



**Home Office**

**Annual Report and Accounts**

**2010-11**

(For the year ended 31 March 2011)

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**Foreword by the Home Secretary, Theresa May**

The first duty of any government is to keep the British public safe. It is the responsibility of the Home Office to fulfil that duty. Policing and crime, counter-terrorism, immigration and border control – these are some of the most important tasks that government has and they are all the responsibility of the Home Office. Now, with the incorporation of the Government Equalities Office into the Home Office, that role extends to promoting equal opportunities and equal treatment for all.

The Home Office Business Plan 2011-15 sets out a comprehensive vision for the future of the department and plots a clear course for how we will deliver our responsibilities over the next four years. The core Home Office will be smaller: it will set the strategic direction, allocate resources and ensure value for money for the taxpayer. Increasingly, decisions and funding will be devolved to the most appropriate level, accountability will be to the public and intervention will be limited.

In policing, this will mean directly elected Police and Crime Commissioners will hold the police to account. They will ensure the police focus on true local priorities and will give the public a real say in policing. You can also see the new approach in our relentless drive to cut police bureaucracy, which is already yielding savings of 3.3 million police man hours each year, and the launch of the country's first ever nationwide street level crime maps, with over 420 million hits since their launch in January.

In counter-terrorism, we will publish a revised cross-government counter-terrorism strategy, CONTEST. An integral part of that strategy will be the recently published Prevent strategy to counter the threat of home-grown terrorism and radicalisation. This will correct mistakes of the past like the funding of extremist groups and the stigmatisation of certain communities.

In immigration, we are getting net migration down to sustainable levels. We have capped the number of non-EU migrant workers, we have clamped down on student visas and bogus colleges, we are breaking the link between temporary migration and permanent settlement and we are reforming the family visa route. That is a complete package of reform.

The future Home Office will also work in a more joined up manner. A good example of this approach is the establishment of the new National Crime Agency, a powerful body of operational crime fighters that will span the full range of Home Office responsibilities by securing our borders, tackling organised crime, fighting fraud and cyber crime and protecting children and young people.

In equalities, we will begin to make a reality of our ground-breaking new equalities strategy. That strategy will be focussed on individual choice, not prescriptive top-down action. So we will implement a new system of flexible parental leave, we will extend the right to request flexible working to all employees and we will work to enhance transparency and improve accountability across the private and public sectors.

The Home Office faces a number of challenges over the course of the year, not least in preparing for the London 2012 Olympics. The Games will be a tremendous celebration for the whole country – and the whole world – and it will be the Home Office's role to ensure the event can be enjoyed in safety and security.

The foundations have been laid for the future of the Home Office. It is now our task to implement our ambitious plans. I would like to thank all Home Office staff and all of our partner organisations for the effort I know they will put in to make those plans a reality.

Theresa May  
Home Secretary

**Foreword by the Permanent Secretary, Dame Helen Ghosh**

The past year has seen major changes at the Home Office to help us deliver the Coalition Government's priorities. We have significantly restructured across the organisation, reduced staff numbers by around 2000, and found £358 million of savings in year to help tackle the deficit.

I have been fortunate in the legacy of my predecessor Sir David Normington, who left a confident, well managed organisation already embarked on a programme of cost reduction and change. The Home Office Supervisory Board, chaired by the Home Secretary, will be a real help in driving forward the changes we still need to make by bringing together Ministers, private sector non-executive directors and officials.

2010-11 was also the year of transparency. We now publish large amounts of our data to enable the public to understand how taxpayers' money is spent and what is happening on their streets. For the first time we will also routinely publish information on the roles and salaries senior civil servants. All this will improve our accountability to the public we serve.

As Accounting Officer my number one challenge is to ensure that we can do 'better with less'. We have to live within a challenging settlement since the last Spending Review and need to look for value for money across all of our services. The strength of our financial and commercial functions puts us in a very good place for this and we are also working with police forces to help them make the best of their resources.

The department has made a strong start on the Government's programme and the publication of the Home Office's updated Business Plan in May 2011 sets out the specific commitments and challenges. Through strong performance management, flexibility and partnership working I am very confident that we will be able to deliver these commitments and continue to serve the public well over the year ahead.

Dame Helen Ghosh  
Permanent Secretary

**CHAPTER 1 – OUR VISION**

The Government's vision for the Home Office is set out in our 2011-15 Business Plan. The vision reflects the Coalition Government's principle of taking power away from Whitehall and putting it in the hands of local people to increase accountability and transparency. The Business Plan lists the following seven priorities:

- 1 empower the public to hold the police to account for their role in cutting crime
- 2 free up the police to fight crime more effectively and efficiently
- 3 create a more integrated criminal justice system
- 4 secure our borders and reduce immigration
- 5 protect people's freedoms and civil liberties
- 6 protect our citizens from terrorism
- 7 build a fairer and more equal society

The Home Office's Business Plan was published on 8 November 2010 and updated on 13 May 2011. This sets out the work of the Home Office for the next four years. It can be found at:

<http://webarchive.nationalarchives.gov.uk/+http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/business-plan-2011-15/>

## CHAPTER 2 – OUR PRIORITIES

### Crime and Policing

#### Vision and Priorities

Crime and policing reforms are central to the Home Secretary's vision of devolving power: enabling the police and local communities to step up the fight against crime and anti-social behaviour and helping the police and other law enforcement bodies to achieve best value for money for the taxpayer. The Home Office has three priorities relating to crime and policing:

- ***empowering the public to hold the police to account for their role in cutting crime***
- ***freeing up the police to fight crime more effectively and efficiently***
- ***creating a more integrated criminal justice system***

We will empower the public to hold the police to account for crime committed in their area by reforming the relationship between the Home Office, the Police Service and local communities and devolving power away from Westminster. This will be implemented by:

- the introduction of directly elected Police and Crime Commissioners
- requiring police forces to publish local crime data and encouraging 'beat meetings' to strengthen the bond between the police and local people
- developing a programme to help enable communities to get more involved in keeping their own neighbourhoods safe

The Police Service faces challenging future funding. We will enable the police to focus limited resources on maintaining the frontline fight against crime, including through supporting improvements in operational efficiency. We will help the police to modernise police terms and conditions, and encourage collaboration between forces and reform procurement to ensure the police get best value for money.

### Border and Immigration

#### Vision and priorities

The purpose of the UK Border Agency is to regulate the flow of people and goods into and out of the UK. It operates in around 130 countries to provide a frontline border control before people ever reach the UK. At UK ports and airports agency officers, aided by technology, check the identity of new arrivals and confirm their eligibility to enter the UK. The agency prevents and tackles the smuggling of weapons, drugs (including so called "legal highs"), alcohol, tobacco and other illicit goods. Intelligence and risk analysis underpins all border and visa operations. It continues to work closely with UK and overseas law enforcement and security agencies.

The agency plays a key role in addressing organised crime. It is assisting in the establishment of a border policing command, as part of the new National Crime Agency. The Government's drugs strategy commits the agency to work with the National Crime Agency against the threats presented by the full range of drugs, chemical cutting agents and precursors. The agency takes tough action against people illegally in the UK.

The agency will also meet the priorities of other Government departments, and in particular seek to maintain the level of tax revenue at the border.

#### Control migration

Making decisions on applications to travel to or stay in the UK is at the heart of the agency's business. Overseas, the agency issues visas to visitors, students, migrants and other people who wish to come to the UK.

The agency is responsible for implementing an annual limit on the number of non-EU economic migrants from April 2011 onwards. As a result of this and other policies, it is anticipated net migration will be in the tens of thousands in future.

The agency will also implement the outcome of the review of granting student and spouse visas to reduce abuse.



The agency is also ending the detention of children for immigration purposes.

The agency plays a significant role in wider Home Office security plans. It enforces the UK's ability to deport or exclude foreign nationals who threaten our national security, and will help to ensure a safe and successful Olympic and Paralympic Games in 2012.

#### Reduce costs and improve customer service

The agency has begun a major transformation of its organisation, which will continue over the next four years. It will be smaller, but more efficient, and capable of continuing to deliver its commitments. Services will be delivered through a mix of direct provision and commercial, community or international partnerships. By making greater use of technology, utilising intelligence and focusing on the greatest risks, the agency will be able to deliver its commitments with a smaller workforce and lower budget.

### **Security and Counter-Terrorism**

#### Vision and Priorities

The Government's objective for counter-terrorism is to continue to keep people safe whilst ensuring that the powers used to do so are proportionate, focused and transparent. The Home Secretary is the lead Minister for counter-terrorism and, for the Home Office, the Office for Security and Counter-Terrorism (OSCT) develops and oversees implementation of the cross-government strategy for countering terrorism (CONTEST) as well as delivering key aspects of that strategy.

Accordingly, OSCT leads in delivering one of the department's key priorities – ***protect our citizens from terrorism*** – and also has a key role in delivering the priority to ***protect people's freedoms and civil liberties***.

The aim of CONTEST is to '*reduce the risk to the UK and its interests overseas from terrorism, so that people can go about their lives freely and with confidence*'. CONTEST also sets the objectives for counter-terrorism work across government and guides local authorities and other frontline partners in delivering key aspects of their role. OSCT supports the National Security Council in defining and overseeing this work and the Director General OSCT chairs the cross-government counter-terrorism CONTEST Board which brings together security and law enforcement agencies, Whitehall departments, and the Devolved Administrations.

Securing an effective response to terrorism requires us to be genuinely strategic: being clear about what we are seeking to achieve, how we are seeking to achieve it and the resources we have at our disposal. We are committed to refreshing the CONTEST strategy to address the changing threat, building on the Strategic Defence and Security Review and responding to priorities set out in the Coalition Programme for Government.

At the time of writing the strategy is being finalised. However, many of the key challenges over the next year and beyond are already clear. We will:

- implement the conclusions and recommendations from our reviews of counter-terrorism and security powers, and of the purpose and scope of the *Prevent* strategy
- strengthen aviation security (with a particular focus on the inbound cargo threat and the need to strengthen pre-flight checks)
- strengthen the UK's protection and ability to respond to terrorist attack (including new measures to improve joint working between police, fire, ambulance and military services)
- progress policy changes to extend the Government's ability to deport foreign nationals who pose security risks to communities and public
- respond to new communication technology and implement a complex, cross-government programme to maintain technical capabilities and ensure their lawful, targeted and proportionate use
- maintain core policing capabilities in counter-terrorism crucial to countering the threat while introducing efficiency savings
- continue working with the Mayor of London and other partners to ensure effective plans and capabilities are in place for a safe and successful Olympics and Paralympics Games in July 2012
- support efforts against Northern Ireland related terrorism, sharing expertise with the Northern Ireland Office and ensuring an effective response to the threat in Great Britain

## Freedom and civil liberties

### Vision and priorities

The Government is committed to being strong in the defence of freedom and on security and public protection. Freedom and civil liberties are underpinning themes of the Coalition Agreement, which commits to implementing a full programme of measures to “reverse the substantial erosion of civil liberties and roll back state intrusion”.

The Home Office is responsible for the following, cross-cutting priority:

- ***to protect people’s freedoms and civil liberties***

This priority is led and co-ordinated by the Strategy and International Group, who are leading on the commitment to:

- introduce a Freedom Bill
- scrap ID cards and the National Identity Register
- introduce safeguards against the misuse of counter-terrorism and security legislation

## Identity and Passports

### Vision and priorities

The Identity & Passport Service (IPS) delivers the department’s operational responsibilities around administering civil (birth, marriage, death) registration in England and Wales and providing passport services to UK nationals at home and abroad.

The IPS purpose is:

- ***to provide accurate and secure records of key events and trusted passport services***

The agency is replacing and modernising many of its legacy processes, systems and products to deliver maximum value for the customer. This involves the rollout of the new, more secure passport book, replacing the current passport application system, and introducing a new online passport application channel.

## Equality

The Prime Minister appointed The Rt Hon Theresa May MP as Minister for Women and Equalities on 12 May 2010, in addition to her appointment as Home Secretary. On 1 April 2011, the work of the Government Equalities Office (GEO) moved to the Home Office. Further information relating to the work of the GEO prior to 1 April 2011 can be found at <http://www.equalities.gov.uk>.

**CHAPTER 3 – OUR PERFORMANCE****1. Empower the public to hold the police to account for their role in cutting crime****1.1 *Make the police more accountable through oversight by a directly elected Police and Crime Commissioner, who will be subject to strict checks and balances through Police and Crime Panels formed by elected members of local authorities and independent members***

Proposals to replace Police Authorities with directly elected Police and Crime Commissioners (PCCs) for each force area within England and Wales were set out in a consultation document, *Policing in the 21st Century*, published on 26 July 2010. Police and Crime Commissioners will be responsible for the totality of policing within a force area, and accountable to the public rather than to central government.

The consultation closed on 20 September 2010. Approximately 900 responses were received. The Government's response, summarising the views received and setting out next steps in implementing the reforms, was published on 1 December 2010.

Provisions to create directly elected PCCs are included in the Police Reform and Social Responsibility (PRSR) Bill. The Bill includes details on the powers and duties that PCCs and Police and Crime Panels will have, and how PCCs will work with their force and other local providers and community leaders. The PRSR Bill was introduced in Parliament on 30 November 2010. It passed through the House of Commons and was introduced in the House of Lords on 1 April 2011.

The Home Office is working with the Electoral Commission, Cabinet Office and Department for Communities and Local Government to take forward work to prepare for elections of PCCs. It has a programme in place with agreement of policing and government partners to ensure a smooth transition from Police Authorities to Police and Crime Commissioners in 2012.

**1.2 *Make the actions of the police more transparent***

The Police Reform and Social Responsibility Bill will require PCCs to hold Chief Constables to account for the effectiveness and efficiency of their arrangements for engaging with people in the police area.

On 1 February 2011, guidance on holding regular community "beat meetings" was published on the NPIA website. Information and good practice examples of local beat meetings were published, allowing local people to get involved themselves, tell their neighbourhood policing team what their crime and disorder concerns are and hold their local police directly to account for how well they have dealt with local crime.

Police.uk was launched on 31 January 2011 to provide the public with detailed information about crime in their neighbourhoods. People can now see what crime and antisocial behaviour has happened on their streets, access details about their neighbourhood policing team and find out about regular beat meetings, all at the touch of a button. This transparent new level of crime and local policing information will ensure people can tell forces what their concerns about crime and disorder are, find out information about crime in their area, and hold police to account for how well they are dealing with the issues that matter locally.

Police forces started formally collecting data on hate crime offences in April. From summer 2012, this will be published as official statistics, providing a clear picture of local patterns and trends in hate crime, and helping the police to target their resources more effectively.

The Home Office is working with the Ministry of Justice to provide PCCs with as much information as possible on crime levels, sentencing and rehabilitation of offenders.

**1.3 *Empower local communities to take a more active role in their neighbourhoods, providing the incentives, training and encouragement for people from all walks of life to help police their own communities***

The Policing White Paper, *Policing in the 21st Century*, was published on 26 July 2010 and included proposals for enabling and encouraging people to get involved in tackling crime. The proposals aimed to increase community involvement and promote greater individual responsibility for keeping neighbourhoods safe.

Baroness Newlove was appointed as the Government's champion for safer, active communities in October 2010. Her report, *Our Vision for Safe and Active Communities*, was published on 29 March 2011 and detailed what residents, businesses, local agencies and central government can do to begin a generational shift in the country's approach to activism and tackling neighbourhood crime. During six months of intensive work, she visited local areas across the country, meeting with activists, the police, local councils and housing associations to find out about different approaches to activism. She also worked closely with seven hand picked areas, from Hackney to Merthyr Tydfil, alongside the community and local agencies in each area, to find out what works and what the barriers are to successful activism. Sharing her experiences online at her blog, Baroness Newlove provided a helpful forum for people across the country to ask for advice and share their good work.

## **2. Free up the police to fight crime more effectively and efficiently**

### *2.1 Reduce bureaucracy for front-line police officers*

The national requirement to record Stop and Account has been removed and Stop and Search recording requirement reduced. The revised PACE Code of Practice A was tabled on the 17 November 2010 and debated in both Houses of Parliament on 25 January and 2 February. The Minister for Policing signed the Order on 14 February 2011 and it took effect on 7 March 2011.

The use of powers for the police to charge directly for more routine offences has been trialled and implementation has begun. Five pathfinders were set up to test potential new arrangements for charging transfer. Following successful pilots, the first tranche of charging transfers started in November 2010 and will roll out until June 2011.

