20
Homeland Security	169	199
Public Safety	291	261
Border, Immigration and Citizenship	2,004	1995
Enablers	186	146
Total	2,680	2600

Note: Figures match budget delegations that include changes at the Main Estimate following the Spending Review

ODA (£m)

	18-19	19-20
Homeland Security	-	-
Public Safety	16	17
Border, Immigration and Citizenship	388	389
Enablers	-	-
Total	404	406

* The Department's overall Spending Review settlement, and the allocation that falls within the Home Secretary's remit, includes funding for the National Crime Agency (NCA). Funding for the NCA is not included within the above numbers and amounts to £377m/£374m Resource and £50m/£50m Capital in 2018-19 and 2019-20 respectively.

Portfolio Governance and Assurance

Transformation

12. Accountability for delivery of transformation plans lies with the Director General of each business area, or the Chief Executive of Arm's Length Bodies. Strategic direction is provided for transformation by the Strategic Capabilities Board, which is responsible for identifying the strategic capabilities which the Sector needs, with executive oversight through the Departmental Board and Executive Committee. At a working level, governance is provided by the Transformation Portfolio Board which operates at director-level.

Capital Programmes

13. The Portfolio, Investment and Change Committee (PIC) is the Department's investment oversight board. PIC's role is to:

- consider investment approval requests for projects in the Home Office portfolio
- review the structure and health of the Home Office portfolio and agree change funding

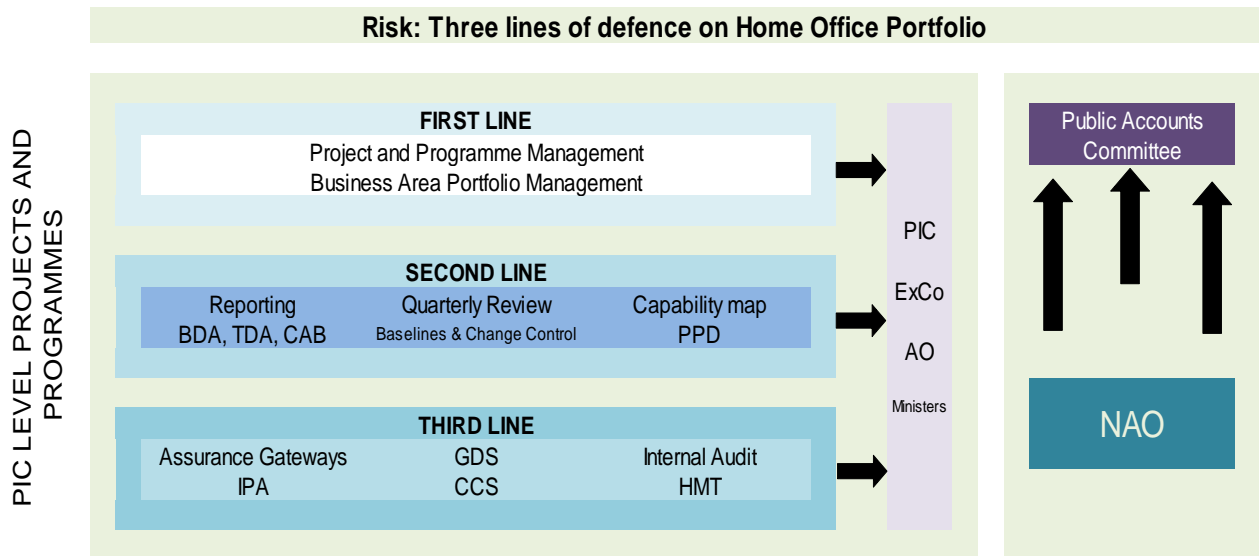
14. PIC investment approval is required for projects that have a whole life cost of £5m or more and/or projects that require Cabinet Office, or HM Treasury approval.

15. Accountability for delivery of major and mission critical capital programmes is provided through formally appointed [Senior Responsible Owners](#). Portfolio boards, such as the Border Systems Portfolio Board, provide strategic oversight, with formal governance through programme and project boards. Investment approval for all programmes and projects with a whole-life cost of over £5m is provided through PIC. Supporting governance is provided at a working level through the Business and Technical Design Authorities and Commercial Approvals Board.

Project and Programme Assurance

16. The Department has an integrated approach to risk and assurance, based on the 'three lines of defence' model, as set out below. An integrated programme of assurance is in place, including, project assurance reviews, and a wide-ranging audit programme.

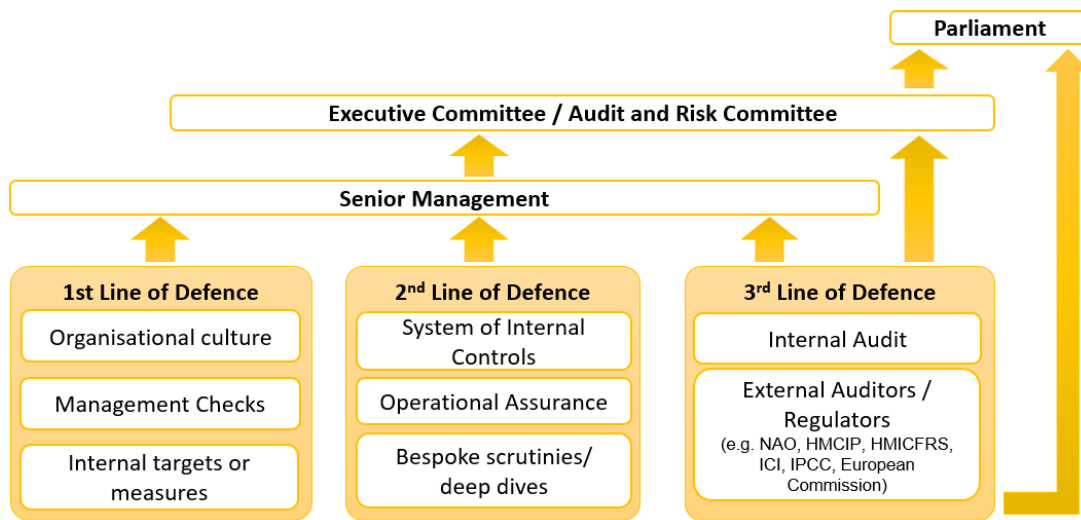
Figure 5 - Departmental Programme Assurance



Audit and Assurance

17. Corporate governance in the Home Office goes hand in hand with assurance; the structures provided on previous pages provide regular touch points for discussions on business performance and progress against plans, as well as a mechanism for escalation of issues where required.
18. In parallel to the Department’s governance structures, there are the “three lines of defence” that are used to describe the various types of audit and assurance activity that take place throughout the organisation. At the most local level there are checks made by managers, quality control mechanisms, performance management conversations etc. At the next level, there are operational assurance activities that may look across whole business areas, as well as thematic “deep-dive” type activities that may be commissioned by the Executive Committee or a sub-board to look at a particular subject in detail. Lastly there are the formal audits and reviews, which may involve public scrutiny via Parliament.

Figure 6 - 3 lines of defence



Information Management

19. The Department is required by law to comply with relevant legislation governing information management, which includes the [Freedom of Information Act 2000](#), [data protection legislation](#)¹ and the [Public Records Act 1958](#). These place obligations on the Home Office, when applicable, to provide timely responses to information requests received and to requests from data subjects for the data the Department holds on them, when the Department is the controller of the personal data. Home Office records also need to be appraised and either kept under a legal instrument, destroyed or transferred to [The National Archives](#) in line with the 30 Year Rule, which is currently reducing to a 20 Year Rule by 2023.

Parliamentary Obligations

20. The Department's Parliamentary team works to ensure the Home Office's Parliamentary obligations are discharged effectively in a timely manner.

21. Parliamentary business which requires response includes:

- Written Parliamentary Questions (PQs);
- Urgent Questions;
- Private Notice Questions (in the Lords);
- Written Ministerial Statements;
- Oral Questions;
- Oral Statements; and
- Committee Reports.

22. The Parliamentary team also arranges the parliamentary passage of Affirmative Statutory Instruments.

¹ General Data Protection Regulations EU 2016/679 and the Data Protection Act 2018

Performance Management Information

Measuring Performance

23. Performance is managed across each of the three Home Office systems and is primarily overseen by the Departmental Board chaired by the Home Secretary and the Executive Committee chaired by the Permanent Secretary. There are different governance arrangements in place to manage each system and depending on whether the performance concerns policy delivery, operational delivery or efficient enabling functions.
24. Key performance data is published regularly on the GOV.UK website at: <https://www.gov.uk/government/organisations/home-office/about/statistics>
25. Information about what the Department measures and what the Department achieves is also published annually in the Annual Report and Accounts. The report for 2017-2018 is available at [Home Office Annual Report](#). The annual report also includes the Accounting Officer's Governance Statement.
26. In addition, a variety of other data sets and annual reports are published by arm's length bodies, by local authorities and by the Office for National Statistics.

Relationships with Arm's Length Bodies

27. The Department is applying the principles and standards set out in the Cabinet Office code of good practice on Partnerships between departments and arm's-length bodies to its relationships with ALBs. The Department has assessed itself against the Code, taking into account views from its ALBs. This analysis identified no gaps as such, but did bring a focus to a number of areas where the Department can strengthen its sponsorship operations. These have been incorporated into an Action Plan for improvement or, where appropriate, will be followed-up in direct discussions with the particular bodies concerned. The Department has established the Home Office Sponsorship Unit to be a Centre of Excellence to ensure its approach is as strong and consistent as possible. The accountability arrangements for the Department's ALBs, according to their classification, are:

Non-Departmental Public Bodies (NDPBs)

28. NDPBs may receive a grant-in-aid and may be delegated control totals from the Department. They may charge for their services.

29. Executive NDPBs usually have an independent Board and an Accounting Officer, normally the Chief Executive or Director General, and a sponsor team in the core Department. Executive NDPBs are usually subject to audit by the Government's internal auditors and to external audit by the National Audit Office. The Executive NDPBs publish their Annual Reports and Accounts.

30. Revenue delegation to the [Disclosure and Barring Service](#) (DBS) and to the [Security Industry Authority](#) (SIA) is of a control total as they fund their entire non-capital budget from the fees they charge. These bodies report on their fees in their annual reports.

31. The [Gangmasters and Labour Abuse Authority](#) (GLAA) charges fees only for its licensing activity. It also receives a contribution from the Northern Ireland Office. GLAA reports on both fees and the Northern Ireland contribution in its annual report.

32. The [Independent Office of Police Conduct](#) (IOPC) - previously known as the Independent Police Complaints Commission (IPCC) - is an NDPB, sponsored by the Home Office, that carries out its investigations and decisions associated with its investigations independently of the Home Office or the police. The Government reformed the governance arrangements of the IPCC, which was renamed as the IOPC on 8 January 2018. IOPC has a new single head, the Director General, who has responsibility for all investigative decisions. Corporate governance and scrutiny is provided by a unitary board consisting of a majority of non-executives, led by a Senior Independent Director. The Director General is the Accounting Officer.

33. The [Office of the Immigration Services Commissioner](#) (OISC) is led by the Deputy Commissioner while the Commissioner post is vacant. In the absence of a Commissioner, the Deputy Commissioner has been designated as its Accounting Officer. The OISC is a corporation sole, which means it does not have a Chair or Chief Executive. Oversight of the OISC is provided by the sponsor team and an audit and risk committee. The OISC is fully funded by grant-in-aid from the Home Office with registration fees charged by the OISC remitted to the Home Office.
34. Advisory NDPBs, Commissioners, Regulators, Panels and appointments may comprise individual appointments to a particular role, or a number of members appointed to carry out a role, one of whom may be appointed Chair. They may be supported by a secretariat provided by the Department. Expenditure on behalf of these bodies is managed as part of core Departmental expenditure.
- [Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services \(HMICFRS\)](#) comprises several HM Inspectors of Constabulary and HM Inspectors of Fire & Rescue Services who are Crown appointments. HMICFRS is delegated a budget and control total which forms part of the core Departmental expenditure. The Home Office Permanent Secretary is the Accounting Officer for HMICFRS. HMICFRS lays its annual Inspection Programme and framework before Parliament. The inspectorate's 2018-19 inspection programme and framework set out changes it will make to carry out its PEEL (police efficiency, effectiveness, legitimacy) inspections in a more integrated way and focus activity on areas that present the greatest risk. HMICFRS makes an annual statutory report to the Secretary of State, which is also laid before Parliament, on the efficiency and effectiveness of policing in England and Wales, and carries out thematic inspections on issues (e.g. hate crime, fraud) which impact across the policing landscape.
 - The [Independent Chief Inspector of Borders and Immigration](#) is appointed by the Home Secretary. The Chief Inspector is delegated a budget which forms part of the core Department expenditure. The annual inspection programme is published and an annual report on the work undertaken is laid before Parliament.
35. The College of Policing and the Forensic Archive Limited are government owned companies. Each has a sponsor team in the core Department
- The [College of Policing](#) has an independent Board with a non-executive Chair. The Chief Executive is the Accounting Officer. The College charges fees for training and professional development activity. The Company has appointed the NAO as its external auditor and publishes its accounts.
 - The [Forensic Archive Ltd](#) has a board of two senior Departmental Officials and the Executive Director. The Executive Director is the Accounting Officer. The company operates under a Service Level Agreement with the Home Office. The company appoints its own independent auditors and publishes its accounts.

National Crime Agency (NCA)

36. The NCA is a Non-Ministerial Department headed by a Director General (DG) who is appointed by the Home Secretary. The DG of the NCA is accountable to the Home Secretary and through the Home Secretary to Parliament but the agency is operationally independent. The NCA's DG has direction and control of the NCA, and this includes the power to decide which operations the NCA should run against which organised crime groups and how those operations should be conducted. There are a number of arrangements in place to support the relationship between the NCA and the Home Secretary which include a jointly agreed Revised Framework Document for the NCA, published in May 2015. The Home Secretary also sets the NCA's strategic priorities which are included in the agency's annual plan.
37. In general, the NCA Director General has the ability to determine her own approach on corporate and financial matters without recourse to the Home Office or other Departments. The NCA has its own estimate, but in order to support the financial resilience of the agency, this is funded by a reduction in the overall Home Office Departmental Expenditure Limit (DEL). The Home Office negotiate the NCA's budget with HM Treasury, in consultation with the NCA's DG, as part of the annual Main and Supplementary Estimates processes and at Spending Reviews. In discussion with the Home Office, the NCA's DG is responsible for ensuring that NCA capital investments represent value for money and are affordable. The NCA's DG must seek approval from the Home Secretary for Capital investment above an agreed threshold.
38. A full list of all Home Office Arm's Length Bodies, with links, is at Annex A.