The Home Office worked with the police, the Health and Safety Executive (HSE) and the Crown Prosecution Service (CPS) to develop guidance to make clear that the duty of the police to the public takes precedence over any concerns about the health and safety of police officers in cases of significant threat to the public. The CPS published guidance in March 2011 and the HSE has recently published guidance.

### *2.2 End unnecessary interference from the centre in local policing, paring back the police inspection and targets regime*

Proposals to end targets and unnecessary data collection were published on 1 December 2010, as part of the Home Office response to the *Policing in the 21st Century* consultation. The Police Reform and Social Responsibility Bill sets out reforms of Her Majesty's Inspectorate of Constabulary to undertake light-touch inspections and act as the gateway for all inspections relating to police forces.

Plans to reduce interference from the centre have been developed and will be implemented as part of the Annual Data Return consultation cycle and in light of findings from the National Statistician's review, published in June 2011.

### *2.3 Simplify institutional structures for the police, phasing out the National Policing Improvement Agency (NPIA) and establishing a National Crime Agency (NCA) and Border Police Command*

The NCA will be the centrepiece of the reformed policing landscape, representing a step change in the Government's focus on serious and organised crime. It will tackle organised crime, defend our borders, fight fraud and cyber crime, and protect children and young people. The NCA will have strong links to local forces and Police and Crime Commissioners, and to law enforcement agencies such as the UK Border Agency, HM Revenue and Customs and the Serious Fraud Office.

The Home Secretary's vision for the National Crime Agency, setting out more detail on how the NCA will operate, was announced in the House of Commons on 8 June 2011.

More information can be found at <http://www.homeoffice.gov.uk/crime/nca/>

### *2.4 Improve the efficiency of local policing*

Plans to extend the collaboration between police forces and reform police procurement, finding efficiencies by sharing functions at national level, have been developed. The strategy for improving collaboration

between forces was set out in the *Policing in the 21st Century* consultation document; the Government's response to the consultation was published in December 2010. A separate consultation *Obtaining Better Value for Money from Police Procurement* set out the Government's approach to requiring the police service to buy equipment and services through national frameworks. The response to this consultation was published in February when the first regulations were made requiring the police to obtain certain equipment through specified national frameworks.

The first part of a major independent review by Tom Winsor of police pay and conditions of service, *Independent Review of Police Officer and Staff Remuneration and Conditions*, was published on 8 March 2011.

**2.5 *Simplify and improve anti-social behaviour powers so that the police, local authorities and others have powers and tools that are effective and easy to use and provide a real deterrent***

Proposals for a new, simplified set of anti-social behaviour powers and tools were set out in a consultation published on 7 February 2011. The proposals move away from having a separate tool to deal with every different problem so that the police and partners have faster, more flexible tools. This includes repealing the ASBO and other court orders and replacing them with two new tools that bring together restrictions on future behaviour and support to address underlying problems; and bringing together many of the existing tools for dealing with place-specific anti-social behaviour. Alongside these proposals we plan to give communities the right to force agencies to take action where they have failed to do so. The public consultation concluded on 17 May 2011 and we plan to introduce legislation in Spring 2012.

**2.6 *Overhaul alcohol licensing to give more power to police and local authorities to meet the concerns of local communities***

From July to September 2010, the Home Office conducted a public consultation exercise on the rebalancing of the Licensing Act. Proposals included overhauling the Licensing Act to give local authorities and the police much stronger powers to remove licences from, or refuse to grant licences to premises that are causing problems and allowing councils and the police to permanently shut down any shop or bar that is repeatedly selling alcohol to children. The Government response to the consultation as well as the full consultation analysis was published in November 2010.

A number of the proposals outlined in the *Rebalancing the Licensing Act* consultation have been taken forward in the Police Reform and Social Responsibility Bill, which was introduced on 1 December 2010.

In January 2011, the Government announced its intention to tackle below cost selling of alcohol by banning the sale of alcohol below the rate of duty plus VAT.

**3. Create a more integrated Criminal Justice System**

**3.1 *Support the Ministry of Justice to develop a strategy for reducing reoffending, ensuring more effective rehabilitation, especially for drug users, and to conduct a full examination of sentencing policy***

The Home Office is supporting the Ministry of Justice to develop a strategy for reducing reoffending. The Ministry of Justice developed the rehabilitation Green Paper, which includes options for sentencing reform. The Home Office continues to support implementation of rehabilitation reforms by promoting tools and approaches such as Integrated Offender Management to help the police, probation, local authorities and other partners work together with the most damaging offenders, including drug users. We supported the implementation of rehabilitation reforms. We adopted the "Local Innovation, Testing and Evaluation" (LITE) approach, which consists of projects and initiatives that help local areas test new ideas for working with the most damaging locally identified offenders, and encourages others to offer ideas on how outcomes might be improved. We have continued to promote the Integrated Offender Management (IOM) approach as the strategic framework that brings together the police, probation, local authorities and a number of agencies across government to prioritise interventions for the most damaging offenders, including drug users. We continue to support approaches such as the Prolific and other Priority Offender and Drug Interventions Programmes (DIP), as well as tools to assist local partners, such as the IOM Self-Assessment Tool, IOM



efficiency case tool, and the DIP Impact Toolkit.

A series of tools and products have been developed to assist local planning for, and development of IOM, to help areas embed local IOM approaches, in particular:

- IOM Key Principles and the IOM Key Principles Self Assessment tool has been developed as a practical tool for local areas to assess the development and delivery of their IOM arrangements, providing an understanding of the strengths of local arrangements and consider areas that require further development
- the DIP Impact Tool has been developed following requests from many partners – both police and DATs – for support and direction in how to develop a robust evaluation of the impact of local programmes on reductions in crime
- IOM efficiency toolkit – Phase One was launched in June 2011. The toolkit helps areas to identify efficiencies and effective working practices to ensure maximum benefit from the time and resources invested into IOM by partner agencies and to develop local business cases for IOM. Phase Two of the toolkit is under development which will help areas develop local IOM costs and benefits analysis to contribute to local IOM business cases and arrive at an assessment on value for money
- we also held a National IOM Conference on 22 and 23 June 2011 at Ryton-on-Dunsmore. The conference brought together key partners – police, probation, community safety partnerships, prisons, local authorities and the voluntary and community sector – to consider how we can build on the success of IOM and explore how we will work together in the new landscape
- we continue to support local development and especially the development of robust local partnership arrangements. IOM is already helping to prepare the ground for the introduction of Police and Crime Commissioners by providing a framework for strong and active local partnership working on community safety and criminal justice issues

### 3.2 *Develop a comprehensive approach to drug misuse, working with other government departments*

On 8 December 2010 we published a new drugs strategy which will provide a comprehensive approach to tackling drug misuse with a focus on reducing demand, restricting supply and supporting recovery. We are now working with our partners across government and in other agencies to implement the strategy. The Police Reform and Social Responsibility Bill will introduce temporary control measures for new psychoactive substances – often referred to as “legal highs”. The Advisory Council for the Misuse of Drugs considers further health issues and provide advice to the government accordingly. Payment by Results (PBR) for drugs recovery pilots work is well underway and eight pilot sites have been selected. A communication and partner engagement plan is also being developed for both the pilot and non-pilot areas, including supporting areas to independently adopt a PBR recovery approach.

### 3.3 *Support collaboration between the police and other public services, working with the Ministry of Justice and other government departments*

The Home Office is continuing to work with the Ministry of Justice (MoJ) and other government departments to support collaboration between the police and other public services.

This has included work to reduce bureaucracy and improve efficiency, such as collaboration on the Criminal Justice System efficiency programme with MoJ and work with the Crown Prosecution Service and Attorney General's Office to restore charging discretion to police officers.

We are working with the Ministry of Justice to spread best practice on which techniques are most effective at preventing and cutting crime and will support the Ministry of Justice to develop options to provide people with greater protection to prevent crime and apprehend criminals, including defending themselves against intruders. We are removing regulations to free up local Community Safety Partnerships (CSP) from unnecessary bureaucracy. The Home Office consulted CSPs and key partners in England and Wales on current regulations. The consultation findings are informing ongoing work to free up partnerships to do things differently, and to send a strong signal to CSPs that the Government recognises that local partners are best placed to decide how best to work for their communities. We have developed proposals to disseminate effective practice based on a framework designed to gather, quality assure, disseminate and sustain the sharing of effective practice locally. We will facilitate local crime analyst networks moving

towards a locally led sustainable model. A written review is currently being analysed to inform a decision on the related work programme for 2011-12. In addition, we launched a Community Safety Partnerships (CSPs) area on the Home Office website.

The Home Office is working with police and other local partners through the Communities Against Guns, Gangs and Knives Programme to reduce the number of young people killed or seriously wounded through gun or knife violence. Additional funding is being provided to London, the West Midlands and Greater Manchester for the next two years to put in place enforcement and prevention plans to target vulnerable victims, dangerous offenders and risky locations and 200 non-governmental organisation led projects across England and Wales will be supported to work with young people most at risk of serious violence. We will take forward the recommendations of Brooke Kinsella's review of local anti-knife crime projects published in February 2011, including working to develop interventions and materials for schools.

#### *3.4 Help the police, voluntary organisations and local communities to reduce violence against women*

The Home Office continues to help the police, voluntary and community sector organisations and local communities to reduce violence against women. In November 2010 we published a strategic narrative on violence against women and girls setting our four key priorities in this area including prevention and early intervention and the provision of adequate levels of support where violence does occur. A cross-government *Violence Against Women Action Plan* published in March 2011 set out over 80 specific commitments across government to help deliver on these priorities including the provision of £28 million Home Office funding over four years for specialist services to support the victims of violence. An inter-ministerial group, chaired by the Home Secretary, has been established to oversee delivery of the action plan.

### **4. Secure our borders and reduce immigration**

#### *4.1 Establish a Border Police Command to secure our borders, as part of the new National Crime Agency*

UKBA is actively working to establish a border policing command. The Border Policing Command will co-ordinate and set the strategy for law enforcement agencies operating at the UK border. National Crime Agency officers, the UK Border Agency, Special Branch Ports officers, the police and others will work together under a single Border Security Strategy to ensure illegal goods are seized, illegal immigrants dealt with and networks of organised criminals more effectively targeted and disrupted both overseas and at ports up and down the UK.

#### *4.2 Strengthen the system of granting student visas to reduce abuse and net migration*

The Government's aim is to eliminate abuse of the system and to focus on admitting genuine students in high quality, high value sectors. On 31 March 2011, the first rule changes were introduced and the agency published a statement of intent, including changes scheduled for this summer and 2012. Specific changes include: a requirement for all sponsors to be inspected or audited by one of the existing public review bodies to become "highly trusted sponsors"; new entry criteria for adult students, including tougher English language requirements; limits on the entitlements of some students to work and to sponsor dependants; and limits on the time students can spend in Tier 4.

#### *4.3 Strengthen the system of granting spouse visas to reduce abuse and support the integration of long term migrants in local communities*

The ability for migrants to speak English promotes integration into British society and broadens opportunities. Therefore, on 29 November 2010, a new English Language requirement for spouses came into force. Anyone who wishes to apply for a spouse or fiancé(e) visa will now have to prove that they can speak English by passing one of the approved tests. The tests require spouses to demonstrate competence in English language speaking and listening at a basic level (Common European Framework of Reference, level A1). Someone assessed at level A1 can understand and use familiar everyday expressions and very basic phrases. They will be able to interact in a simple way provided the other person talks slowly and clearly and is prepared to help. The new requirement will not apply to migrant spouses and partners who

are nationals of a majority English-speaking country or to spouses of European Economic Area nationals.

**4.4** *Set an annual limit on the number of non-EU economic migrants admitted to the UK, reducing annual net migration to the tens of thousands*

The Government is committed to reducing net migration to the tens of thousands within the lifetime of this Parliament. Our reshaped and better targeted economic migration policy will support the reduction in numbers whilst servicing the UK economy. Therefore, in addition to changes to student, family and settlement routes, a new limit on economic migrants from outside the EU has been introduced. An interim limit came into force on 19 July 2010. On 23 November following a consultation, the Home Secretary announced details of the permanent limit, and on 16 March 2011 the immigration Minister announced details of changes to attract entrepreneurs and investors to the UK. For Tier 1 of the Points-Based System, the changes include closing the Tier 1 (General) route as it saw too many migrants working in low-skilled jobs; we now offer accelerated settlement to the biggest investors and most successful entrepreneurs; and we have created a new Exceptional Talent category for world leaders in science, humanities and the arts.

On 6 April we introduced an annual limit of 20,700 places for skilled migrant workers. The route is now restricted to graduate level occupations only and we have raised English language requirements. We have also raised the quality of the Tier 2 Intra-Company Transfer category and only managers and specialists paid £40,000 or more can stay for more than 12 months.

**4.5** *Speed up the processing of asylum applications.*

The Government is committed to exploring ways to build on the improvements made to the asylum system. In consultation with public and private sector partners, the UKBA has reviewed options and developed proposals for improving the processing of asylum applications. These include measures to increase productivity and efficiency in the asylum process; ensure better quality, more sustainable decisions; and increase the number of removals. The intention is to reduce the overall asylum support spend, achieve a sustainable level of cases in progress and reduce the unit cost of asylum case working. A number of new measures are being put in place across the UK, for example a new set of case triage tools and an evidence-based approach to reducing the number of upheld appeals.

**4.6** *End the detention of children for immigration purposes*

Following the success of two pilots, a new child-focused approach to working with families was rolled-out nationally on 1 March. On 10 March, the UKBA announced that the highly respected children's charity Barnardo's would deliver key welfare, safeguarding and support services for families at the agency's new pre-departure family accommodation in West Sussex. The UKBA has also established an interim "Family Returns Panel", to provide independent advice on the method of removal from the UK of individual families when an ensured return is necessary.

**4.7** *Support e-Borders to help protect the UK against terrorist attack, serious cross-border crime and abuses of the immigration system, assessing passengers in advance of their arrival in the UK. Reintroduce exit checks*

To help secure the border, the agency uses an electronic system called e-Borders to carry out checks on travellers before they begin their journey. The system enables the electronic collection and checking of individual passenger details against UK police, security and immigration watchlists. During 2010, e-Borders checked around 125 million people travelling to or from the UK against watchlists, leading to more than 2,800 arrests. The agency will continue to support e-Borders to help protect the UK against terrorism, crime and illegal immigration. It will also use e-Borders to reintroduce exit checks and ensure that we improve our understanding of who is in and out of the country. Following an announcement on 22 July 2010, the contract with the prime supplier to deliver the e-Borders programme was terminated; the existing services have since been successfully transferred to new suppliers and the programme continues<sup>1</sup>.

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<sup>1</sup> For more information about the e-Borders programme, see note 34 of the Home Office Annual Report and Accounts



4.8 *Stop the removal of asylum seekers who have had to leave particular countries because their sexual orientation or gender identification puts them at proven risk of imprisonment, torture or execution*

The new policy is in place and, following the Supreme Court judgement on 7 July 2010, has legal effect. Guidance on implementing the policy has been provided to all relevant agency staff and this has been supported by training.

**5. Protect people's freedoms and civil liberties**

The Home Office's aim is to protect people's freedoms and civil liberties by removing unnecessary state interference.

5.1 *Scrap ID cards and the National Identity Register*

On 10 February 2011, we destroyed the National Identity Register which marked the end of the process to scrap Identity Cards and halt biometric passports. We are turning the Identity & Passport Service (IPS) into a more streamlined, efficient and customer-focused organisation, funded almost exclusively by fees rather than the taxpayer. We are also rationalising the agency's estate and introducing new systems and services, such as the facility to apply for passports and marriage registrations on line, which will reduce costs and improve the customer experience. In October 2010, IPS launched a new, more secure passport and we are committed to ensuring the UK passport remains one of the most trusted and secure identity documents in the world. From 1 April 2011, responsibility for issuing passports to British citizens overseas transferred from the Foreign and Commonwealth Office to the Home Office resulting in IPS becoming the single passport issuing authority for the UK.

5.2 *Introduce safeguards against the misuse of counter-terrorism and security legislation*

In January 2011 we published a review of the most sensitive and controversial counter-terrorism and security powers to ensure that they were necessary, proportionate and effective. This recommended a number of significant changes to existing counter-terrorism powers including: that control orders should be repealed and replaced with a system of less intrusive and more closely defined restrictions (Terrorism Prevention and Investigation measures (TPIMs)) repeal and replacement of stop and search powers under section 44 of the Terrorism Act 2000; ending the use of Regulation of Investigatory Powers Act (RIPA) powers by local authorities to investigate low level offences and a reduction of the maximum period of pre-charge detention of terrorist suspects from 28 to 14 days, all of which require legislative change. Work will now continue on implementing the recommendations of the review, many of which are contained in the Protection of Freedoms Bill.