Local Funding Arrangements

Police

How the accountability system for policing and crime reduction works

39. Local Policing Bodies are established in statute, with their responsibilities set out largely through a framework of legal powers and duties. The Police Reform and Social Responsibility Act (PRSRA) 2011 requires each Local Policing Body to secure an efficient and effective police force. Local Policing Bodies are defined as PCCs, the Mayor's Office for Policing and Crime (MOPAC) for the Metropolitan Police Service area, and as of May 2017, the Mayor of Greater Manchester for the Greater Manchester Police area. The legislation sets out a range of checks and balances on the actions of Local Policing Bodies, including a statutory oversight and scrutiny committee – the Police and Crime Panel – made up of representatives of the local authorities in the police area (or, in the case of MOPAC, the London assembly) and independent members. Ultimately Local Policing Bodies are accountable for their decisions and actions to local people at the ballot box.
40. The Revised Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2004 (the "FMCP")² describes the financial governance arrangements within the police in England and Wales and reflects that Local Policing Bodies, Chief Constables and Chief Finance Officers have a key statutory duty to secure value for money.
41. In addition to the responsibilities set out in the PRSRA, the provisions of the Fire and Rescue Services Act 2004 (as amended by the Policing and Crime Act 2017 Act)³ enable PCCs to assume the functions and duties of the fire and rescue authority(s) in their area, where a local case is made. On 1 October 2017, the country's first Police, Fire and Crime Commissioner (PFCC) was established in Essex, followed by Staffordshire in August 2018. Further proposals from PCCs have been approved and are at various stages of implementation. PFCCs are elected to both roles and are directly accountable to the public for both their policing and fire roles.
42. The Secretary of State has also retained two statutory powers to intervene if they are satisfied that a Local Policing Body or police force is failing, or will fail, to discharge its

² The Revised Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2004:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/727772/CCS207_CCS07180219_68-001_HO_FMCP_2018_Print_.pdf

³ Fire and Rescue Services Act 2004, <https://www.legislation.gov.uk/ukpga/2004/21/section/4A>

functions effectively⁴. As Accounting Officer, I have a personal responsibility to advise the Secretary of State on the use of these powers in order to secure the proper stewardship of the resources that have been voted to my Department. I remain confident that the system is robust.

The allocation and distribution of resources to Local Policing Bodies

43. The Department pays funds to directly elected and locally accountable Local Policing Bodies for general policing purposes. The Department pays these funds via the Police Grant Report⁵ ([PGR](#)) under section 46 of the Police Act 1996, which are the aggregate amount of grants for police purposes. This funding is currently comprised of the Home Office Police Core Settlement, ex-Department for Communities and Local Government (DCLG) Formula Funding⁶, Legacy Council Tax Grants, National and International Capital City Grants, Precept Grant and Welsh Top-Up. The provisional PGR is subject to an open consultation on this distribution before it is approved by the House of Commons each year.
44. Whilst funding is allocated to Local Policing Bodies there are national policing needs which must also be considered. The Secretary of State is under a statutory duty to issue a Strategic Policing Requirement (SPR) which sets out what, in his opinion, are the national threats and what the police need to be able to do to counter those threats.⁷ The national threats are **terrorism, serious and organised crime, a national cyber security incident, public disorder, civil emergencies and child sexual abuse**. These cross-boundary threats require a collaborative national response. Local Policing Bodies are under a statutory duty⁸ to have regard to the SPR when issuing or varying their police and crime plans. Chief constables are under a statutory duty to have regard to both the police and crime plan⁹ and the SPR¹⁰ when exercising their functions.
45. In addition to the grant funding to Local Policing Bodies set out in the PGR there is additional funding used for the benefit of policing, known as “reallocations”. These are funded from within the police funding envelope agreed with Treasury and typically support national priorities including police technology programmes and the Police Transformation Fund. Parliament is informed of the proposed reallocations by Written Ministerial Statement at the same time as the provisional PGR is published, but the

4 Sections 40 and 40A of the Police Act 1996, <http://www.legislation.gov.uk/ukpga/1996/16/section/40>

5 Police Grant Report (England and Wales) 2018/19: Police Grant Report <https://www.gov.uk/government/publications/police-grants-in-england-and-wales-2018-to-2019>

6 [Police Finance Grant Report](#): Note the ex-DCLG Funding was formerly paid by DCLG (now Ministry for Housing, Communities and Local Government), but is now part of the Home Office budget.

7 In accordance with s37A (1) Police Act (1996) as amended by s77 Police Reform and Social Responsibility Act (2011). Section 96A provides additional powers to intervene in respect of the satisfactory performance by forces of their ‘national and international’ functions.

8 s5(5) Police Reform and Social Responsibility Act (2011)

9 s8(2) Police Reform and Social Responsibility Act (2011)

10 s37A(2) Police Act (1996) as amended by s77 Police Reform and Social Responsibility Act (2011)

House of Commons does not have to directly approve this funding as these are not section 46 Police Act 1996 grants. Local Policing Bodies also receive funding to support counter-terrorism policing.

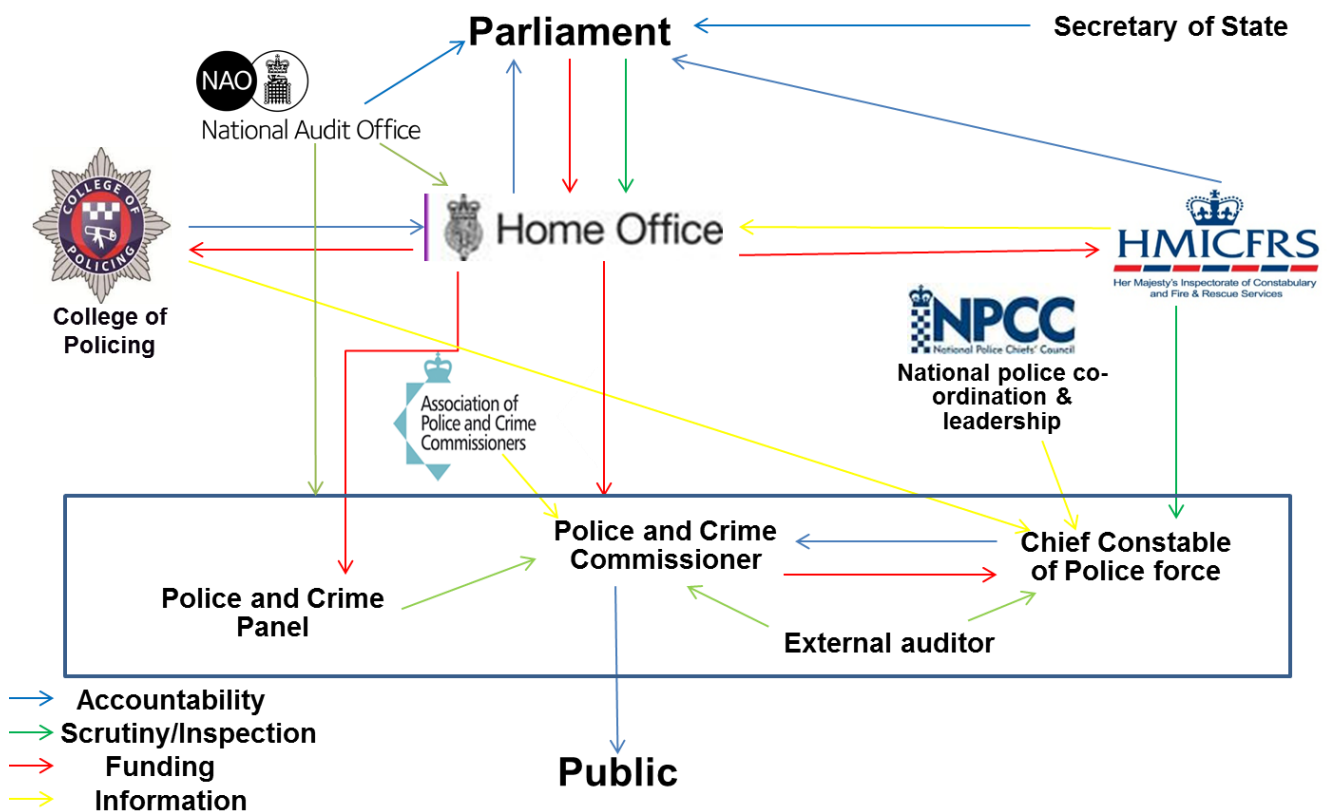
46. In addition to the funding set out above, Local Policing Bodies receive additional funding from local sources including through the police precept component of council tax and charging for services such as policing in football stadiums. The most significant of these additional funding streams is the police precept component of council tax which was in excess of £3.6bn in 2018/19¹¹. The Local Policing Body sets the local policing precept level, and the Police and Crime Panel has the power to review and veto the first proposed precept where a two-thirds majority of members agree to do so. This funding is locally raised and not administered by the Department. However, in England, the level of increase in precept bills that is permitted without a local referendum is set annually by the Ministry for Housing, Communities and Local Government (MHCLG). A referendum allows local people to approve or veto the decision before it could be implemented. Council tax in Wales remains a matter for the Welsh Government.
47. Regularity is secured through effective internal financial controls, exercised by PCCs' Chief Finance Officers who have a statutory responsibility for ensuring that the financial affairs of the Local Policing Body are properly administered and comply with all audit requirements. Under the PRSRA the PCC must ensure an efficient and effective police force for their area and must hold the chief constable to account for their running of the force. The Department publishes a [Financial Management Code of Practice](#) which gives guidance on the financial governance arrangements which PCCs and chief constables must have regard to. This was updated in July 2018 for PCCs who take on fire governance.
48. Where a Police and Crime Commissioner is also the fire and rescue authority for an area, police and fire precepts and funding streams are paid to the PFCC separately and form two separate budgets. The PFCC must hold a separate police fund and a separate fire fund. A PFCC's fire budget cannot be spent on policing, or vice versa, unless the expenditure is for joint benefit.

Displaying regularity and propriety

49. Local Policing Bodies must answer to their electorates for the spending decisions that they make.
50. There is a comprehensive framework of financial governance within police forces, comparable to that of local authorities, which includes primary legislation, secondary legislation and guidance. The principal local checks on regularity and propriety include:

¹¹ Part 1 Local Government Finance Act 1992 and Part 3 Greater London Authority Act 1999

- a set of financial duties and rules which require PCCs to act prudently in their spending (as set out in FMCP);
- Internal checks that the rules are followed through the duties on the Chief Finance Officers of the Local Policing Body and the Chief Constable respectively; and external audit by an independent auditor (as summarised in the FMCP);
- A requirement to publish an annual statement of accounts and an Annual Governance Statement which sets out formal assurances about the governance process, and is reviewed by the independent auditor;
- Transparency through publication of specified information including spending over £500 and annual reports, and
- A requirement to publish information requested by the Police and Crime Panel.

Figure 7: Police Accountability System Structure¹²

Achieving Value for Money

At a local level

51. Value for money is assured through a combination of local accountabilities, public scrutiny underpinned by comparative data, and external scrutiny by external auditors (to consider whether proper arrangements have been made to secure economy, efficiency and effectiveness) through the NAO and HMICFRS. PCCs produce public accounts, and are required to consult the public; like other public bodies they are also subject to the Freedom of Information Act 2000.

52. PCCs are accountable for setting local priorities and there are a range of checks and systems in place to provide assurance that they achieve value for money including:

- their democratic mandate ensures they are well placed to judge where resources need to be allocated to match what communities need;
- a legal duty to ensure the police force is effective and efficient and to hold the Chief Constable to account for the extent to which he has complied with his value for money duty;
- the legal duty to carry out a number of functions;

¹² 12.1 For Wales, the Wales Audit Office replaces NAO. WAO is also the external auditor to the PCC and the Chief Constable.

12.2 HMICFRS and external audit scrutiny of the Chief Constable is scrutiny of the force not the office holder.

12.3 The diagram reflects the arrangement for the police grant allocated via the Police Allocation Formula. Specific grants are also made to Local Policing Bodies. These ring-fenced grants carry specific accountability lines back to the Department.

- scrutiny by the public and the Police and Crime Panel outside of elections, and also by an independent auditor to satisfy themselves that proper arrangements have been made for securing economy, efficiency and effectiveness;
- availability of data on performance and on spending, including a legal duty to publish specific data, and;
- simple and accessible value for money studies by HMICFRS and the NAO.

53. Ultimately democratic accountability creates a strong incentive for the PCC to set, explain and deliver on their priorities. The PCC will need to communicate to the electorate how they have achieved the priorities that they have set out.

Through Commissioning

54. Local Policing Bodies may choose to secure public service outcomes through partnership with other public sector bodies, awarding grants to voluntary bodies or procuring services from the private sector. In such cases, it is the duty of PCCs (and directly elected Mayors who hold PCC functions), MOPAC and the Common Council of the City of London and their Chief Finance Officers to make arrangements that provide adequate assurance of regularity, propriety and value for money. In the case of partnership with other public bodies, that assurance is secured by arrangements put in place by Accounting Officers of the lead departments concerned. Local arrangements fall within the scope of external audit and transparency reporting.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

55. HMICFRS's role is to promote and advance improvements in the efficiency and effectiveness of policing in England and Wales and fire and rescue services in England. It achieves this through inspections, monitoring and advice, working in an independent, professional, transparent, and fair way, championing the public interest and explaining its actions.

56. HMICFRS's annual, all-force inspection programme was launched in 2014 and inspects and reports on police efficiency, effectiveness and legitimacy (PEEL) for all 43 forces. The PEEL programme enables the public to see clearly across a range of simple categories, how their force is performing. Inspection findings are published throughout the course of the year, before being brought together in the inspectorates HMICFRS's annual "State of Policing" report. The PEEL assessments are convincing evidence of how HMICFRS 'shines a light' on policing outcomes and value for money.

57. In 2018-19, HMICFRS will be integrating the three strands of PEEL, so each force will receive a single report covering efficiency, effectiveness and legitimacy together. This will make it easier for the public to access information about their force. At the same time, the inspectorate will adopt a more sophisticated risk based approach to inspection, to focus on the areas (forces and issues) of greatest risk.