5.3 *End the storage of internet and email records without good reason*

The *Strategic Defence and Security Review* (SDSR) set out the Government's commitment to introduce a programme to preserve the ability of the security, intelligence and law enforcement agencies to obtain communications data and to intercept communications within the appropriate legal framework. This programme is required to keep up with the changing technology and to maintain capabilities that are vital to the work these agencies do to protect the public. Communications data provides evidence in court to secure convictions of those engaged in activities that cause serious harm. It has played a role in every major Security Service counter-terrorism operation and in 95 per cent of all serious organised crime investigations.

Legislation will be brought forward to put in place the necessary regulations and safeguards to ensure that the response to this technology challenge is compatible with the Government's approach to information storage and civil liberties. Much can, and is being done, under current legislation to enable investigators to understand and respond to the technology challenge. For example, a programme of UK wide training is now being rolled out to law enforcement investigators, which will train them to understand the changes in technology driven by the internet and its implications for investigations.

#### 5.4 *Introduce a Freedom Bill*

The Protection of Freedoms Bill was introduced on 11 February 2011. The Bill contains proposals to:

- restrict the retention of DNA and fingerprints, and require parental consent for taking biometric data from children in schools
- improve regulation of CCTV, and restrict local authority use of RIPA (Regulation of Investigatory Powers Act) powers
- address the number of powers of entry held by state officials
- ban wheel clamping without lawful authority
- permanently reduce the maximum length of pre-charge detention to 14 days
- impose greater restrictions on the use of no-suspicion stop and search powers
- scale back the Vetting and Barring Scheme and criminal records regime to common sense levels
- disregard convictions for consensual gay sex
- enhance the Freedom of Information Act
- ensure the protection of the right to trial by jury

Many of the proposals in the Bill were supported by the public in their comments on the Your Freedom website last summer and this was the first Bill to have benefited from a Public Reading Stage. The Bill has completed Committee Stage in the House of Commons.

#### 5.5 *Review the operation of the Extradition Act – and the US/UK extradition treaty – to make sure that it is even-handed*

On 8 September 2010, the Government commissioned a review into the UK's extradition arrangements to ensure they operate effectively and in the interests of justice. The review is being led by Sir Scott Baker, who is being assisted by David Perry QC and Anand Doobay, two independent lawyers with experience in extradition cases.

The review panel invited written submissions from both organisations and practitioners involved in the extradition process and the public. The panel is now in the process of carefully examining the results of this consultation and are due to visit Edinburgh, Washington and Brussels over the next couple of months. They are on course to report back to the Government by the end of summer, 2011.

### 6. **Protect our citizens from terrorism**

#### 6.1 *Change security and counter-terrorism policies and systems as part of the Strategic Defence and Security Review under the direction of the National Security Council*

Working with the Cabinet Office, we have determined options for changes to security and counter-terrorism policies and systems as part of the Security Defence and Strategic Review which was published in October 2010. These are covered in more detail as specific actions (5.2, 5.3, 6.2 and 6.3).

#### 6.2 *Extend the UK's ability to deport foreign nationals who threaten our national security*

Proposals for policy changes to expand the UK's ability to deport foreign nationals were agreed as part of the review of counter-terrorism and security legislation, and good progress has been made in implementing these recommendations.

We have functioning arrangements with Jordan, Ethiopia and Lebanon and separate arrangements with Algeria. These provide assurances about how individuals returned to these countries under the arrangements will be treated. We are seeking to extend agreements to more countries, and will continue to engage with partners overseas and Non Governmental Organisations to share best practice and respond to concerns about our approach.

We have also successfully defended court appeals against deportation – including eight cases at the Court of Appeal (on the use of closed material) and the first Ethiopian case at the Special Immigration Appeals Commission.

- 6.3 *Review the Prevent strand of the counter-terrorism strategy aimed at stopping people becoming terrorists or supporting violent extremism, with a clear separation between 'prevent' work (Home Office lead) and 'participation' work (Department for Communities and Local Government lead)*

The Prevent strategy was comprehensively reviewed and included an extensive public consultation exercise and regional events. The review and revised Prevent Strategy were published in June 2011.

The new strategy will be flexible enough to address all forms of terrorism, proportionate to the risk they pose, and draw a clearer distinction between countering terrorism and promoting integration. Its three main objectives will be to: challenge the ideology that supports terrorism and those that promote it; protect individuals who are vulnerable to radicalisation; and support those institutions where radicalisation may occur or which may be well-placed to disrupt its impact.

The revised strategy will build on positive outcomes to-date, yet will be noticeably different in terms of the organisations we work with and fund, methods of local delivery, and its focus on individuals, areas and institutions at highest risk.

- 6.4 *Revise the 'CONTEST' counter-terrorism strategy to set a clear policy direction following on from the Strategic Defence and Security Review and the 2010 Spending Review*

The CONTEST strategy is being revised and is due to be published later this year.

The revised strategy will describe the evolution of the terrorist threat since 2009 and will include a new set of 'planning assumptions' about the future direction of the terrorist threat to 2015. It will reflect material changes within the Prevent, Pursue, Protect, and Prepare workstreams, setting out objectives and programmes for the next four years. It will also include a set of principles for the Government's approach to counter-terrorism.

- 6.5 *Make changes to pre-departure checks to better identify people who pose a terrorist threat and prevent them flying to or from the UK*

We have made significant progress towards strengthening pre-departure checks to prevent individuals who pose a terrorist threat from boarding aircraft to or from the UK. We have developed an initial 'no fly' list using criteria and a legal framework for preventing individuals on that list from travelling to or from the UK. Pre-departure checks against the list will commence from June 2011. At the same time the Government will consult publicly on secondary legislation which will prohibit airlines from bringing to the UK someone who is included on the 'no fly' list.

- 6.6 *Strengthen the UK's protection against and ability to respond to a terrorist attack, including enhancing the nation's resilience*

In Summer 2010 the Government reviewed the programme of work ongoing to improve the police and military response to a marauding terrorist firearms attack. This resulted in the programme being significantly expanded and accelerated.

Significant progress has been made:

- all firearms officers in England and Wales now have access to higher calibre weaponry, enhanced tactics and training
- there is permanent additional police firearms capacity in major cities and improved procedures to provide rapid back-up from neighbouring areas
- specialist Olympic-related training for police firearms officers has been brought forward
- unarmed police officers in England and Wales are now trained to identify and respond to the initial stages of a possible terrorist attack involving firearms
- with Ministry of Defence, we have worked to deliver modifications of existing capacity and capability to enable a faster military response to an attack in the UK

In addition there has been a regular programme of joint exercises between the police and military, culminating in a major national counter-terrorism exercise in February 2011 which tested the UK's overall

response to a marauding terrorist firearms attack.

Joint work was also undertaken with the Cabinet Office to identify improvements to resilience arrangements, through joining work across *Protect* and *Prepare* and through taking an 'all-hazards approach' where appropriate. This work is now being taken forward by the Cabinet Office through the National Resilience Programme.

**6.7 Help to ensure a safe and successful Olympic and Paralympic Games in 2012 and legislate as necessary to support this**

There is good work with a wide range of partners to ensure preparatory activity for the safety and security of the Olympic Games is delivered on time and to budget so that policing and wider safety and security operations during the Games will be effective and efficient.

During the last year the work to deliver a safe and secure Games met a number of key milestones including:

- the completion of an audit and review of Olympic Safety and Security
- venue security requirements agreed
- a biometric policy for Games Family members from visa countries agreed
- the creation of the Olympic Intelligence Centre
- the introduction of legislation to increase the fine for touting of Olympic tickets and a Legislative Reform Order to allow for the construction of a temporary police muster, briefing and deployment centre on Wanstead Flats

**Progress in Delivering the Structural Reform Priorities – Priority Table**

Each of the structural reform priorities reported on above had discrete actions allocated to them that were due to be completed during 2010-11. The table below records the number of actions against each priority, highlighting those that were met on time as well as the number that missed their target delivery date. Further information on those actions that missed their deadlines is provided in the narrative following the table.

Priority	No. of Actions	No. met on time	No. missed by <1 month	No. missed by <2 months	No. missed by >3 months	Overdue actions at March 2011 <sup>1</sup>
Empower the public to hold the police to account for their role in cutting crime	9	9	-	-	-	-
Free up the police to fight crime more effectively and efficiently	15	8	2	-	2	3
Create a more integrated Criminal Justice System	7	7	-	-	-	-
Secure our borders and reduce immigration	9	8	-	-	1	-
Protect people's freedoms and civil liberties	5 <sup>2</sup>	3	1	-	-	-
Protect our citizens from terrorism	6	2	2	-	1	1
Build a fairer and more equal society <sup>3</sup>	n/a	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> See Home Office website for further information on structural reform plan actions

<sup>2</sup> Note that action 5.3(i) end date was moved from December 2010 to April 2012 as part of the business plan refresh

<sup>3</sup> This priority was added to the Home Office Business Plan in May 2011

## Reasons for actions that missed their deadlines

- 2.1(i) *Remove national Stop and Account recording and reduce certain Stop and Search procedures (end Dec 2010)*

Stop and search is an issue of concern to many communities, particularly those of a black or minority ethnic background, and additional time was taken to confirm the content of the draft Code of Practice with civil liberties groups. This delayed the laying before Parliament of the PACE Code of Practice Order that was necessary to make the changes. The PACE Code of Practice was tabled on the 17 November 2010 and debated in both Houses of Parliament on 25 January and 2 February, following which Nick Herbert, Minister for Policing, signed the Order on 14 February and took effect on 7 March 2011.

- 2.2(i) *Develop proposals, working with the police and HM Inspectorate of Constabulary (HMIC) to end targets and unnecessary data collection and introduce spot checks to audit the accuracy of police reports (end Oct 2010)*

Proposals to end targets and unnecessary data collection were published on 1 December 2010, as part of the Home Office response to the Policing in the 21st Century consultation. Proposals to introduce 'spot checks' have been developed with HMIC and form part of the terms of reference for the data integrity review methodology. This action was completed in November.

- 2.3(ii) *Draft and publish an organised crime strategy (end March 2011)*

The Home Office worked closely with its partners in developing the organised crime strategy. Good progress had been made by March. The Strategy will be published shortly.

- 2.3(iii) *Determine the functions and structure of the NCA including proposals for a Border Police Command responsible for better connecting the police, UK Border Agency, HM Revenues & Customs and others in protecting and policing the border (end Mar 2011) – This action is now 2.3 (v) in the Home Office Business Plan published on 13 May 2011*

The Home Office had made good progress on the development of the National Crime Agency (NCA) by March. *The National Crime Agency: A plan for the creation of a national crime-fighting capability* (Home Office, 2011) set out in more detail the need and vision for the NCA, and its scope, functionality and structure. This action was completed in June.

- 2.3(vi) *Develop proposals for functions currently performed by the NPIA (end Dec 2010)*

Initial scoping work on the range of functions currently performed by NPIA and their operational importance to police forces has been completed. The Home Secretary will consider recommendations from Chief Constable Peter Neyroud's review of leadership and development and Lord Wasserman's review of policing ICT, as well as assessing which operational functions will be consistent with the core crime-fighting purpose of the National Crime Agency. We expect to complete these actions by July 2011.

- 2.4(ii) *As part of a full review of the remuneration and conditions of service for police officers and staff the first part will make recommendations on short-term improvements to the service (end Feb 2011)*

'*Independent Review of Police Officer and Staff Remuneration and Conditions*' was published on the 8 March 2011.

- 2.5(i) *Develop proposals for a new, simplified set of anti-social behaviour powers and tools (end Oct 2010)*

The Home Secretary set out the Government's direction on anti-social behaviour in her speech of 28 July 2010. The Home Office carried out a review of the current system so that the police and other local agencies had the tools and powers to crack down on perpetrators and reduce anti-social behaviour. The review has been completed, and proposals for reform were set out in a public consultation published on 7 February.

4.6(i) *Review current measures for the detention of children for immigration purposes (end Aug 2010)*

We secured support for the first three stages of a new family removals process on time, and continued to work with partners on the final stage, to ensure the return of families who do not comply with the new process. We therefore delayed publication of our proposals, but pressed ahead with operational change. The conclusions of the review on ending the detention of children for immigration purposes were announced on 16 December. As a transitional arrangement, Tinsley House Immigration Removal Centre was used until May while new pre-departure accommodation for families was established.

5.2(i) *Undertake and publish a review of counter-terrorism and security legislation, working with the Department for Communities and Local Government on the Regulation of Investigatory Powers Act (end Dec 2010)*

The review was considering the most sensitive and controversial counter-terrorism and security powers, including the use of control orders. These were difficult and complex issues and it was essential to get these decisions right. The review of counter-terrorism and security powers was published on 26 January.

5.3(i) *Develop and publish proposals for the storage and acquisition of internet and e-mail records (end Dec 2010)*

This action has now been moved as part of the business plan refresh, published in May 2011, to April 2012. Work to develop proposals for the storage and acquisition of internet and email records is underway and legislation will be brought forward subject to parliamentary timetable and approvals.

6.2(i) *Determine policy changes to extend the UK's ability to deport foreign nationals, as part of the review of counter-terrorism and security legislation (end Dec 2010)*

This was included as part of the review of counter-terrorism and security powers published on 26 January 2011.

6.3(i) *Review the 'Prevent' strand of the counter-terrorism strategy (end Dec 2010)*

Public consultation and regional events took place in November and December 2010. To allow wider consultation the deadline was moved into January 2011 thus delaying completion of the review. The review was completed in January 2011.

6.3(ii) *Develop and publish revised Prevent Strategy (end Jan 2011)*

Following delays in completing the Prevent review due to additional consultation events and an extended public consultation, the publication date for the revised Prevent strategy was put back. The purdah period during the May elections also constrained publication of documents. The revised Prevent Strategy was published on 7 June 2011.

6.7(ii) *Decide whether further legislation will be required to ensure a safe and secure Games (end Dec 2010)*

Ministers agreed the legislative requirements for the Olympic Games in March 2011. A provision to increase the fine for touting of Olympic tickets is included in the London Olympic Games and Paralympic Games (Amendment) Bill. A Legislative Reform Order to allow for the construction of a temporary police muster, briefing and deployment centre on Wanstead Flats has been laid before Parliament. Beyond that, the Government is satisfied that no Olympic safety and security legislation is required.

**Input and impact indicators in relation to the business plan**

Input and Impact Indicators have been developed which support the implementation of the Business Plan. These give a clear indication of performance compared to the previous year in specific, key areas.



## Input indicators

Input <sup>1</sup>	2010-11	2009-10	Context
Cost of police force per head of population	£206	£201	This excludes Metropolitan police service and the City of London police figures.
Cost per case of managing a drug misusing offender into treatment and recovery	£3,063	£3,093	<p>Drug misuse is often a chronic, relapsing condition, and individuals may have multiple contacts with the Criminal Justice System / Drug Interventions Programme (DIP) during any 12 month period, thus the annual cost per contact with an individual is likely to be considerably lower.</p> <p>Numbers joining the DIP caseload will be affected by front end identification activity (through drug tests and proactive engagement). The figures represent new entrants in the twelve month period, and therefore those individuals having multiple contacts are only counted once.</p>
Cost per passenger processed at the UK border	£3.25 <sup>2,3</sup>	n/a	
Cost per decision for all permanent and temporary migration applications	£208 <sup>2,4</sup>	n/a	
The cost of producing and issuing a passport	£71 <sup>4</sup>	£71 <sup>4</sup>	
<p><sup>1</sup> The measurement annex for the input indicators can be found at <a href="http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/business-plan-input-indicators/input-indicator-measures">http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/business-plan-input-indicators/input-indicator-measures</a>.</p> <p><sup>2</sup> Figures quoted are based on internal management information. The numbers may differ from figures published as National Statistics in the Home Office Control of Immigration statistical publications, which are drawn from different snapshots of UK Border Agency databases.</p> <p><sup>3</sup> Figure rounded to the nearest 5 pence.</p> <p><sup>4</sup> Figure rounded to the nearest pound.</p>			

## Impact indicators

Impact <sup>5</sup>	2010-11	2009-10	Context
Crime rates – violent and property crime reported to the police	3,533,507 <sup>6</sup> crimes recorded by the police in the 12 months to the end of December 2010	3,794,525 crimes recorded by the police in the 12 months to the end of December 2009	2010 data is a rate of 65 recorded offences per 1,000 population.  2009 data is a rate of 70 recorded offences per 1,000 population.
The size, value and nature of organised crime and our success in diminishing it and its profitability	n/a	n/a	Publication will start by October 2011 (to be confirmed)
Net migration to the UK	242,000 <sup>7</sup>		
Annual level of revenue protected through detecting goods where excise duty has not been declared	£268 million <sup>8,9</sup>		
Clearance of passengers at the border within published standards	98% <sup>8,10</sup>		
Percentage of migration applications decided within published standards	93% <sup>10, 11</sup>		
Percentage of asylum applications concluded in one year	55% <sup>10, 11</sup>		
Passport application processed within target	100% <sup>10</sup>	100% <sup>10</sup>	2010-11: The volume of straightforward passport applications for the year (April 2010 – March 2011) was 3,431,296 of which 3,430,991 were processed within target.  2009-10: The volume of straightforward passport applications for the year (April 2009 – March 2010) was 3,276,116 of which 3,275,723 were processed within target.
Number of private and voluntary sector organisations that voluntarily report on gender equality – by size of the workforce			Publication will start in September 2011.

<sup>5</sup> The measurement annex for the impact indicators can be found at <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/business-plan-impact-indicators/impact-indicator-measures>.

<sup>6</sup> The list of the offence codes can be found at: <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/crime-impact-indicators>.

<sup>7</sup> The provisional estimate of net long-term migration to the UK in the year to September 2010; Migration Statistics Quarterly Report No9: May 2011. Outturn for the year 2010 is planned to be published 24 November 2011.

<sup>8</sup> Figures quoted are based on internal management information.

<sup>9</sup> Figures rounded to the nearest million pounds.

<sup>10</sup> Figures rounded to the nearest whole per cent.

<sup>11</sup> Figures quoted are based on internal management information. The numbers may differ from figures published as National Statistics in the Home Office Control of Immigration statistical publications, which are drawn from different snapshots of UK Border Agency databases.



## CHAPTER 4 – OUR STAFF

### Enabling our people to deliver

The department started to restructure during the year, reflecting the need to match resourcing with the 2010 Spending Review settlement. Achieving our objectives whilst we restructure and reduce in size represents a considerable challenge. Our People Strategy is how we enable staff to meet this challenge and best contribute to the success of the department.

Key achievements in 2010-11 included:

- implementing an effective workforce planning strategy and process which enabled us to meet the workforce reductions needed. In July 2010 we took the opportunity of a limited Civil Service Compensation Scheme to launch a targeted Voluntary Early Release Scheme across the Home Office. This resulted in the departure of over 1,100 employees
- in November 2010, implementing a new restructuring, redeployment and redundancy policy to provide a clear, consistent and up to date approach that is fair to staff across the Home Office and its agencies. We launched a targeted Voluntary Exit Scheme on 24 January 2011 which just over 900 employees were accepted
- launching a suite of products to support our people through the difficult change agenda and creating pages on the intranet to include a range of resources, advice and tools for staff and managers

The Home Office Board endorsed four design principles which form a basis for organisational restructure. These were:

- a strong small centre with responsibility for strategic policy, legislation, design of the delivery system, resource allocation and efficiency
- delivering through three main agencies, Non-Departmental Public Bodies (NDPBs), the police service and other national and local networks of service providers, empowering and enabling local communities
- using shared services to greatest effect to eliminate duplication within the Home Office or in providing infrastructure to support external partners' delivery
- slimmed down and de-layered management lines and new delivery solutions that are clear, based on business need and allow us to maximise the resources available to us

### Staff health and wellbeing

The *Well-Being* framework was introduced last year and continues to be monitored, with good progress being made in a number of areas, including a reduction in overall sickness absence levels. For the 2010 -11 reporting period, the average number of days recorded as absent due to sickness per member of staff was 7.7, an improvement on the Home Office corporate target of 8 average working days lost. During this period the Health & Safety Committee continued to give strategic direction to health and safety issues and governance has been further strengthened with the establishment of a UK Border Agency Health and Safety committee. Two e-learning packages have been developed that focus on Health and Safety awareness and Health & Safety for Managers, complementing the face to face training provided by the Health & Safety teams.

### Our diversity strategy

We refreshed our Diversity Strategy in June 2010. This covers five strategic aims around leadership, creating a representative workforce, an inclusive working environment, meeting our statutory obligations and how we deliver services to the public.

Actions during 2010–11 included:

- being recognised by Stonewall as the most gay-friendly organisation across the public and private sector – this recognised our work on gay asylum and tackling homophobic hate crime
- launching an innovative online tool on unconscious bias for our staff
- getting 66 of our top suppliers to complete an equality and diversity benchmark

Further progress will be made in 2011-12 by:

- implementing the Equality Act 2010 public sector duties
- driving through improvements against the Diversity Strategy, placing particular emphasis on meeting our statutory obligations on how we deliver services to the public

### **Employment of disabled persons policy**

The Home Office is committed to the employment and career development of disabled people and is the holder of Jobcentre Plus 'Positive about disabled people' Two Tick symbol. The symbol is a recognition given by Jobcentre Plus to employers who can demonstrate they are serious about achieving equality of opportunity for disabled people. The department has been a symbol holder since its inception.

We actively ensure that disability is not regarded as a barrier to recruitment or promotion and selection is based upon the ability of the individual to do the job. The department is committed to ensuring that disabled staff have access to the same opportunities as other staff, not only when they first join the department but at all stages in their career. Additionally we provide internal support to staff with disabilities through HODS, our disabled staff support network.

We temporarily employed disabled staff from the charity Mind and Remploy as a part of its role in promoting careers in public service.

The department operates the Guaranteed Interview Scheme, which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post. Once in post, disabled staff are provided with any reasonable support they might need to carry out their duties.

Currently 6.7 per cent of staff working within the consolidated department have declared some form of disability, although the number of disabled members of staff is likely to be higher. Staff are encouraged to record their disability on our employee records system or their personnel files.

The department has also become the first organisation to achieve the 'Clear Assured' assessment for good practice on recruiting and retaining disabled talent. Clear Assured is a benchmark which helps ensure a consistent level of best practise across employers and talent providers. Furthermore the department works closely with the Employers Forum on Disability (EFD) to improve its disability confidence and competence. It is currently rated at the gold standard by EFD.

### **Capability**

As the organisation re-shapes, we will ensure that our people have the right skills and capability to deliver our priorities. The *Professional Skills for Government* framework helps ensure that our people have the right mix of skills and expertise to enable us to deliver effective services. Within that framework we have identified 19 professions. Those that have been identified as business critical are:

- policy
- operational delivery
- accountancy and finance
- programme and project management
- information technology
- commercial and procurement
- human resources

### Consultation with employees

The Home Office has in place a consultative framework, known as the Whitley system, for engaging workforce representatives. There are four recognised Trade Unions and facility time is provided to allow employee representatives to take part in industrial relations duties. Alongside this, the department has specific bodies for consulting minority groups – these include *The Network* covering members of staff from black and minority ethnic communities, HODS covering staff with disabilities and *Spectrum* covering lesbian, gay, bisexual, and transgender members of staff. The department provides resources for these and other representative bodies.

In addition, the department has a variety of communication channels in place to provide information on organisation and business developments to staff, and to provide an opportunity for feedback. The channels used range from timely electronic communications to face-to-face briefings.

### Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2011

Salary Bands	SCS within the range as at end of March 2011	Percentage
£55k-£60k	5	2.39%
£60k-£65k	20	9.56%
£65k-£70k	24	11.48%
£70k-£75k	26	12.44%
£75k-£80k	25	11.96%
£80k-£85k	28	13.40%
£85k-£90k	18	8.61%
£90k-£95k	9	4.30%
£95k-£100k	9	4.30%
£100k-£110k	13	6.22%
£110k-£120k	8	3.83%
£120k-£130k	6	2.87%
£130k-£135k	5	2.39%
£140k-£150k	5	2.39%
£160k-£165k	1	0.48%
£180k-£185k	2	0.96%
£185k-£190k	2	0.96%
£190k-£195k	1	0.48%
£195k-£200k	2	0.96%
<b>Total</b>	<b>209</b>	<b>100.00%</b>

Notes:

<sup>1</sup> This information has been extracted from Data View, the Home Office's single source of monthly Human Resources data, using actual salaries as at the end of March. They are not reconcilable to the staff numbers in the accounts which are based on average figures.

<sup>2</sup> Staff numbers are Headcount of SCS, including grade equivalents in Headquarters, UKBA, IPS and CRB.

<sup>3</sup> Figures are for Paid Civil Servants only, in line with Office for National Statistics guidelines on Headcount reporting.

<sup>4</sup> Where individual bands have less than five individuals, some have been combined as per Office for National Statistics statistical disclosure controls. However, those earning above £150k are subject to full disclosure.

<sup>5</sup> Validation of our figures with ONS has resulted in the removal of 12 SCS records (as the staff are non-civil servants). Previously published Departmental Reports have included these records.

**Spend on consultancy and temporary staff**

The Home Office monitors consultancy and contingent/agency staff costs to ensure that the continuing expenditure represents best value for money for the organisation.

<b>Consultancy Costs</b>	<b>2010-11 total expenditure (£000)</b>
Home Office HQ	37,107
UK Border Agency	15,630
Identity & Passport Service	8,044
Criminal Records Bureau	52
National Policing Improvement Agency	2,099
Independent Police Complaints Commission	52
Security Industry Authority	59
Independent Safeguarding Authority	763
Office of the Immigration Services Commissioner	-
Serious Organised Crime Agency	388
<b>TOTAL</b>	<b>64,194</b>

<b>Contingent Labour/Agency Costs</b>	<b>2010-11 total expenditure (£000)</b>
Home Office HQ	15,797
UK Border Agency	14,752
Identity & Passport Service	2,874
Criminal Records Bureau	1,372
National Policing Improvement Agency	5,558
Independent Police Complaints Commission	895
Security Industry Authority	1,979
Independent Safeguarding Authority	198
Office of the Immigration Services Commissioner	-
Serious Organised Crime Agency	8,047
<b>TOTAL</b>	<b>51,472</b>

<b>Total Consultancy and Contingent Labour/ Agency Costs</b>	<b>2010-11 total expenditure (£000)</b>
Home Office HQ	52,904
UK Border Agency	30,382
Identity & Passport Service	10,918
Criminal Records Bureau	1,424
National Policing Improvement Agency	7,657
Independent Police Complaints Commission	947
Security Industry Authority	2,038
Independent Safeguarding Authority	961
Office of the Immigration Services Commissioner	-
Serious Organised Crime Agency	8,435
<b>TOTAL</b>	<b>115,666</b>

## CHAPTER 5 – SUSTAINABILITY REPORTING

Our sustainability aim is to reduce the impact of our business on the environment. Our priority is to reduce our carbon dioxide (CO<sub>2</sub>) emissions. Improving sustainability across the Home Office is closely allied to our work on value for money.

*The Home Office Carbon Management Plan 2009-2015* (<http://www.homeoffice.gov.uk/about-us/non-personal-data/energy-use/>), sets out our ambitions and how we plan to deliver reductions in CO<sub>2</sub> emissions from building energy use, official travel and by our supply chain. It highlights the systemic changes needed to ensure we meet our departmental objectives within the Greening Government Commitments Operations and Procurement (GGCOPs).

Managing efficient use of IT and accommodation is an important strand of this work. Both are major contributors to our CO<sub>2</sub> emissions. Sustainability is a key driver for our continued work on IT-rightsizing and flexible working, as well as in consolidating our accommodation through the revised Home Office estates strategy and converging our IT arrangements.

We also request our suppliers demonstrate a similar commitment, through the incorporation of sustainable practices into their provision of goods and services. We work closely with suppliers, and measure their sustainability and corporate social responsibility through the 'CAESER' (<https://nqc.com/>) online self-assessment tool.

This year the Home Office:

- implemented a programme of measures to reduce CO<sub>2</sub> emissions from our key 29 sites as part of the Prime Minister's pledge to cut energy use by 10% across central government in twelve months – we exceeded this target
- introduced a "payment by results" system as an incentive for one of our FM suppliers to deliver energy savings
- was one of the first departments to display real-time energy use on-line for our HQ buildings, and also made this information available to visitors in our 2 Marsham Street reception
- competed against other Whitehall departmental HQ buildings to see who could cut energy use the most in October relative to September 2010. We were placed third with an 8.9 per cent drop in energy use
- supported Earth Hour and Climate Week and encouraged staff to do so as well
- joined the Carbon Disclosure Project alongside several HO suppliers; also self-disclosed our emissions using Carbon List <http://thecarbonlist.com/> to account publicly for our performance
- achieved the Chartered Institute of Purchasing and Supply Silver Certification for strategic procurement capability and, with Her Majesty's Revenue & Customs, won this year's Civil Service sustainability award for the 'CAESER' project

The Home Office Sustainable Development Team is responsible for promoting and co-ordinating sustainable development activities across the Home Office group and for reporting our performance.

The Home Office Sustainability Implementation Group is a committee responsible for monitoring our progress against cross government and internal sustainability targets. It reports at regular intervals to the Home Office Estates and Sustainability Board which is chaired by the Director General Financial and Commercial.

### Reporting

We have been reporting sustainability in the department's Annual Report for many years. However, this is the first time we have reported publicly in accordance with HM Treasury Public Sector Annual Reports: Sustainability Reporting Guidance for the 2010-11 dry run ([http://www.hm-treasury.gov.uk/frem\\_index.htm](http://www.hm-treasury.gov.uk/frem_index.htm)). Our reporting focuses on the environmental challenges that most affect our estate, official travel and supply chain.

We also report, against the Sustainable Operations on the Government Estate targets (<http://sd.defra.gov.uk/progress/soge/>) as required by the Cabinet Office, to meet pan-governmental requirements. 2010-11 will be the final annual performance report. On 1 April 2011 these targets were replaced by GGCOPS <http://sd.defra.gov.uk/gov/green-government/commitments/>

More detailed Home Office performance information, when it is available, will be provided at: <http://www.homeoffice.gov.uk/about-us/non-personal-data/energy-use/>

Biodiversity is not a significant consideration for the Home Office estate and we do not undertake data collection on this aspect of sustainability.

### About our data

There are limitations to the accuracy of our financial and non-financial sustainability data and we continue to improve the quality of our internal controls. We have taken National Audit Office advice following their review of our 2009-10 systems for collecting and reporting data. Our energy data is also being used for the mandatory Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. Formal internal or external assurance and verification of reported figures is not required for this 2010-11 dry run sustainability report, but this will be addressed in future years. Any amendments to our data will be made available in next year's Annual Report and Accounts.

For energy and water use this report covers all locations occupied by the Home Office and its executive agencies where we pay for utilities directly. We are currently unable to capture data that is part of landlord's service charge. Travel data includes travel by all our staff regardless of their location. Our NDPBs are not covered by this report.

### Carbon dioxide emissions

#### Summary of CO<sub>2</sub> emissions and costs split by source

Area	CO <sub>2</sub> emissions 2010-11	Units 2010-11	Cost 2010-11	Performance against 2009-10
Building energy	34,399 tonnes	77,077,766 kWh	£6.00m	Improved
Travel related	7,756 tonnes	48,014,207 km	£9.05m	Improved
Total	42,155 tonnes	<i>Not applicable</i>	£15.05m	Improved

<i>Non-Financial Indicators (tCO<sub>2</sub>)</i>	<u>2009-10</u>	<u>2010-11</u>
Gross emissions for scopes 1 & 2 <sup>1</sup>	41,677	<b>36,831</b>
Gross emissions scope 3 business travel <sup>2</sup>	6,924	<b>5,324</b>
Total Greenhouse Gas Emissions	48,601	<b>42,155</b>

<i>Financial Indicators (£)</i>		
CRC Registration and License Expenditure	950	<b>1,290</b>
Expenditure on accredited offsets (e.g. GCOF) <sup>3</sup>	56,663	<b>25,736</b>
Expenditure on official business travel	10,615,072	<b>9,049,185</b>

### Performance

Over 80% of our reported CO<sub>2</sub> emissions are from electricity, gas and oil use in buildings. CO<sub>2</sub> emissions from our buildings are falling against the 2009-10 baseline due to investment in energy saving infrastructure and tighter controls. This has helped us to report reductions greater than 10% as part of the Prime Minister's ambition to cut carbon emissions from Central Government offices by 10% in twelve months (albeit on a smaller subgroup of buildings). Estate consolidations and building closures have also contributed to our reduced emissions.