58. HMICFRS' remit was extended in July 2017 to include the inspection of Fire and Rescue services in England and Wales. Their inspection regime will focus on three areas: Operational service delivery, Efficiency and Organisational effectiveness. HMICFRS' inspection programme framework for fire & rescue services was laid before Parliament in Spring 2018.

With the College of Policing

59. Another means of improving value for money at the local level is through the College of Policing. Central to the work of the College is identifying and sharing good practice and setting national standards where needed. They are also leading a workforce reform agenda, which will ensure that police have a more flexible, capable and professional workforce. The standards and the good practice, which have been fully evaluated by the College, form the template against which HMICFRS inspect.

60. Part II of the Police Act 1996 (as amended by the Anti-Social Behaviour, Crime and Policing Act 2014) provides the College with a strong mandate to set standards. The provisions in the Act give the College the options of preparing police regulations or issuing codes of practice to help set those standards. These are essential tools to ensure that the police are in the best position to reform themselves, with the support and leadership of their professional body. The 'What Works' centre within the College works with a consortium of academic institutions to review research, assess interventions (why they work and where they work) and provide knowledge tools and guidance to the police and PCCs. The College are developing a series of toolkits to this effect to support the sector in areas such as crime prevention. The College are also establishing Professional Communities. These will comprise networks of practitioners from across and beyond policing including the academic, public, private and third sectors to support them in their work to develop national standards and improve professional practice.

How am I assured the System is working?

61. As Accounting Officer, I need to know that the system I have set out is working and whether changes are needed. I have a range of sources of information available to me which enable me to have an overview of the system, which include:

- *Regular contact between the Department and individual Local Policing Bodies, Chief Constables and Chief Executives;* to identify issues and provide support, where required;
- *Data on a wide range of activity, for which the Home Office sets transparency requirements;*
- *Links to national organisations;* the Department is well connected to national organisations and structures such as; the Association of Police and Crime Commissioners; Local Government Association; Association of Policing and

Crime Chief Executives; National Police Chiefs' Council; Police Superintendents Association, and the Police Federation;

- *Regulators*; The NAO carry out around five thematic value for money studies across the local government sector each year, which will periodically include policing. The NAO have a right of access to the Home Office and to Local Policing Bodies. Whilst this right does not extend to forces, the NAO can consider how these bodies interact;
- *Inspectorate*: HMICFRS has a statutory remit to inspect and report to the Secretary of State and to Parliament on the efficiency and effectiveness of policing in England and Wales. It also publishes Value for Money profiles for all forces and has encouraged forces to produce Force Management Statements. The inspectorate inspects forces, and anyone delivering an operational policing function, but cannot inspect Local Policing Bodies; and
- *External audit reports*; the NAO, Financial Reporting Council, and professional bodies oversee an external audit framework, which mirrors the regulatory roles within the companies audit sector.

Local Scrutiny

62. Local Policing Bodies are accountable to the local electorate for the discharge of their functions. This is complemented by robust transparency arrangements, which provide an incentive on the Local Policing Body to ensure propriety, value for money and resilience. This approach provides adequate safeguards for the efficient and effective use of public funds in all but extraordinary circumstances.
63. A number of Local Government regulations have been applied to the Police and Crime Panels (PCPs) to ensure that they operate in much the same way as existing local authority committees. This includes meetings taking place in public (some exceptions exist) and the publication of minutes and agendas.
64. PCPs perform a statutory oversight and scrutiny function in respect of Local Policing Bodies, ensuring that information is available for the public to support the democratic process. PCPs have a key role to play in the appointment of Chief Constables and the setting of the policing precept, both of which the panel can veto with a two-thirds majority. Panels also hold confirmation hearings for important staff – Chief Executives and Chief Finance Officer and for any Deputy PCC.
65. The PCP must publish all reports and recommendations that it makes to the Local Policing Body, which is required to publish their responses to these. The PCP must hold a public meeting to discuss the annual report and to question the Local Policing Body about any concerns they may have.
66. The PCP has other specific powers including:
- Asking HMICFRS for a professional view if the Local Policing Body plans to dismiss the Chief Constable. In cases of dismissal (forced resignation or retirement) the

panel must hold a scrutiny hearing and make a recommendation to the Local Policing Body;

- Appointing an acting Local Policing Body if the elected Local Policing Body cannot carry out their role for health reasons, resigns or is disqualified;
- Holding confirmation hearings for the Chief Executive and Chief Finance Officer and for any deputy. The panel have no power to refuse appointments but could make a recommendation to the Local Policing Body;
- Monitoring complaints against the Local Policing Body and dealing with non-criminal complaints; and
- Asking to see any papers the Local Policing Body has, requiring the Local Policing Body (and their staff) to attend a PCP meeting to answer questions; asking the Chief Officer of Police to attend any meeting which the Local Policing Body is required to attend.

67. The powers held by panels allow them to scrutinise the decisions made by Local Policing Bodies and provide an important check on the power of Local Policing Bodies. The Home Office produced a guide setting out all the secondary legislation that applies to PCPs and has issued guidance to sit alongside that legislation.¹³ The Local Government Association, in Association with the Centre for Public Scrutiny, have also produced guidance on the role and composition of PCPs.¹⁴ The Home Office continues to work with the Local Government Association to ensure PCPs have the guidance and support required.

Transparency

Specified Information:

68. Section 11(1) and (2) of the PRSRA 2011 requires an elected Local Policing Body to publish any information specified by the Secretary of State by Order. The Secretary of State may also specify by Order the time and manner of publication. The details of the information required to be published under the Elected Local Policing Bodies (Specified Information) Order (Amended) 2012 includes:¹⁵

- The total budget of the elected Local Policing Body;
- Information as to each item of expenditure by the Local Policing Body exceeding £500 (other than a crime and disorder reduction grant), including the recipient of the funds, the purpose of the expenditure and the reasons why the body or the chief officer considered that value for money would be obtained;

¹³ A table setting out a list of secondary legislation and related guidance relevant to the operation of police and crime panels in England and Wales: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/117478/pcp-secondary-legislation.pdf

¹⁴ Local Government Association, Police and crime panels, Guidance on role and composition: <https://www.local.gov.uk/sites/default/files/documents/police-and-crime-panels-g-9d4.pdf>

¹⁵ Elected Local Policing Bodies (Specified Information) Order (Amended) 2012 <http://www.legislation.gov.uk/ukpga/2011/13/section/11/enacted>

- Information as to each crime and disorder reduction grant made by the Local Policing Body;
- The salary of each senior employee; and
- A copy of each contract with a value exceeding £10,000 to which the Local Policing Body or the chief officer is or is to be a party.

69. The Order ensures that the relevant information on expenditure is available to the public, who can then make an informed decision on whether the Local Policing Body has made best use of public funds, and hold them to account at the ballot box. It is the responsibility of the Chief Executive from each Local Policing Body's office, in their capacity as "monitoring officer" to ensure the Office of the Local Policing Body meets legal requirements, including ensuring compliance with the Order. The Home Office continues to work with the Association of Police and Crime Chief Executives (APACE) to assist them in meeting their statutory requirements under the Order.

Public Accessibility:

70. The Home Office runs a website, Police.uk, which provides the public with easy access to information about crime, anti-social behaviour and justice outcomes in their local area. The public can also see how crime rates and policing costs in their area compare with those in other similar areas.