CO<sub>2</sub> emissions from travel have also fallen as we rationalised our vehicle fleet and introduced austerity measures to restrict business travel and promote alternatives such as telephone and video-conferencing.

Air travel expenditure and the cost of offsetting credits have both fallen this year.

### Targets

From 1 April 2011 new targets (GGCOPs) require us to reduce greenhouse gas emissions from a 2009-10 baseline for the whole estate and business-related transport, and to cut domestic business travel flights by 20% by 2015 from a 2009-10 baseline.

### Influenced Impacts <sup>4</sup>

We also worked with other departments to encourage major cross-government suppliers to join the Carbon Disclosure Project and self-disclose their greenhouse gas emissions. We worked with Defra to publish a total carbon footprint for the department based on finance information. More information can be found at: <http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&ProjectID=17063&FromSearch=Y&Publisher=1&SearchText=ev0447&SortString=ProjectCode&SortOrder=Asc&Paging=10>

### Managing energy use from buildings <sup>5</sup>

<i>Non-Financial Indicators – energy consumption (kWh)</i>	<u>2009-10</u>	<u>2010-11</u>
Electricity: Non-Renewable	31,446,859	<b>29,832,035</b>
Electricity: Renewable	28,318,718	<b>25,281,694</b>
Gas	21,078,816	<b>15,840,770</b>
Other (Oil)	11,254,666	<b>6,123,268</b>
Total kWh	92,099,059	<b>77,077,767</b>
 <i>Financial Indicators (£)</i>		
Total Energy Expenditure	7,775,025	<b>6,028,410</b>

### Performance

Energy consumed from our buildings is falling against the 2009-10 baseline. This is due to investment in energy saving infrastructure, tighter controls on heating, cooling and lighting, printer rationalisation, estate consolidations and building closures. This year we also introduced financial rewards for one of our facility management contractors through a payment by results mechanism which has helped reduce consumption.

The increased proportion of renewable energy is due in part to minor changes in the scope of buildings reported in 2010-11 and now includes two buildings which use renewable energy but were out of scope in 2009-10.

As a result of rising fuel prices during the reporting period, the percentage reduction in expenditure is far less than the percentage reduction in consumption.



**Managing water use <sup>6</sup>**

<i>Non-Financial Indicators</i>	<u>2009-10</u>	<u>2010-11</u>
Water consumption (m <sup>3</sup> ) – Supplied	210,045	<b>182,719</b>
Water consumption (m <sup>3</sup> ) – Abstracted	3,994	<b>4,529</b>
<i>Financial Indicators (£)</i>		
Invoiced water supply costs	336,267	<b>147,006</b>

**Performance**

Water use is almost exclusively from washrooms and drinking water. Some locations have restaurant facilities or similar.

Figures for both years are based on the best data available. At some locations consumption was over-estimated in 2009-10, so 2010-11 costs were adjusted to take account of over-payment in the previous year.

Water is abstracted from one site only where there is no mains water supply.

**Targets**

From 1 April 2011 new targets (GGCOPs) will require us to reduce water consumption from a 2009-10 baseline, and report on office water use against best practice benchmarks.

**Influenced Impacts**

Water use by our suppliers is being reviewed in 2011-12 through CAESER our supply-chain on-line assessment tool.

**Managing office waste <sup>7</sup>**

<i>Non-Financial Indicators (tonnes)</i>	<u>2009-10</u>	<u>2010-11</u>
Non-hazardous waste – landfill	1,086	<b>929</b>
Non-hazardous waste – reused/recycled	3,740	<b>2,548</b>
Total Waste	4,826	<b>3,477</b>
<i>Financial Indicators (£)</i>		
Total disposal cost	1,289,974	<b>1,322,322</b>

**Performance**

Our office waste typically comprises: paper, cardboard, food and drink waste and its packaging. Total waste dropped by around 28% between 2009-10 and 2010-11. We are examining a number of factors which may have led to this decrease in total waste and the consequent decrease in recycling.

We have joined the Waste & Resources Action Programme (WRAP) and we are taking steps to obtain reportable data on construction waste and hazardous waste.



## Targets

From 1 April 2011 new targets (GGCOPs) require us to reduce the amount of waste we generate by 25% from a 2009-10 baseline. We will also need to:

- cut our paper use by 10% in 2011-12
- ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled

## Influenced Impacts

Our suppliers' waste management is being reviewed in 2011-12 through CAESER our supply-chain on-line assessment tool.

Notes:

1 *Scope 1 – Direct Greenhouse Gas Emissions are from sources owned or controlled by the organisation. For this report these emissions are from our gas and oil use, and from our motor vehicles. We have not been able to report fugitive emissions from our air-conditioning systems. We report emissions from all our fleet vehicles regardless of staff location. For fleet vehicles, conversion factors are based on medium sized diesel engine. Scope 2 – Energy Indirect Emissions are from the usage of purchased electricity. Conversion to CO<sub>2</sub> is based on Defra conversion factors (Oct 2010). For electricity this is the five year rolling average.*

*We only report energy use in buildings where we are directly billed and responsible for the payment. One of our energy suppliers is reviewing their invoices costs, which may consequently change. We have reported on 67 sites for electricity, 44 for gas and six for oil (six and four more than last year respectively and two less for oil).*

2 *Scope 3 – Other Indirect Emissions are a consequence of our actions, but occur at sources which are not owned or controlled directly by us and are not classed as Scope 2 emissions. In this report these are only from business travel using public transport, private cars, taxis and commercial airlines. Travel data includes travel by all our staff regardless of location. For hire cars conversion factors to CO<sub>2</sub> are based on medium sized diesel engine and for private cars conversion factors are based on average size engine and fuel unknown. For air travel conversion to CO<sub>2</sub> is based on the Buying Solution GCOFII conversion factors used to buy credits.*

3 *Government Carbon Offsetting Facility (GCOF) is only for a nine month period, not the entire financial year.*

4 *Influenced impacts that are beyond our immediate control for example emissions relating to indirectly procured goods or services.*

5 *We only report energy use in buildings where we are directly billed and responsible for the payment. We have reported on 67 sites for electricity, 43 for gas and six for oil (six and three more than last year respectively and two less for oil). Five buildings closed during the financial year.*

6 *We only report water use in buildings where we are directly billed and responsible for the payment. We have reported on 40 sites, seven more than last year. One building closed. Water consumption is based on invoiced amounts and may be estimated and subject to adjustments in subsequent periods.*

7 *We only report our waste in buildings where we receive data from a waste management company. We have reported on 85 sites, four more than last year. Five buildings closed. The waste data we have is estimated based on commercial averages.*

## CHAPTER 6 – DEPARTMENTAL CORE DATA TABLES

## Contents

Table 1 – Public Spending	Summarises budgets and outturn on a basis consistent with the Estimate Part II section headings. It provides a summary of all general government public spending in the areas of Home Office responsibility. It shows five prior year outturns (including the year just ended) and plans for the four SR years.
Table 2 – Public spending control	This table shows year just ended outturn figures against the original and final budgetary control limits.
Table 3 – Capital Employed	Sets out the capital employed across the Home Office departmental group. It includes capital employed by agencies and NDPBs but excludes that of bodies such as police authorities, whose spend is not consolidated within those of the department. Five prior year outturns (including year just ended) and (SR) plan for following four years are shown.
Table 4 – Administration Budgets	Shows the administration costs for the Home Office. Administration costs exclude front-line activities such as the police and immigration work at ports and associated casework in order to provide a clearer picture of administrative activities.
Table 5 – Staff in Post	Provides an analysis of Home Office total staffing showing three prior year outturns (including year just ended), following Cabinet Office guidelines.
Table 6 – Total spending by country and region (over spread of years)	These tables provide analysis of the department's spending by country and region, and by function. The data in tables 6, 7 and 8 were taken from the HM Treasury public spending database in November 2010. Therefore the tables may not show the latest position and are not consistent with the other core data tables.
Table 7 – Total spending per head by country and region (over spread of years)	
Table 8 – Spending by function or programme, by country and region (for latest outturn year, 2009-10)	

£000

Table 1 – Public Spending

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans	Plans
<b>Resource DEL</b>										
Section A: Crime and Policing Group	5,754,253	5,745,803	5,386,702	5,482,181	5,642,682	5,624,768	5,402,329	5,041,957	4,933,956	4,867,238
Section B: Office for Security and Counter- Terrorism	249,284	188,376	562,448	705,871	814,501	807,786	888,017	986,351	749,529	695,334
Section C: UK Border Agency	1,800,934	1,740,026	1,711,786	1,710,051	1,713,561	1,704,999	1,581,177	1,485,978	1,442,071	1,412,989
Section D: Criminal Records Bureau	-18,722	-25,885	405	-973	-4,616	781	-17,000	-17,000	-17,000	-17,000
Section E: Identity & Passport Service	-20,868	25,617	50,575	93,105	90,439	5,002	8,925	6,329	4,181	2,654
Section F: Central services	212,057	211,141	234,570	266,260	255,846	204,038	311,162	324,654	278,257	210,145
Section G: NDPB's (net)	544,362	763,117	908,613	924,068	934,029	895,891	885,810	848,419	829,034	792,667
Section H: Area Based Grants	-	-	64,371	76,870	80,925	71,243	59,300	30,000	-	-
Section I: Departmental Unallocated Provision	-	-	-	-	-	-	102,312	103,002	125,430	125,587
Section J: National Fraud Authority	-	-	-	-	3,943	4,021	3,795	3,612	3,449	3,295

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans	Plans
Section K: Government Equalities Office	-	9,912	5,969	10,333	13,998	11,611	18,100	20,000	20,250	20,000
Section : European solidarity mechanism (net)	-	-1,015	1,646	1	-1	22,046	-	-	-	-
<b>Total Resource DEL</b>	<b>8,521,300</b>	<b>8,657,092</b>	<b>8,927,085</b>	<b>9,267,767</b>	<b>9,545,307</b>	<b>9,352,186</b>	<b>9,243,927</b>	<b>8,833,302</b>	<b>8,369,157</b>	<b>8,112,909</b>
<i>Of which:</i>										
Pay	1,234,405	1,333,549	1,520,853	1,562,067	1,553,246	1,628,498	1,620,511	1,534,985	1,444,343	1,262,372
Net current procurement <sup>1</sup>	1,362,034	1,660,146	1,588,739	1,656,101	1,358,109	1,068,765	1,372,679	1,350,225	1,283,484	1,311,565
Current grants and subsidies to the private sector and abroad	266,909	75,841	64,918	72,691	438,588	136,744	131,315	136,667	109,555	82,624
Current grants to local government	5,994,150	5,823,613	6,059,112	6,241,557	6,414,746	6,389,656	6,135,368	5,901,600	5,639,578	5,557,125
Depreciation <sup>2</sup>	88,779	111,444	141,547	186,437	205,078	486,948	256,650	253,650	231,750	248,750
Other	-424,977	-347,501	-448,084	-451,086	-424,460	-358,425	-272,596	-343,825	-339,553	-349,527
<b>Resource AME</b>										
Section L: AME charges	10,560	34,958	10,946	44,450	-102,713	179,006	7,713	8,489	8,477	9,599
Section M: Police superannuation	4,140	290,750	353,241	668,451	754,193	720,594	987,832	1,125,629	1,209,396	1,289,540
AME charges NDPB's (net)	21,615	-13,158	9,122	1,002	30,164	20,603	-	-	-	-

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Total Resource</b>	<b>36,315</b>	<b>312,550</b>	<b>373,309</b>	<b>713,903</b>	<b>681,644</b>	<b>920,203</b>	<b>995,545</b>	<b>1,134,118</b>	<b>1,217,873</b>	<b>1,299,139</b>
<b>AME</b>						<b>Estimated outturn</b>	<b>Plans</b>	<b>Plans</b>	<b>Plans</b>	<b>Plans</b>
<i>Of which:</i>										
Pay	-	-	-	-	-	-	-	-	-	-
Net current procurement <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Current grants to local government	-	-	-	-	-	-	-	-	-	-
Net public service pensions <sup>3</sup>	4,140	-1	897	-	-	-	-	-	-	-
Take up of provisions	20,121	20,334	33,216	189,687	41,620	115,661	-6,800	-794	-923	77
Release of provisions	-	-6,805	-31,029	-23,130	-153,013	-2,019	4,715	-386	-269	-147
Depreciation <sup>2</sup>	-	-	-	4,901	30,126	78,225	-	-	-	-
Other	12,054	299,022	370,225	542,445	762,911	728,336	997,630	1,135,298	1,219,065	1,299,209
<b>Total Resource Budget</b>	<b>8,557,615</b>	<b>8,969,642</b>	<b>9,300,394</b>	<b>9,981,670</b>	<b>10,226,951</b>	<b>10,272,389</b>	<b>10,239,472</b>	<b>9,967,420</b>	<b>9,587,030</b>	<b>9,412,048</b>
<i>Of which:</i>										
Depreciation <sup>2</sup>	88,779	111,444	141,547	191,338	235,204	565,173	256,650	253,650	231,750	248,750

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans	Plans
<b>Capital DEL</b>										
Section A: Crime and Policing Group	366,733	205,228	261,792	269,788	284,949	261,641	87,235	130,000	120,000	120,000
Section B: Office for Security and Counter-Terrorism	90,540	30,994	134,769	107,644	206,824	153,103	140,500	137,500	91,500	154,500
Section C: UK Border Agency	27,139	51,533	110,645	187,846	182,750	163,333	148,500	138,400	66,900	63,100
Section E: Identity & Passport Service	50,770	57,153	28,108	24,835	111,382	67,295	19,000	20,000	8,000	8,000
Section F: Central services	-	3,650	2,688	4,873	2,633	-2,497	13,400	16,200	12,100	13,600
Section G: NDPB's (net)	102,741	252,020	194,532	239,227	210,281	92,711	61,000	51,900	44,300	63,300
Section I: DUP	-	-	-	-	-	-	33,700	7,000	23,200	43,000
Section D: Criminal Records Bureau	-	-	-	2,917	354	4,054	-	-	-	-
Section H: Area Based Grants	-	-	18,928	-	-	-	-	-	-	-

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans	Plans
Section J: National Fraud Authority	-	-	-	-	274	67	-	-	-	-
<b>Total Capital DEL</b>	<b>637,923</b>	<b>600,578</b>	<b>751,462</b>	<b>837,130</b>	<b>999,447</b>	<b>739,707</b>	<b>503,335</b>	<b>501,000</b>	<b>366,000</b>	<b>465,500</b>
<i>Of which:</i>										
Net capital procurement <sup>4</sup>	156,945	397,757	385,391	484,490	582,547	333,239	254,745	245,790	149,070	184,830
Capital grants to the private sector and abroad	-	24,347	20,792	24,826	44,604	22,940	44,690	70,280	39,770	61,070
Capital support for local government	400,496	178,339	326,351	329,129	317,455	285,971	129,300	150,300	124,000	123,900
Capital support for public corporations	-	-	-	10,000	-	28,700	1,100	-	-	-
Other	80,482	135	18,928	-11,315	54,841	68,857	73,500	34,630	53,160	95,700
<b>Capital AME</b>										
<b>Total Capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Of which:</i>										
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Net lending to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-



	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Total Capital Budget</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Outturn</b>	<b>Estimated outturn</b>	<b>Plans</b>	<b>Plans</b>	<b>Plans</b>	<b>Plans</b>
	637,923	600,578	751,462	837,130	999,447	739,707	503,335	501,000	366,000	465,500
<b>Total departmental spending<sup>5</sup></b>	<b>9,106,759</b>	<b>9,458,776</b>	<b>9,910,309</b>	<b>10,627,462</b>	<b>10,991,194</b>	<b>10,446,923</b>	<b>10,486,187</b>	<b>10,214,770</b>	<b>9,721,280</b>	<b>9,628,798</b>
<i>of which:</i>										
Total DEL	9,159,223	9,257,670	9,678,547	10,104,897	10,544,754	10,091,893	9,747,262	9,334,302	8,735,157	8,578,409
Total AME	36,315	312,550	373,309	713,903	681,644	920,203	995,545	1,134,118	1,217,873	1,299,139

<sup>1</sup> Net of income from sales of goods and services

<sup>2</sup> Includes impairments

<sup>3</sup> Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

<sup>4</sup> Expenditure on tangible and intangible fixed assets net of sales

<sup>5</sup> Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

## Spending by local authorities on functions relevant to the department

£000

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn
<b>Current spending</b>	-	-	-	-	-	-
<i>of which:</i>						
financed by grants from budgets above	2,863,638	3,075,636	3,176,327	3,310,635	3,365,356	2,861,560
<b>Capital spending</b>	-	-	-	-	-	-
<i>of which:</i>						
financed by grants from budgets above	237,427	422,236	406,183	509,316	629,620	357,438

**Note:** Data has been provided by HM Treasury from the COINS database. The information held in the above table cannot be reconciled to the numbers in the accounts.