71. Users can also find information about their Local Policing Body, via their website, through which they can acquire a copy of their Annual report which highlights progress made against the Local Policing Body's strategic objectives from his or her Police and Crime Plan and a summary of financial information for that year.

72. In addition, HMICFRS inspection reports give the public a clear, independent, view of the quality of policing in their local area. The public can use this information to challenge their local force and, through their Police and Crime Commissioner, hold it to account.

Severance Payments:

73. Under the Accounts and Audit (England) Regulations 2011, Local Policing Bodies are required to publish details of individual severance payments in relation to Chief Constables and other senior police officers earning over £150,000 (and to name those officers). The situation is mirrored in Wales in separate regulations.

Whistleblowing:

74. The staff of the Local Policing Body or Chief Officer of Police have a key role in flagging any wrong-doing. A member of staff can contact the auditor, who could investigate any value for money or fraud concerns. They can also contact the force Professional Standards Department or the Independent Office for Police Conduct about conduct of police officers and staff, the Local Policing Body about conduct of the Chief

Constable and the Police and Crime Panel or the Independent Office for Police Conduct about conduct of the Local Policing Body. Employees who become “whistle-blowers”, as in other businesses or agencies, are protected from dismissal or adverse treatment by the Public Interest Disclosure Act 1998. For a disclosure to an external body to be protected, it must usually be made to the appropriate regulatory body, as set out above.

75. The challenging and reporting of improper conduct is one of the ten standards of professional behaviour for police officers, as provided by Schedule 2 of the Police (Conduct) Regulations 2012, which require that police officers report, challenge or take action against the conduct of colleagues which has fallen below the standards of professional behaviour. Breach of these standards can lead to disciplinary action. Further, police officers and staff are protected by the Employment Rights Act 1996 in relation to “protected disclosures” (whistle blowing).

How the System responds to failure?

76. Clarity on the roles and responsibilities achieved by the PRSRA, as well as the supporting legislative documents such as the policing protocol and the FMCP, mean that robust incentives, as well as the necessary checks and balances are available locally to identify and air local failures, if they occur.

77. The Secretary of State possesses backstop powers by virtue of sections 40 and 40A of the Police Act 1996. These allow him to direct Local Policing Bodies to take action in cases of systemic failure on the part of the police force or the body itself. Ultimately, drawing on advice from HMICFRS, external audit reports, and other sources, I may advise the Secretary of state to make use of these backstop powers.

78. Further to the above general powers, the Secretary of State may, if he sees fit, use additional powers by virtue of the Police Act 1996 and the PRSRA to:

- Direct HMICFRS to look into and report on any issue;
- Give direction to a Local Policing Body in cases of systemic failures / danger or effective and efficient policing not being delivered;
- Intervene where force budgets are set too low and threaten the capability of the Chief Officer to provide basic policing;
- Require any Local Policing Body to enter into agreements over national and international policing responsibilities;
- Specify some functions that all forces must perform in collaboration/co-operation with other forces or other bodies;
- Mandate or terminate collaborations between forces and/or between Local policing bodies;
- Mandate mutual aid agreements to meet special demand on resources (e.g. Commonwealth Heads of Government Meeting 2018, and

- Prescribe that certain services and equipment are procured under specific arrangements (e.g. nationally).

Fire

How the accountability system for fire and rescue authorities works

79. As local authorities, the Local Government Accountability Framework set out in Annex A of the Ministry for Housing, Communities and Local Government's (MHCLG) Accounting Officer System Statement applies also to fire and rescue authorities. The MHCLG Accounting Officer is directly accountable for ensuring regularity, propriety and value for money in the distribution of the budget for local authority core funding. They are also accountable for the framework that determines the sums payable to and from local authorities under business rates retention which came into effect in April 2013. Other departmental accounting officers are accountable for the distribution of grants from their budgets to local government to support delivery of other policy areas. Other government departments, including the Home Office, that rely on local authorities to deliver policy objectives or services are responsible for understanding demand, costs and the scope for efficiency in those policy areas for which they are accountable. Each department is responsible for establishing its own arrangements to ensure that services remain sustainable and that statutory responsibilities are being met.
80. There is an assurance programme to ensure that the National Resilience capabilities remain fit for purpose through a 'lead authority' model, undertaken by Merseyside Fire and Rescue Authority. This assurance is undertaken, as necessary, for example by surveys of activity, exercises, and assessment. Following a process of devolution, the Home Office transferred its National Resilience contracts (e.g. New Dimensions maintenance contract, and the central training contract) to the lead authority. The Home Office still holds the Firelink contract; fire and rescue authorities are grant-funded for this under the new burdens principles.
81. The Secretary of State has a power of intervention should it be considered that a fire and rescue authority is failing or is likely to fail to act in accordance with the Fire and Rescue National Framework (section 22 and 23 of the Fire and Rescue Services Act 2004). In exercising these powers, the Secretary of State is required to have regard to an intervention protocol, the Protocol on Government Intervention Action on Fire and Rescue Authorities in England, updated in 2018 as an Annex to the Fire and Rescue National Framework for England. In addition, as a last resort, the government has powers to investigate and intervene based on councils' best value duty. If an inspection identifies a failure or very high risk of failure, to comply with the best value duty, under section 15 of the Local Government Act 1999 the Secretary of State has powers to intervene. As Accounting Officer, I have a personal responsibility to advise the Secretary of State on the use of these powers in order to secure the proper stewardship of the resources that have been voted to my Department. I remain confident that the system is robust.

The allocation and distribution of resources to fire and rescue authorities

82. Fire and rescue authorities receive their funding from several sources such as grants from central government; a share of business rates from relevant billing authorities in their area, a precept on council tax, and locally generated income (e.g. fees from certain activities, such as training). Government grant and business rates for fire are distributed via the Local Government Finance settlement which is administered by the MHCLG.
83. As part of the local government settlement, for which the MHCLG Accounting Officer is accountable, core funding (including revenue support grant and business rates) is allocated to all local authorities, including fire and rescue authorities. Single-purpose fire and rescue authorities (excludes London, Manchester and the 15 fire and rescue services provided by a county council or unitary authority) receive fire specific funding, whereas the county, unitary and mayoral authorities receive funding for all of their local government responsibilities. Single-purpose fire and rescue authorities will receive £1.285 billion of core spending power under the 2018-19 settlement, of which 40% (£513 million) is revenue support grant and business rates baseline (plus related compensation grants) and Rural Grant, with further funding provided from council tax. Where fire and rescue services are within a county council or unitary authority, the parent authority is provided with a non-ringfenced grant for all their local government responsibilities, and it is a matter for the authority to determine the level of funding provided to deliver fire and rescue services in their area.
84. The final revenue funding amount for each fire and rescue authority is dependent on the amount of business rates collected and paid to each individual fire and rescue authority by its relevant billing authorities under the business rates retention scheme.
85. As Accounting Officer for the Home Office I am responsible for the budget to deliver Department-specific fire and rescue programmes which amount to approximately £66 million in 2018-19, excluding Private Finance Initiative funding of £31.6 million. Funding covers National Resilience programmes which support fire and rescue authorities in delivering a sustained, effective response to major incidents, emergencies and disruptive challenges. These include grants for Firelink and New Dimensions.

How am I assured the System is working?

86. As Accounting Officer, I need to know that the system I have set out is working and whether changes are needed. I have a range of sources of information available to me which enable me to have an overview of the system, which include:
- *Regular contact between the Department and individual fire and rescue authority Chairs, Police, Fire and Crime Commissioners, chief fire officers and other*

representatives of the fire and rescue sector; to identify issues and provide support, where required;

- *Data* on a wide range of activity, for which the Home Office sets transparency requirements;
- *Self declaration by fire and rescue authorities:* the Fire and Rescue National Framework for England requires fire and rescue authorities to issue an annual assurance statement providing assurance for how they have complied with the requirements of the Framework. The Secretary of State is required on a biennial basis to provide assurance to Parliament of this compliance.
- *Links to national organisations;* the Department is well connected to national organisations and structures such as: the National Fire Chiefs Council; the Local Government Association; the Association of Police and Crime Commissioners; and fire representative bodies such as the Fire Brigades Union.
- *Regulators;* The NAO carry out around five thematic value for money studies across the local government sector each year, which will periodically include fire & rescue authorities.
- *Inspectorate;* As part of the Government's fire reform programme, HMICFRS was, in July 2017, given responsibility to inspect and report to Parliament on the efficiency and effectiveness of fire and rescue services in England. The first inspection reports will be published by late 2018; and
- *External audit reports;* the NAO, Financial Reporting Council, and professional bodies oversee an external audit framework, which mirrors the regulatory roles within the companies audit sector.

Local Scrutiny

87. Fire and rescue authorities are responsible for ensuring that their fire and rescue service is performing its functions properly, is delivered efficiently, and in their communities' best interests. They are therefore accountable for their actions and their performance. Fire and rescue authorities operate with a range of different locally determined governance arrangements including an individual – either a police, fire and crime commissioner (PFCC) or a mayor – having sole responsibility for being the fire and rescue authority for an area.
88. Each fire and rescue authority has a statutory duty to ensure provision of their core functions as required by the Fire and Rescue Services Act 2004.
89. Each fire and rescue authority will appoint an individual – commonly known as a Chief Fire Officer – who has responsibility for managing the fire and rescue service. This role does not have to be operational but includes managing the personnel, services and equipment secured by the fire and rescue authority for the purposes of carrying out functions conferred on it by the Fire and Rescue Services Act 2004, Civil Contingencies Act 2004, and other enactments. Each fire and rescue authority must hold this person to account for the exercise of their functions and the functions of persons under their direction and control.

90. The chief fire officer must, in exercising their functions, have regard to the fire and rescue authority's Integrated Risk Management Plan and any set objectives and priorities which may be outlined in a strategic plan. The fire and rescue authority should give due regard to the professional advice of the Chief Fire Officer while developing the Integrated Risk Management Plan and when making decisions affecting the fire and rescue service.
91. Where a PCC takes on responsibility for fire, the remit of the police and crime panel is extended to include the scrutiny of the PFCCs fire and rescue functions and is known as a Police, Fire and Crime Panel (PFCP). This includes a role in the appointment of the Chief Fire Officer and setting of the fire precept. The PFCP can refresh its membership to ensure it has the relevant fire and rescue expertise.
92. The Fire and Rescue National Framework for England requires fire and rescue authorities to have governance and accountability arrangements in place covering issues such as financial management and transparency, complaints and discipline arrangements, and compliance with the seven principles of public life. In demonstrating their accountability to communities for the service they provide, fire and rescue authorities also need to: be transparent and accountable to their communities for their decisions and actions; provide the opportunity for communities to help to plan their local service through effective consultation and involvement; and have scrutiny arrangements in place that reflect the high standard communities expect for an important public safety service.

Transparency

Specified Information:

93. Each fire and rescue authority must comply with their statutory transparency requirements. The nature of the requirements is dependent on the legal basis of the authority; for example, combined fire and rescue authorities are subject to the Local Authority Transparency Code 2015 while Police, Fire and Crime Commissioners must comply with requirements under section 11 of the PRSRA and the Elected Local Policing Bodies (Specified Information) Order 2011. All fire and rescue authorities should therefore publish certain information, including: senior salaries; register of interests; staffing; income and expenditure; property; rights and liabilities; and decisions of significant public interest. Fire and rescue authorities must make their communities aware of how they can access data and information on their performance.
94. Furthermore, section 26 of the Fire and Rescue Services Act 2004 states that a fire and rescue authority must: a) submit to the Secretary of State any reports and returns that are required; and b) give the Secretary of State any information with respect to its functions that are required.

95. Fire and rescue authorities also have a responsibility to provide regular data to the Home Office as stipulated by MHCLG's Single Data List process. The data supplied are the source for the official and national statistics published by the Home Office and are used for the purposes of policy development across a range of organisations including Government as well as providing a publicly available national overview of activity by fire and rescue services.

Third Party Delivery Partnerships

96. The Home Office has developed partnerships with 3rd parties to deliver its policy objectives, however none are so significant that the Department is dependent on them to deliver core parts of the Department's business and are generally managed by a commercial arrangement.

Grants to Private and Voluntary Sector Bodies

97. Grants (excluding Grant in Aid) are accounted for on an accruals basis and are paid as a reimbursement against expenditure that the grant recipient has already made. Grant in Aid is a funding mechanism to finance all or part of the costs of the body receiving the Grant in Aid.

Main Police Grants

98. Police grants paid by the Department to Police and Crime Commissioners are based on funding levels agreed in the [Police Grant Report \(England and Wales\) 2017-18](#).

Police Pensions top-up grant

99. The amount reported as the Police Pensions top-up grant is equal to the difference between outgoing pension expenditure and incoming pension contributions in a single year. An accrual is recognised in the Department's financial statement for the estimated amount of grant relating to the year, which has not been paid by year-end.

100. The Home Office provides assurance for its Accounting Officer by mandating appropriate systems (i.e. processes and controls) which ensure that all grant awards to third parties are made in accordance with the Minimum Standards, and used for the purpose(s) intended.

Figure 8 – Home Office Grants

2017-18 Resource and Capital grants	
	£m
Resource Grants	9,217.29
<i>o/w Police formula grant</i>	<i>7,882.76</i>
Capital Grants	267.89
<i>o/w Police formula grant</i>	<i>45.9</i>

101. The Department has robust checks and balances in place to ensure that competition is the principal consideration when awarding grants, and where direct awards are proposed that justification is documented and approval sought from staff with appropriate delegated commercial authority; due diligence and fraud/risk assessments are undertaken of recipients before grants are awarded; and, outcomes achieved are monitored against agreed critical success factors and signed off before

payments are made.

102. Details of grant awards are loaded on the Cabinet Office's [Government Grant Information System \(GGIS\)](#), **except** in a few cases where grants are deemed sensitive, for example because of National Security.
103. The standard Home Office grant award processes were self-assessed for compliance with the minimum grant standards ([Cabinet Office Standards](#)). Cabinet Office has advised that the Home Office is adhering to their policies and processes and is fully compliant with the [ten grant standards](#).
104. This approach provides assurance that regularity, propriety and value for money underpin all grant awards. Furthermore, the Department continues to keep abreast of future developments from the Cabinet Office grants function, for example by attending the Best Practice Network.