Table 2 – Public spending control

£000

	2010-11	2010-11	2010-11
	Original Provision	Supplementary estimate	Final outturn
<b>Resource DEL</b>	9,446,907	9,433,215	9,285,536
Section A: Crime and Policing Group	5,668,712	5,643,534	5,624,768
Section B: Office for Security and Counter-Terrorism	867,900	826,272	807,786
Section C: UK Border Agency	1,617,925	1,707,109	1,704,999
Section D: Criminal Records Bureau	-	3,096	781
Section E: Identity & Passport Service	56,771	7,052	5,002
Section F: Central services	264,751	316,159	204,038
Section G: NDPBs (net)	838,996	858,747	844,873
Section H: Area Based Grants	58,197	71,245	71,243
Section I: DUP	73,654	-	-
Section J: National Fraud Authority	-	-	-
Section K: Government Equalities Office	-	-	-
Section : European solidarity mechanism (net)	1	1	22,046
<b>Total Resource DEL</b>	<b>9,446,907</b>	<b>9,433,215</b>	<b>9,285,536</b>
<i>Of which:</i>			
Pay	1,631,528	1,627,491	1,592,987
Net current procurement <sup>1</sup>	1,342,569	1,482,163	1,045,728
Current grants and subsidies to the private sector and abroad	54,594	61,213	128,047
Current grants to local government	6,487,516	6,362,084	6,389,656
Depreciation <sup>2</sup>	208,495	283,019	485,122
Other	-277,795	-382,755	-356,004
<b>Resource AME</b>	742,544	1,072,251	912,461
Section L: AME charges	3,290	140,997	171,264
Section M: Police superannuation	739,254	900,254	720,594
AME charges NDPBs (net)	-	31,000	20,603
<b>Total Resource AME</b>	<b>742,544</b>	<b>1,072,251</b>	<b>912,461</b>

*Of which:*

	2010-11	2010-11	2010-11
	Original Provision	Supplementary estimate	Final outturn
Pay	-	-	-
Net current procurement <sup>1</sup>	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-
Current grants to local government	-	-	-
Net public service pensions <sup>3</sup>	-1,746	-	-
Take up of provisions	11,090	34,227	115,661
Release of provisions	-7,800	-7,800	-2,019
Depreciation <sup>2</sup>	-	145,570	78,225
Other	741,000	900,254	720,594
<b>Total Resource Budget</b>	<b>10,189,451</b>	<b>10,505,466</b>	<b>10,197,997</b>
<i>Of which:</i>			
Depreciation <sup>2</sup>	208,495	428,589	563,347
<b>Capital DEL</b>	<b>764,222</b>	<b>778,063</b>	<b>739,372</b>
Section A: Crime and Policing Group	239,000	275,775	261,641
Section B: Office for Security and Counter-Terrorism	134,667	157,800	153,103
Section C: UK Border Agency	203,381	169,115	163,333
Section D: Criminal Records Bureau	175	5,000	4,054
Section E: Identity & Passport Service	89,667	70,641	67,295
Section F: Central services	-1,129	-600	-2,497
Section G: NDPBs (net)	96,932	100,332	92,443
Section H: Area Based Grants	-	-	-
Section I: DUP	1,529	-	-
Section J: National Fraud Authority	-	-	-
<b>Total Capital DEL</b>	<b>764,222</b>	<b>778,063</b>	<b>739,372</b>
<i>Of which:</i>			
Net capital procurement <sup>4</sup>	409,335	346,300	332,904
Capital grants to the private sector and abroad	26,804	101,435	22,940
Capital support for local government	306,665	290,653	285,971

	2010-11	2010-11	2010-11
	Original Provision	Supplementary estimate	Final outturn
Capital support for public corporations	-	-	-
Other	21,418	39,675	97,557

**Capital AME**

<b>Total Capital AME</b>			
<i>Of which:</i>			
Capital grants to the private sector and abroad	-	-	-
Net lending to the private sector and abroad	-	-	-
Capital support for public corporations	-	-	-
Other	-	-	-
<b>Total Capital Budget</b>	<b>764,222</b>	<b>778,063</b>	<b>739,372</b>

<b>Total departmental spending<sup>5</sup></b>	<b>10,745,178</b>	<b>10,854,940</b>	<b>10,374,022</b>
<i>of which:</i>			
Total DEL	10,002,634	9,928,259	9,539,786
Total AME	742,544	926,681	834,236

<sup>1</sup> Net of income from sales of goods and services

<sup>2</sup> Includes impairments

<sup>3</sup> Pension schemes report under IAS 19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

<sup>4</sup> Expenditure on tangible and intangible fixed assets net of sales

<sup>5</sup> Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

**Note:** Data has been provided by HM Treasury from the COINS database. The information held in the above table cannot be reconciled to the numbers in the accounts.

Table 3 – Capital Employed

	2006-07 outturn (UK GAAP)	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 projected outturn	2011-12 plans	2012-13 plans	2013-14 plans	2014-15 plans
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Assets and liabilities on the statement of financial position at end of year:</b>									
<b>Assets</b>									
<i>Non-current assets</i>									
Intangible	300	104,695	108,803	223,051	129,261	122,798	116,658	110,825	105,284
Property, Plant and Equipment	520,568	1,134,415	1,177,624	1,253,939	1,091,507	1,036,933	985,085	935,831	889,040
of which:									
Land and buildings	282,337	740,310	641,366	559,415	536,893	510,048	484,546	460,319	437,303
Plant and machinery	12,770	81,906	71,739	63,607	132,465	125,842	119,550	113,572	107,894
Vehicles	38,289	22,613	21,343	13,562	13,710	13,025	12,373	11,755	11,167
Information Technology	98,916	86,461	65,745	88,354	113,970	108,272	102,858	97,715	92,829
Furniture and Fittings	13,346	28,725	28,664	23,981	21,650	20,568	19,539	18,562	17,634
Payment on Account and Assets under Construction	74,910	174,400	348,767	505,020	272,819	259,178	246,219	233,908	222,213
Other	244	-	-	-	-	-	-	-	-
Investments	68,453	67,260	18,068	18,068	1	-	-	-	-
Current Assets	782,449	788,449	651,528	803,131	545,003	545,003	545,003	545,003	545,003

	2006-07 outturn (UK GAAP)	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 projected outturn	2011-12 plans	2012-13 plans	2013-14 plans	2014-15 plans
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Assets and liabilities on the statement of financial position at end of year:</b>									
<b>Liabilities</b>									
Current (<1 year)	-1,290,539	-1,590,484	-1,445,927	-1,431,335	-1,483,271	-1,337,807	-1,270,917	-1,207,371	-1,147,003
Non-current (>1 year)	-3,778	-284,095	-307,456	-299,950	-301,171	-286,112	-271,807	-258,216	-245,306
Provisions	-79,107	-72,825	-234,803	-87,658	-190,380	-119,080	-119,080	-119,080	-119,080
<b>Capital employed within main department</b>	-1,410	147,415	-32,163	479,246	-209,050	-38,267	-15,058	6,992	27,937
NDPB net assets	-1,388,353	-184,361	-30,077	-123,980	-123,980	-123,980	-123,980	-123,980	-123,980
<b>Total capital employed in departmental group</b>	-1,389,763	-36,946	-62,240	355,266	-333,030	-162,247	-139,038	-116,989	-96,042



£000

Table 4 – Administration costs

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans	Plans
Section A: Crime and Policing Group	59,559	61,415	59,745	52,329	32,143	39,576	39,922	38,397	35,367	32,658
Section B: Office for Security and Counter- Terrorism	95,167	20,414	11,131	25,798	57,028	56,557	62,420	59,420	56,230	55,140
Section C: UK Border Agency	390,803	385,080	365,979	377,075	236,310	238,200	219,325	203,325	189,825	177,525
Section D: Criminal Records Bureau	-18,722	-14,001	405	-973	-4,616	781	-	-	-	-
Section E: Identity & Passport Service	-35,996	4,717	-	-	47,579	2,631	3,828	3,537	3,280	3,032
Section F: Central services	191,621	200,823	201,280	171,939	231,395	184,538	183,292	177,236	170,155	170,739
Section G: NDPB's (net)	-	37,363	53,514	38,167	156,508	142,964	129,670	119,179	105,023	89,943
Section I: DUP	-	-	-	-	-	-	44,288	37,806	35,470	34,163
Section J: National Fraud Authority	-	-	-	-	3,943	-	1,515	1,412	1,309	1,195
Section K: Government Equalities Office	-	3,457	5,208	7,857	9,396	8,651	9,000	9,000	8,750	8,000
<b>Total administration budget</b>	<b>682,432</b>	<b>699,268</b>	<b>697,262</b>	<b>672,191</b>	<b>769,686</b>	<b>673,898</b>	<b>693,260</b>	<b>649,312</b>	<b>605,409</b>	<b>572,395</b>

Of which:

Paybill	548,455	495,640	465,460	417,540	280,120	285,487	366,673	345,219	325,455	314,022
Expenditure	575,474	580,375	349,269	396,048	642,907	526,141	499,320	473,249	447,612	426,095
Income	-441,497	-376,747	-117,467	-141,396	-153,341	-137,730	-172,733	-169,156	-167,658	-167,722

Note: Data has been provided by HM Treasury from the COINS database. The information held in the above table cannot be reconciled to the numbers in the accounts.

Table 5 – Staff in post

Home Office Staff Numbers – Headcount Full Time Equivalent 2008-09 to 2010-11<sup>1, 4, 5, 11</sup>

	2008-09 Outturn <sup>3</sup>	2009-10 Outturn <sup>3</sup>	2010-11 Outturn <sup>3</sup>	Key workforce changes during 2010-11 <sup>2</sup>	
				1 April 2010 Machinery of Govt Change	2010-11 Leavers <sup>10</sup>
<b>Home Office – Headquarters</b>					
Civil Servants Paid <sup>6</sup>	2,828	2,989	2,720		363
Civil Servants Unpaid <sup>7</sup>	88	141	321		111
Non-Civil Servants	273	589	309		-
<b>Total</b>	<b>3,189</b>	<b>3,719</b>	<b>3,350</b>		<b>474</b>
<b>United Kingdom Border Agency</b>					
Civil Servants Paid <sup>6</sup>	17,097	17,297	20,480	4,603	1,126
Civil Servants Unpaid <sup>7</sup>	492	528	917	36	393
Non-Civil Servants <sup>8</sup>	614	978	228	-	-
<b>Total</b>	<b>18,203</b>	<b>18,803</b>	<b>21,625</b>	<b>4,639</b>	<b>1,519</b>
<b>Identity and Passport Service</b>					
Civil Servants Paid <sup>6</sup>	3,878	3,922	3,501		344
Civil Servants Unpaid <sup>7</sup>	95	95	114		154
Non-Civil Servants <sup>8</sup>	-	-	14		-
<b>Total</b>	<b>3,973</b>	<b>4,017</b>	<b>3,629</b>		<b>498</b>
<b>Criminal Records Bureau</b>					
Civil Servants Paid <sup>6</sup>	545	625	623		66
Civil Servants Unpaid <sup>7</sup>	13	13	12		13
Non-Civil Servants <sup>8</sup>	-	-	-		-
<b>Total</b>	<b>558</b>	<b>638</b>	<b>635</b>		<b>79</b>
<b>Total Home Office including Agencies</b>					
Civil Servants Paid <sup>6</sup>	24,438	24,833	27,324		1,899
Civil Servants Unpaid <sup>7</sup>	688	777	1,364		671
Non-Civil Servants <sup>8</sup>	887	1,567	551		-
Unknown <sup>9</sup>	92	63	54		2
<b>Grand Total</b>	<b>26,015</b>	<b>27,240</b>	<b>29,293</b>	<b>4,639</b>	<b>2,572</b>

<sup>1</sup> This information has been extracted from DataView, the Home Office's ONS compliant source of Corporate HR Data.

<sup>2</sup> Key workforce changes in 2010-11 include 4,639 (FTE) ex-HMRC customs and detection employees who transferred to the UKBA as part of a Machinery of Government change, and 2,574 leavers across the department and its agencies during the period.

<sup>3</sup> Figures are accurate as at 31 March of each year, and include all current employees on that date.

<sup>4</sup> Figures are subject to rounding +/- 1.

<sup>5</sup> Figures are reported using Office for National Statistics classifications.

<sup>6</sup> Civil Servants Paid includes permanent, temporary, fixed-term appointments (FTA), incoming loans paid (OGD) and partial retirees.

<sup>7</sup> Civil Servants Unpaid includes permanent unpaid, temporary unpaid, FTA unpaid, career break, incoming loans unpaid (OGD) and outgoing loans unpaid (OGD).

<sup>8</sup> Non-Civil Servants includes agency employees, contractors, incoming secondments, contractors non-paid, outgoing secondments paid/unpaid, outgoing loans.

<sup>9</sup> Unknown: these Civil Servants were moving between businesses within the department at 31 March each year.

<sup>10</sup> The Home Office, in line with all government departments, is committed to reducing its workforce. The number of leavers during 2010-11 has been included to demonstrate the Department's progress in this regard.

<sup>11</sup> Staff numbers are national statistics quoted on the ONS database and have been collated on a different basis to the staff numbers in Note 9 of the annual accounts.

Table 6 – Total Spending by Country and Region, 2005-06 to 2010-11

## National Statistics

£ million

Home Office	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 plans
North East	57	63	63	74	76	65
North West	147	174	173	205	210	180
Yorkshire and the Humber	102	124	124	147	151	131
East Midlands	77	99	98	115	120	104
West Midlands	106	133	132	156	160	138
East	96	126	125	147	153	133
London	265	266	271	324	325	273
South East	143	187	186	218	225	196
South West	89	114	114	133	138	121
Total England	1,083	1,285	1,286	1,518	1,557	1,342
Scotland	28	63	58	64	72	68
Wales	57	71	71	83	85	74
Northern Ireland	10	21	20	22	25	24
UK identifiable expenditure	1,178	1,441	1,435	1,687	1,740	1,507
Outside UK	-	-	-	-	-	-
Total identifiable expenditure	1,178	1,441	1,435	1,687	1,740	1,507
Non-identifiable expenditure	1,928	2,001	2,065	2,070	2,182	2,058
Total expenditure on services	3,106	3,442	3,500	3,757	3,922	3,565

1 Tables 6, 7 and 8 show analysis of the department's spending by country and region, and by function. The data presented in these tables is consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2011. The figures were taken from the HM Treasury public spending database in November 2010 and the regional distributions were completed in early 2011. Therefore the tables may not show the latest position and are not consistent with other tables in the Annual Report and Accounts.