Major Contracts and Outsourced services

105. The Home Office secures value for money through its contracts by applying a proportionate, risk based, approach to contract management, as follows:

- A Supplier Management Policy and Contract Management Manual, which complies with best practice across government, and is accessible by all staff.
- Clearly defined roles & responsibilities.
 - Business and commercial staff have clearly defined roles that are set out in a primary level service agreement that is held between Capabilities and Resources and the various Business Director General Commands.
 - All business areas have a Commercial Specialist Business Partner whose primary role is to ensure contract management is adequate and ownership rests at the right level.
 - An Associate Commercial Specialist is responsible for deciding proportionality of contract management within the policy.
 - Each contract has a Senior Business Contract Owner or Business Contract Owner responsible for operational contract monitoring and a commercial contract manager with delegated authority responsible for commercial contract management including contract changes.
- Visibility of contracts, management responsibilities and key information is provided for all contracts above £10,000 through the Commercial Dashboard. Information held to each includes: contract description, supplier, level, values, contract manager, business contract owner, values, Contract Change Notices, and a heat map which tracks performance, risk, relationships, payment, contract development, contract management plans, contingency plans, joint risk registers, and criticality.
- Supplier/contract segmentation enables the application of Home Office policy to a particular contract and its management. Strategic contracts are identified as Level 1, business critical as Level 2 and the rest as Level 3.
 - Level 1 is subject to the full rigours of contract management, including the application of the Supplier Management Policy with its Executive Oversight Board process.
 - Level 2 is a proportionate approach based on Level 1 including use of the heat map, and that joint risk registers and contingency plans must be held.

- Level 3 requires at least a contract management plan to set out: commercial support for advice and contract changes; and, aspects from Levels 1 or 2 at the discretion of the relevant Associate Commercial Specialist.
- Contractual outcomes are secured through three levels of assurance:
 - First, through the relevant business/operations line management who report to their Director General;
 - Second, through the Commercial Specialist Business Partner teams, reporting to the Chief Commercial Officer; and
 - Third, through risk-based internal audit, which provides an independent examination of contract management arrangements.
- Continuous improvement of Home Office contract management is achieved through
 - Commercial Improvement Plans (CIP), details of which are held and monitored centrally by the Commercial Policy & Strategy team with an escalation process.
 - the Commercial Policy & Strategy team, which collaborates within and outside the Commercial Directorate. Improvements come back to Commercial Specialist Business Partner teams for delivery. CIPs may arise as a consequence and include initiatives by Commercial Directorate staff, internal audit review, NAO recommendations or adherence with the [Government Commercial Operating Standards](#).

106. The Home Office currently has 42 contracts with a current whole life value of over £40m, managed via the Strategic Level 1 contract management process.

- Governed by quarterly Executive Oversight Board meetings, reviewing engagement across the HO Group and the status of the relationship from the perspective of both parties, investigating cost saving opportunities, new innovations and ensuring a shared understanding of key risks.
- Senior (SCS) Level Commercial attendees, together with the Senior Business Contract Owner and where relevant the Crown Commercial Representative.

107. The Top 10 contracts are detailed in the table below:

Figure 9 – Top 10 Home Office contracts

No	Business Area	Programme / Agreement Name	Contract / Service Description	Contractor	Whole Life Value (£m)	Annual Value (£m)
1	Emergency Services Network	Public Safety Radio Communications Service	Public Safety Radio Communications Service	Motorola	£4,442	£257
2	Immigration Enforcement	Immigration Removal Centres	Management of IRCs	MOJ / Mitie / GEO / G4S / Serco	£726	£89
3	UK Visas & Immigration	COMPASS	Asylum Support & Accommodation	G4S / Serco / Clearel	£611	£115

4	UK Visas & Immigration	VISA Application Centres	National Government Outsourced Visa Centres	VF Holdings / Teleperformance	£434	£84
5	HMPO	Passport Design & Production (PDP)	Passport Production & Personalisation	De La Rue	£415	£41.5
6	UK Visas & Immigration	Support Payments to Eligible Service Users	Payments failed asylum seekers and those leaving the UK under voluntary returns programmes	Sodexo Motivation Solutions Ltd	£406	£75.6
7	HMPO	Application & Enrolment	IT Contract for Provision of Passport Application Services	CSC	£395	£39.5
8	Digital Data & Technology	IT2000	Managed service for desktop across the HO estate	Fujitsu	£350	£47
9	Immigration Enforcement	Escorting & Related Services	Secure Escorting for Immigration Offenders	Tascor	£310	£43
10	Digital Data & Technology	Immigration at the Border		IBM	£272	£15

108. Home Office is committed to the Treasury's Transparency agenda and as such, publishes contract details on the pan government [Contracts Finder portal](#).

Investments, Joint Ventures and Other Assets

109. The Home Office does not own any shares or other investment structures in third party businesses, either within the public sector or outside it. This includes:

- Public Corporations
- Minority shareholdings
- Joint Ventures
- Government Owned Companies
- Publicly owned assets
- Historic Buildings
- National Collections

Further information can be found in the [Home Office Annual Report](#).

Annex A - Home Office Arm's Length Bodies

The entities within the Departmental boundary during 2017-18 were as follows:

Entities consolidated

The Home Office departmental boundary encompassed the central Government Department and five Non-Departmental Public Bodies (NDPBs). The accounts of these entities form part of the Home Office's consolidated financial statements.

Executive NDPBs: The Home Office departmental boundary encompassed the central Government Department and five Non-Departmental Public Bodies (NDPBs). The accounts of these entities form part of the Home Office's consolidated financial statements.

Disclosure and Barring Service

Independent Office of Police Conduct (formerly Independent Police Complaints Commission)

Office of the Immigration Services Commissioner

Security Industry Authority

Gangmasters and Labour Abuse Authority (formerly Gangmasters Licensing Authority)

The accounts of the above NDPBs can be found at <http://www.official-documents.gov.uk>.

Other Entities:

College of Policing

The College of Policing is a company limited by guarantee. It is classified as an Arm's Length Body by HM Treasury, and is consolidated within the Departmental boundary as a NDPB.

Entities within the Core Department:

Advisory, tribunal and other NDPBs do not publish accounts as they do not have any money delegated to them. Where there are costs, these are met from Home Office budgets.

Advisory non-departmental public bodies: provide independent, expert advice to ministers on a wide range of issues.

The Advisory Council on the Misuse of Drugs

Animals in Science Committee
Migration Advisory Committee

Biometrics and Forensics Ethics Group

Police Advisory Board for England and Wales

National Crime Agency Remuneration Review Body

Technical Advisory Board

Tribunal non-departmental public bodies: have jurisdiction in a specialised field of law.

Investigatory Powers Tribunal

Office of Surveillance Commissioners

Police Discipline Appeals Tribunal

Other:

The Office of the Independent Anti-Slavery Commissioner

The Office of the Person appointed under sections of the Proceeds of Crime Act 2002

The Office of the Commissioner for the Retention and Use of Biometric Material

The Office of the Forensic Science Regulator

HM Inspectorate of Constabulary

Office of the Chief Inspector of the UK Border Agency

Independent Family Returns Panel

The Office of the Independent Reviewer of Terrorism Legislation

The Office of the Surveillance Camera Commissioner

The Office of the Independent Monitor for the purposes of Part 5 of the Police Act 1997

Office of the Intelligence Services Commissioner

Investigatory Powers Commissioner's Office

Police Remuneration Review Body

The National Crime Agency is outside the departmental boundary and is not consolidated in the Annual Report and Accounts but its operations are mentioned because the Home Office has a policy remit for the Agency.

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