2 The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.

3 TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2011.

4 The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.

5 Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

Table 7 – Total Identifiable Expenditure on Services by Country and Region, per Head 2005-06 to 2010-11

## National Statistics

£ per head

Home Office	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 plans
North East	22	25	25	29	29	25
North West	21	25	25	30	30	26
Yorkshire and the Humber	20	24	24	28	29	25
East Midlands	18	23	22	26	27	23
West Midlands	20	25	25	29	29	25
East	17	22	22	26	26	23
London	36	35	36	42	42	35
South East	17	23	22	26	27	23
South West	18	22	22	26	26	23
England	21	25	25	30	30	26
Scotland	6	12	11	12	14	13
Wales	19	24	24	28	28	24
Northern Ireland	6	12	11	12	14	13
UK identifiable expenditure	20	24	24	27	28	24

Table 8 – Total Identifiable Expenditure on Services by Function, Country and Region, for 2009-10

Data in this table are National Statistics														£ million					
Home Office	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	OUTSIDE UK	Total identifiable expenditure	Not identifiable	Totals	
Public order and safety																			
Police services	63.2	175.0	126.4	100.3	133.7	127.9	269.7	188.3	115.8	1,300.1	61.7	71.3	21.3	1,454.3	-	1,454.3	2,182.1	3,636.4	
of which: immigration and citizenship	0.6	1.6	1.3	1.1	1.3	1.4	1.8	2.0	1.2	12.3	1.2	0.7	0.4	14.7	-	14.7	2,182.1	2,196.7	
of which: other police services	62.6	173.3	125.1	99.2	132.4	126.5	267.9	186.3	114.5	1,287.8	60.4	70.6	20.8	1,439.7	-	1,439.7	-	1,439.7	
R&D public order and safety	1.3	3.5	2.6	2.0	2.7	2.6	5.4	3.8	2.4	26.3	1.3	1.4	0.4	29.5	-	29.5	-	29.5	
Public order and safety (not elsewhere classified)	11.2	31.1	22.3	17.5	23.7	22.3	49.6	32.9	20.2	231.0	9.4	12.6	3.3	256.2	-	256.2	-	256.2	
<b>Total public order and safety</b>	<b>75.6</b>	<b>209.6</b>	<b>151.3</b>	<b>119.9</b>	<b>160.1</b>	<b>152.8</b>	<b>324.7</b>	<b>225.0</b>	<b>138.3</b>	<b>1,557.4</b>	<b>72.4</b>	<b>85.3</b>	<b>25.0</b>	<b>1,740.1</b>	<b>-</b>	<b>1,740.1</b>	<b>2,182.1</b>	<b>3,922.1</b>	
<b>TOTAL HOME OFFICE</b>	<b>75.6</b>	<b>209.6</b>	<b>151.3</b>	<b>119.9</b>	<b>160.1</b>	<b>152.8</b>	<b>324.7</b>	<b>225.0</b>	<b>138.3</b>	<b>1,557.4</b>	<b>72.4</b>	<b>85.3</b>	<b>25.0</b>	<b>1,740.1</b>	<b>-</b>	<b>1,740.1</b>	<b>2,182.1</b>	<b>3,922.1</b>	

6 The functional analyses of spending in Table 8 are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentation of spending by function are consistent with those used in chapter 9 of PESA 2011. These are not the same as the strategic priorities shown elsewhere in the report.

## CHAPTER 7 – ADDITIONAL DEPARTMENTAL DISCLOSURES

### Value for Money

The Home Office's strong focus on efficiency and value for money challenges all areas of the department and the police service to secure savings and performance improvements.

Key areas of focus remain:

- *Operational and workforce productivity* – staff costs comprise the majority of costs for both the department and the police. The police QUEST and UKBA/Home Office FrontRunner Continuous Improvement programmes have yielded substantial savings (£94 million police annualised savings; £47 million UKBA workforce and asylum support to date, forecast to reach £73 million over three years)
- *Commercial and procurement savings* – including initiatives such as the 'Extend & Blend' Project, that renegotiated two key ICT contracts resulting in costs being cut by more than 25% over the six years of the contract (net savings against previous service costs will be in excess of £100 million). Consultant and contingent labour expenditure of £122 million will be saved
- *Shared services for support functions* – including the joint Home Office/MOJ Shared Service Centre in Newport (saving over £7 million annually), and further consolidation of services for IT, information and estates, on track to save over £50 million per annum by 2014-15
- *Rigorous prioritisation* – through robust business planning, the department saved £358 million since May 2010
- *Re-shaping the Home Office workforce* – whilst delivering key services well. For example savings of up to £50 million through moving to annualised hours contracts for immigration staff, and reducing the size of the Home Office by more than 6,000 posts by the end of 2014-15

The department has put in place structured cost reduction plans, across the breadth of its business, to reduce costs whilst maintaining performance. It is using a systematic process of assurance activity to underpin the Home Office's Value for Money strategy and ensure savings and programme objectives are met.

### Reporting on Better Regulation

The Government has introduced tough new rules to curb the rise of new regulatory measures and diminish the existing stock of regulation. These include the one-in-one-out policy which requires the repeal of existing regulations to compensate for any new regulations that directly impact on the private or voluntary sector. In addition, the Government has strengthened the role for the Regulatory Policy Committee that now awards fit for purpose ratings for Impact Assessments.

The Home Office has been reviewing opportunities to reduce regulation. For example scaling back the Criminal Records Bureau and Vetting and Barring Scheme will reduce burdens for employers and workers across all sectors of the economy. For the year to April, the Home Office has not introduced any new regulation that would impact the position on one-in-one-out. Future developments in the Home Office position on this policy will be published in the Statement of New Regulation.

During the reporting year, the Home Office received opinions from the Regulatory Policy Committee for a total of nine Impact Assessments for which ratings were awarded. On publication, ratings so far are: Green one and Amber six.

The Home Office is fully committed to searching for alternatives to traditional regulation. For example, the consultation on surveillance is an excellent example of how work to establish voluntary agreement of the private sector can serve to deliver a policy to protect people's freedoms, while limiting bureaucratic costs to businesses.

## Home Office Science

In 2010-11 we spent £50 million on science and research activity. Expenditure on science and research covers all areas of Home Office activity, informing both the development of policy and its implementation.

The Chief Scientific Adviser (CSA), Professor Bernard Silverman, leads this effort and contributes more widely to Government Science as a member of the cross-Whitehall network of CSAs. The CSA ensures that there is an efficient framework for the strategic prioritisation of science and a skilled and motivated workforce to deliver it, with due regard to value for money.

Home Office science ensures that there is a strong scientific evidence base to support strategy and policy across the full range of our objectives, including sound economic appraisal and evaluation evidence on the cost effectiveness of Home Office policies.

We also provide, in collaboration with our partners, science and technology to deliver new capabilities and more efficient ways of working for front-line operations undertaken by the UKBA and counter-terrorism agencies. We look to build public confidence in the robustness of our scientific knowledge through improving the transparency of how that advice is developed and applied. We also provide efficient and effective regulation of the science of others where necessary, including animal scientific procedures, forensic science and CCTV.

Scientific support underpinned a number of policy decisions during the year, including:

- the revision of the EC Directive on animal experimentation, which was completed in September 2010. The provisions of the new directive will be implemented in UK law
- the first experimental results from the British Crime Survey extension to under-16s
- the August 2010 annual and quarterly publication of migration statistics included significant improvements to the transparency and accessibility of data on in-country and out-country routes and reasons for travel
- an innovative new analysis of UK Border Agency data, 'The *'Migrant Journey'* was published to provide the immigration histories of migrants. This has been used extensively, including in departmental consultations on immigration policy and Ministerial speeches
- analysis was conducted to underpin the Coalition's proposals on migration limits
- the Centre for Applied Science and Technology has worked with the Olympic Delivery Authority and the London Organising Committee of the Olympic Games to increase the effectiveness of Olympic security and reduce costs
- significant frontline cost efficiencies were identified through the use of common standards, such as the single vehicle architecture for all police vehicles
- innovative solutions for the detection of drugged drivers were successfully developed to prototype stage and separately a forensic early warning system for 'legal highs'
- the Advisory Committee on the Misuse of Drugs provided advice on cathinones (including mephedrone) and naphyrone (NRG-1 and related compounds), recommending that the compounds are controlled as Class B substances by way of a generic definition
- our engagement with UK industry across the security and policing sector, through the HOSDB Exhibition, was able to raise awareness of the innovative products and services that are available in support of departmental priorities



### Complaints to the Parliamentary Ombudsman

In 2009-10, the Ombudsman received 952 complaints against the Home Office of which 53 were reported on as shown in the table below. These figures have been taken from the most recently published Ombudsman's Annual Report 2009-10. For more information on the Ombudsman complaints process, classification of complaints and where to find recent reports and consultations refer to: <http://www.ombudsman.org.uk/home>

2009-10 Complaints	Complaints received	Reported on	Fully upheld	Partly upheld	Not upheld
UK Border Agency	688	48	56%	42%	2%
Criminal Records Bureau	85	-	n/a	n/a	n/a
Home Office	63*	1	100%	0%	0%
Identity & Passport Service	50	1	0%	100%	0%
Security Industry Authority	44	3	33%	33%	33%
Police (Victims' code)	11	-	n/a	n/a	n/a
Independent Safeguarding Authority	6	-	n/a	n/a	n/a
Independent Complaints Mediator (Criminal Records Bureau)	3	-	n/a	n/a	n/a
National Policing Improvement Agency	1	-	n/a	n/a	n/a
Serious Organised Crime Agency	1	-	n/a	n/a	n/a
<b>Total:</b>	<b>952</b>	<b>53</b>	<b>55%</b>	<b>42%</b>	<b>4%</b>

*For a complaint to be 'fully upheld', all issues within a complaint are accepted. 'Partly upheld' means some of the issues in the complaint are accepted. For a complaint to be 'not upheld', none of the issues of the complaint have been accepted by the Ombudsman. In some cases the percentages do not add up to 100% due to rounding.*

*\* One of these 63 complaints relate to the 449 properly made complaints about prisoner data loss (see reference below to the report published on 23 March 2010)*

During 2009-10 the Home Office and its agencies were fully compliant with Ombudsman recommendations. UK Border Agency complied with 103 recommendations. The Identity & Passport Service complied with one recommendation. The Criminal Records Bureau and the Home Office Headquarters had no compliancy recommendations.

Since the publication of the last Annual Report, there have been no further reports concerning the Home Office published by the Ombudsman.

A report titled '*Fast & Fair*' was published by the Ombudsman on 9 February 2010 on complaints made against the UK Border Agency in the first 9 months of 2009-10.

The complaints received relate to applications for asylum and residence cards, as well as core immigration and nationality work. The biggest area for complaints received concerns the backlog of old asylum applications. To help address this, the agency has put in place a five year plan to reduce the backlog and has also introduced a new system for assessing asylum applications which is 'faster & fairer'.

On 23 March 2010 a further report was published by the Ombudsman titled '*The Ombudsman's assessment of the loss of personal data by a Home Office contractor*'. This reported on 449 individual complaints from prisoners and former prisoners about the loss by the Home Office of sensitive personal data about them on an unencrypted data stick.

Whilst there were indications of maladministration in the loss of the data, the Home Office took a number of measures to put matters right, including investigating the breach and considering the risks to those affected. The Ombudsman subsequently decided not to investigate any of the 449 complaints from prisoners and former prisoners.

For further information on both of these reports please refer to: [http://www.ombudsman.org.uk/improving\\_services/special\\_reports/pca/index.html](http://www.ombudsman.org.uk/improving_services/special_reports/pca/index.html)

### **Performance in Responding to Correspondence from the Public**

In 2010, Home Office Headquarters received 13,390 letters and emails from the public. We replied to 93% of correspondence within the target of 20 working days.

### **Public Accounts Committee (PAC) Recommendations**

Details of progress against Public Accounts Committee recommendations can be found at <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/pac-recommendations>

## FOREWORD TO THE ACCOUNTS

These accounts relate to the Home Office for the year ended 31 March 2011. The Home Office is the lead department for policies on immigration, passports, counter-terrorism, policing, drugs, crime and equalities.

## ANNUAL REVIEW

### Principal Activities

The central headquarters of the Home Office set the framework of objectives, financial allocations, strategy and performance management for the key services for which the Home Secretary is responsible, along with providing common support services and driving towards achievement of objectives. The Home Office also has responsibility for the UK Border Agency, the Identity & Passport Service, the Criminal Records Bureau, as well as lead responsibility for a number of Non-Departmental Public Bodies.

The Home Office relies on parliamentary voted funding to finance its operations.

### Home Office Priorities

Our priorities are to:

- empower the public to hold the police to account for their role in cutting crime
- free up the police to fight crime more effectively and efficiently
- create a more integrated criminal justice system
- secure our borders and reduce immigration
- protect people's freedoms and civil liberties
- protect our citizens from terrorism
- build a fairer and more equal society

### Other major responsibilities

#### Civil registration in England and Wales

The Home Office, via the Registrar General who is also the Chief Executive of the Identity & Passport Service, is responsible for the administration of the policy and legislation relating to civil registration in England and Wales. This is operationally discharged in partnership with local authorities.

The Identity & Passport Service now provides passport services to UK nationals at home and will provide them to UK nationals abroad from April 2011.

#### Counter-terrorism

The Home Secretary is the lead Minister for counter-terrorism. The Home Office develops, directs and oversees implementation of the UK's cross-government strategy countering international terrorism (CONTEST).

#### Equalities

From 12 May 2010 the Home Secretary became the Minister for Women and Equalities. The Home Office takes the lead on issues relating to women, sexual orientation and transgender equality matters and has responsibility within government for equality strategy and legislation.

### Headquarters

The Home Office's Headquarters is located at 2 Marsham Street, London SW1P 4DF.

**Ministers**

The following ministers were responsible for the department during 2010-11:

Rt Hon Theresa May MP	Secretary of State for the Home Department (from 12 May 2010)
Rt Hon Alan Johnson MP	Secretary of State for the Home Department (until 11 May 2010)
Damian Green MP	Minister of State for Immigration (from 13 May 2010)
Phil Woolas MP	Minister of State for Borders and Immigration (until 11 May 2010)
Baroness Neville-Jones	Minister of State for Security and Counter-Terrorism (from 13 May 2010)
Nick Herbert MP	Minister of State for Policing and Criminal Justice (from 13 May 2010)
David Hanson MP	Minister of State for Security, Counter-Terrorism, Crime and Policing (until 11 May 2010)
Meg Hillier MP	Parliamentary Under Secretary of State for Identity (until 11 May 2010)
James Brokenshire MP	Parliamentary Under Secretary of State for Crime Prevention (from 18 May 2010)
Alan Campbell MP	Parliamentary Under Secretary of State for Crime Reduction (until 11 May 2010)
Lord West of Spithead	Parliamentary Under Secretary of State for Security and Counter-Terrorism (until 11 May 2010)
Lynne Featherstone MP	Parliamentary Under Secretary for Equalities and Criminal Information (from 14 May 2010)

**Role of the Supervisory Board (SB)**

The Secretary of State-chaired SB monitors the department's performance against its business plan and provides the overall strategic and operational leadership of the department. It consists of ministers, non-executive directors, drawn primarily from the commercial private sector, and senior departmental officials. It advises on five main areas:

- performance – agreeing the department's business plan, including strategic aims and objectives; monitoring and steering performance against plans; scrutinising performance of sponsored bodies; and setting the department's standards and values
- strategy and learning – setting the vision and/or missions and ensuring all activities, either directly or indirectly, contribute towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of policy issues; using outside perspective to ensure that the department is held to account for its outcomes
- resources and change – approving the distribution of responsibilities; signing off large projects or programmes; ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the plan; ensuring organisational design supports attaining strategic objectives of the board and its members, and succession planning
- capability – ensuring the department has the capability to deliver and to plan to meet current and future needs
- risk – setting the department's risk appetite and ensuring controls are in place to manage risk

It is supported by both Audit and Risk Committees, chaired by a suitably experienced non-executive director.

**Membership of the Home Office Supervisory Board**

The Home Office Supervisory Board was established from 1 January 2011. Membership of the Supervisory Board during 2010-11 is listed below:

<i>Ministers</i>	
Rt Hon Theresa May MP	Secretary of State for the Home Department

Damian Green MP	Minister of State for Immigration
Baroness Neville-Jones	Minister of State for Security and Counter-Terrorism
Nick Herbert MP	Minister of State for Policing and Criminal Justice
James Brokenshire MP	Parliamentary Under Secretary of State for Crime Prevention
Lynne Featherstone MP	Parliamentary Under Secretary for Equalities and Criminal Information
<i>Officials</i>	
Dame Helen Ghosh	Permanent Secretary (from 1 January 2011)
Helen Kilpatrick	Director General, Financial and Commercial
Charles Farr	Director General, Office for Security and Counter-Terrorism
Stephen Rimmer	Director General, Crime and Policing Group
Lin Homer	Chief Executive, UK Border Agency (until 9 January 2011)
Jonathan Sedgwick	Acting Chief Executive, UK Border Agency (from 10 January 2011)

<i>Non-Executive Directors</i>	
Philip Augar	Formerly Group Managing Director of Schroders
Val Gooding	Non-Executive Director of the BBC, Standard Chartered PLC and J Sainsbury's (from 16 December 2010)
John Allan	Chairman of Dixons Retail PLC (from 4 March 2011)
Dianne Thompson	Chief Executive of Camelot UK Lotteries Limited (from 4 March 2011)

### Role of the Executive Management Board (EMB)

The EMB, chaired by the Permanent Secretary and made up primarily of senior officials, is the department's senior management team, providing corporate strategic leadership and overseeing the day-to-day running of the department.

It supports the Supervisory Board in driving the development of the department's leadership and wider capability, and setting the strategy for developing all Home Office staff; in maintaining oversight of performance; and in ensuring that all parts of the organisation are working together effectively.

The EMB, which met monthly from 1 January 2011, is chaired by the Permanent Secretary. Members of the EMB were:

<i>Officials</i>	
Dame Helen Ghosh	Permanent Secretary (Chair)
Helen Kilpatrick	Director General, Financial and Commercial
Charles Farr	Director General, Office for Security and Counter-Terrorism
Stephen Rimmer	Director General, Crime and Policing Group
Peter Makeham	Director General, Strategy and Reform
Kevin White	Director General, Human Resources
Jonathan Sedgwick	Acting Chief Executive, UK Border Agency
Yasmin Diamond	Director, Communication
David Seymour	Legal Adviser

<i>Non-Executive Directors</i>	
Philip Augur	Formerly Group Managing Director of Schroders
John Heywood	Formerly Senior Partner and CEO of Price Waterhouse Coopers Eastern Europe

Prior to the establishment of two separate Home Office Boards, there was a single Home Office Board. Until this change, the Home Office Board membership was:

- The Permanent Secretary
- Director General, Financial and Commercial
- Director General, Office for Security and Counter-Terrorism
- Director General, Crime and Policing Group
- Director General, Strategy and Reform
- Director General, Human Resources
- Chief Executive, UK Border Agency
- Chief Executive, Identity & Passport Service (until 15 July 2010, when this post ceased to report directly to the Permanent Secretary)
- Director, Communication
- Philip Augur – non-executive director
- John Heywood – non-executive director

### **Appointment of Senior Officials**

The Permanent Head of the department was appointed by the then Prime Minister on the recommendation of the Head of the Home Civil Service and with the agreement of the Ministerial Head of the department. Other members of the departmental board were appointed by the Permanent Secretary. These appointments are for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in Chapter 11 of the Civil Service Management Code.

### **Ministers' and Board Members' Remuneration**

Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975 (as amended by the Ministerial and Other Salaries Order 1996) and the Ministerial and Other Pensions and Salaries Act 1991.

The Permanent Secretary's pay is set by the Prime Minister on the recommendation of the Permanent Secretaries' Remuneration Committee. The committee's membership and terms of reference were announced by the then Prime Minister on 9 February 1995 (Hansard, cols 245-247).

The pay of the management board is determined by the Permanent Secretary in accordance with the rules set out in Chapter 7.1, Annex A of the Civil Service Management Code.

Further details on remuneration are set out in the Remuneration Report beginning on page 71.

### **Entities Consolidated**

The Home Office departmental accounting boundary encompasses the central government department and three executive agencies: the Identity & Passport Service, the Criminal Records Bureau and the UK Border Agency. The accounts of these entities form part of the Home Office's consolidated financial statements.

#### Identity & Passport Service (IPS)

The Identity & Passport Service is responsible for issuing UK passports and for administering the civil registration process in England and Wales.

#### Criminal Records Bureau (CRB)

The Criminal Records Bureau helps protect children and other vulnerable people through safer recruitment, by making information from police records and other data sources more readily available to employers, ensuring greater consistency of vetting.

UK Border Agency (UKBA)

The UK Border Agency regulates the flow of people and goods into the UK, strengthening our borders before, on, and after entry.

**Entities not consolidated**

Public bodies carry out functions on behalf of the government but are operationally independent of the sponsoring department, allowing them to focus on their own objectives and make unbiased recommendations and decisions. Public bodies for which the Home Office had lead policy responsibility within government during 2010-11, but which are outside the consolidation boundary for accounting purposes, are set out below.

Forensic Science Service Ltd (FSS)

FSS is principally responsible for supplying scientific support for criminal investigations and for providing expert evidence to the courts. FSS is a government owned company and is treated as an investment on the Home Office Statement of Financial Position.

**Non-Departmental Public Bodies (NDPBs)**

Non-Departmental Public Bodies (NDPBs) are reflected in the Home Office accounts by the inclusion of funds paid to them as grants or expenses, and by the reflection of any control issues in the Home Office's Statement on Internal Control. The executive NDPBs publish their own Annual Reports and Accounts which can be obtained from TSO or the relevant body.

**Executive NDPBs:** typically established in statute and carrying out executive, administrative, regulatory and/or commercial functions.

Independent Police Complaints Commission  
Independent Safeguarding Authority  
National Policing Improvement Agency  
Office of the Immigration Services Commissioner  
Security Industry Authority  
Serious and Organised Crime Agency

**Advisory NDPBs:** provide independent, expert advice to ministers on a wide range of issues.

Advisory Council on the Misuse of Drugs  
Animal Procedures Committee  
Migration Advisory Committee  
National DNA Database Ethics Group  
Police Advisory Board for England and Wales  
Police Negotiating Board  
Technical Advisory Board

**Tribunal NDPBs:** have jurisdiction in a specialised field of law.

Investigatory Powers Tribunal  
Office of Surveillance Commissioners  
Police Discipline Appeals Tribunal  
Police Arbitration Tribunal



## OPERATING AND FINANCIAL REVIEW

### Financial Performance

The Home Office, like other government departments, needs to report its financial performance in a number of ways. These are identified below:

#### Resource Estimate (Estimates Boundary)

This is a statement presented by HM Treasury to the House of Commons in which the Home Office seeks approval for its estimated spending for the coming financial year. The Estimate summarises both the resources and the cash required for the year and the Home Office actual outturns against these Estimates are reported in the Statement of Parliamentary Supply. This is a statement which only applies to central government and has no equivalent statement in IFRS (International Financial Reporting Standards) based accounts.

#### Resource Accounts (Accounting Boundary)

These are prepared annually and present the financial results of the Home Office. These accounts are prepared on the basis of IFRS and the Government Financial Reporting Manual (FReM). The Consolidated Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Changes in Taxpayers' Equity, and the Cash Flow Statement have been adapted for central government from their commercial equivalents. The accounting boundary includes the financial results for the Home Office plus its agencies. The Resource Accounts only include the Grant in Aid paid to the NDPBs sponsored by the Home Office. The financial performance and assets and liabilities of the NDPBs are not consolidated within these accounts.

#### Resource Budgeting (Budgeting Boundary)

Resource budgeting involves using resource accounting information as the basis for planning and controlling public expenditure. It introduces concepts such as capital consumption and requires the Home Office to match costs to the period in which the economic activity takes place. HM Treasury controls Home Office spending through the use of Departmental Expenditure Limits (DEL) and controls capital spending separately from resource spending. This is the basis on which HM Treasury controls (and the Home Office manages) spending in-year, and includes the full resource and capital DEL spending of the Home Office as opposed to the Grant in Aid provided by the Home Office to finance the activities of NDPBs.

The departmental Core Tables in chapter 6 of the Annual Report, provide further analysis on the resource consumption of those bodies which are included within the budgeting boundaries (i.e. including the full resource and capital consumption of the Home Office sponsored NDPBs).

### Funding

The Home Office is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans is sought through Supply Estimates presented to the House of Commons, specifying the estimated expenditure and asking for the necessary funds to be voted. The department draws down voted funds in year from the Consolidated Fund as required.

The Estimates are structured by 'Requests for Resources' (RfR) and include a formal description ("ambit") of the services to be financed under each RfR. Voted money cannot be used to finance services that do not fall within the ambit of the RfR. The Home Office has one RfR which covers all of its activities.

### Outturn

The Summary of Resource Outturn, which is the main parliamentary control schedule, reports the outturn against Estimate (the Estimates Boundary) for each RfR. Additional detailed actual spending during 2010-11 against Estimate sub-heads is reported in the Analysis of Net Resource Outturn by Section. Estimates for each sub-heading are finalised in the Spring Supplementary Estimate with work to formulate these numbers taking place in December each year.

**The differences between the various boundaries**Resource Estimate and the Resource Accounts

The Estimate does not include income classified as Consolidated Fund Extra Receipts (CFER). It also excludes expense associated with the write-off of CFER related debtor invoices. These are, however, included in the Resource Accounts (item 1 in the table below).

Further differences exist between the Accounts (and Estimates) and the Budgeting Boundaries:

The Budgeting boundary excludes:

- capital grants provided by the Home Office to Local Authorities. Capital budgets are outside the Resource Budget boundary (item 2 in table below)
- fee and penalty related income (item 5 in table below)
- loan charges i.e. payments made by the Home Office to police authorities in respect of capital spend (item 4 in the table below)
- receipts from the sale of assets, which are treated as income in the Estimates and Accounts, but as capital receipts for budgeting purposes, and therefore excluded from the Resource Budget (item 7 in table below)

The Budgeting boundary includes items which are not reported in the Estimate or Accounts:

- “on-balance sheet” (SoFP) PFI. Payments to suppliers are classified as Resource Expenditure for budgetary purposes (item 3 in the table below)
- the expenditure of the NDPBs net of Grant in Aid\* provide by the Home Office, which is included in the Estimate and Accounts (item 6 in the table below)

\* note Grant in Aid has been provided in excess of Resource Budget, as Grant in Aid also covers capital related spend.

**Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets**

		2010-11 Outturn £000	2009-10 Outturn* £000
Net Resource Outturn (Estimates) (see note 2 to the accounts)		10,730,766	10,769,554
Consolidated Fund Extra Receipts in the OCS:	1	(232,227)	(257,347)
Spend in respect of CFER write-off	1	-	3,263
Net Operating Cost		<u>10,498,139</u>	<u>10,515,470</u>
Capital grants to local authorities	2	(336,419)	(347,870)
Voted expenditure outside the budget	3	(10,457)	6,458
Loan Charges	4	(7,742)	(9,069)
Fine Refund to Carriers		4	-
Other Consolidated Fund Extra Receipts	5	69,787	101,701
Resource consumption of Non-Departmental Public Bodies	6	(29,716)	(98,919)
Other adjustments	7	(9,759)	(29,631)
Resource Budget Outturn (Budget)		<u>10,173,837</u>	<u>10,138,140</u>
of which			
Departmental Expenditure Limits (DEL)		9,261,275	9,481,984
Annually Managed Expenditure (AME)		912,562	656,156
		<u>10,173,837</u>	<u>10,138,140</u>

\*Prior year numbers have not been restated.

**Explanation of Significant Variances against Estimates**

In accordance with the Government Financial Reporting Manual (FRm), explanations have been provided for significant variances from the Net Estimate for Resources, or where it is thought appropriate to provide additional disclosure.

Grouping directly related sub-heads, the main variances between Estimate and Outturn data are explained below:

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
A	Crime and Policing Group	232,673	209,627	(23,046)	10%
H	Crime and Policing Group grants	5,731,370	5,706,907	(24,463)	0%
	Total	5,964,043	5,916,534	(47,509)	0%

These two sub-heads combined include £90 million of expenditure which is funded from recovered assets income in departmental budgets, but for which the cover in Estimates is included in subhead F (Central Services). Had this cover in Estimates been available in sub-heads A and H then there would have been a £44 million underspend, which largely results from the scaling back of spending on a variety of Crime and Policing programmes and grants following the change of government.

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
B	Criminal Records Bureau	(40,305)	(50,244)	(9,939)	20%

The variance is mainly due to lower application volumes than anticipated. It was too late to adjust the Estimate when this was identified.

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
C	Office of Security and Counter-Terrorism	304,722	281,192	(23,530)	8%
I	Office for Security and Counter-Terrorism grants	661,362	696,080	34,718	5%
	Total	966,084	977,272	11,188	1%

The Olympic Security budget was reported in the Estimates against sub-head I; however, elements of the costs were recorded against sub-head C resulting in the reported over spend.

London Organising Committee of the Olympic Games expenditure was not known in time to re-align budgets to estimates; overall the variance in OSCT budgets was just over 1%.

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
D	UK Border Agency	1,503,295	1,489,541	(13,754)	1%
J	UK Border Agency grants	138,652	152,305	13,653	9%
	Total	1,641,947	1,641,846	(101)	2%

The variance in sub-head J was due to Unaccompanied Asylum Support Children (UASC) cost being lower than planned due to intake reducing throughout the year which resulted in lower population needing to be funded. The variance in sub-head D was due to increased PFI IT charges.

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
E	Identity & Passport Service	5,002	7,052	2,050	29%

The variance is a result of lower than anticipated passport volumes in the final quarter of the financial year. It was too late to adjust Estimates when identified.

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
F	Central services	144,866	315,030	170,164	54%

Central Services Estimates includes DUP (£114 million) drawn down and Asset Recovery funds (£80 million) which is held centrally to manage our internal budget allocation process. However the associated outturn is reported in other sub-heads. The remaining variance of £11 million is a result of lower than anticipated costs associated with the voluntary exit scheme.

#### AME charges:

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
M	AME Charges	171,264	148,797	(22,467)	(15%)

The variance was a result of unanticipated AME charges that were identified towards the end of the year. Therefore was too late to re-align the Estimate.

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
N	Police superannuation	720,594	900,254	179,660	20%

In previous years some Police Authorities have significantly underestimated their forecast of pension payments. The Estimate forecast for 2010-11 allowed for a margin of error and safety on top of the forecasts provided. This margin was felt to be particularly important during this financial year given the high degree of financial uncertainty and turbulence which was expected to have an impact on police officer retirements and pension expenditure.

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
P	Loan Charges	7,742	9,669	1,927	20%

Loan charges are payments made to the Police in relation to 51% of interest costs on borrowing taken out by forces in the years before police capital grant was provided. There is an underspend against the Estimate which was set on a prudent basis to allow for the possibility of an increase in interest rates resulting in higher charges by police forces.

#### Non-budget:

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
Q	Grant in aid to NDPBs	896,127	904,660	8,533	1%

The variance of £8 million is represented by £4 million underspend against Estimate by Serious Organised Crime Agency (SOCA) (£430 million spent against £435 million Estimate) and a £4 million underspend by Independent Safeguarding Authority (ISA).

£000		Net Outturn	Net Estimate	Under/(Over)	Variance
R	PFI Charges	181,763	219,837	38,074	17%

The outturn is less than the Estimate because of savings in IT related PFI charges.

#### **Cash Requirement**

The overall cash requirement at 31 March 2011 was £10.2 billion, £769 million lower than the full year Estimate primarily due to a prepayment of police grant at the start of the financial year.

#### **Contingent Liabilities**

As required by the FReM, Note 29 also discloses the department's contingent liabilities not required to be disclosed under IAS37, but which have been reported to Parliament in accordance with *Managing Public Money*. The department is taking steps to help minimise the risks of these contingent liabilities crystallising as part of its normal risk management processes.

#### **Machinery of Government Changes**

A number of Machinery of Government changes were announced towards the end of the financial year, and these will take effect in 2011-12:

- the National Fraud Authority, an executive agency of the Attorney-General's Office, transfers to the Home Office
- the Government Equalities Office ceases to be a separate department and transfers to the Home Office
- responsibility for issuing British passports overseas transfers from the Foreign and Commonwealth Office to the Home Office

#### **Clear Line of Sight Update**

These consolidated Home Office accounts include the core Home Office and the three agencies UKBA, CRB and IPS. Under the Clear Line of Sight initiative, the consolidated accounts for 2011-12 will additionally include the Home Office NDPBs, the Independent Police Complaints Commission, the Independent Safeguarding Authority, the National Policing Improvement Agency, the Office of the Immigration Services Commission, the Security Industry Authority and the Serious and Organised Crime Agency.

## Going Concern

The Consolidated Statement of Financial Position as 31 March 2011 shows taxpayers' equity credit of £140 million, (2009-10 £479 million).

In common with other government departments, the future financing of the department's liabilities is to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. Accordingly, it is appropriate to adopt a going concern basis for the preparation of these financial statements.

## Forensic Science Service (FSS)

The FSS is a government owned company which is a supplier of scientific support for criminal investigations and a provider of expert evidence to the courts. Following a period of losses, and increased challenges in the forensics market, it was announced on 14 December 2010 that the Government would support the managed closure of the FSS by March 2012.

A provision of £71 million has been established to cover the cost of winding up the FSS. These costs will be minimised where possible through the sale of elements of FSS business (with associated staff) and/or assets to the private sector.

Additionally, loan stock of £18 million was written down during the year and a £10 million investment in FSS made prior to the 14 December announcement was written off.

## External Auditor

These financial statements have been prepared in accordance with the Government Resources and Accounts Act 2000 and are subject to audit by the Comptroller and Auditor General.

The notional NAO audit fee for the core department was £378,000 and consolidated £927,000 (2009-10 core department £440,000, consolidated £1,064,000). No remuneration has been paid to the NAO during 2010-11 for non-audit work.

In so far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditor is unaware. The Accounting Officer has quarterly meetings with the Head of Audit and Assurance and has taken all the steps that she ought to have taken to make herself aware of any relevant audit information, and to establish that the Comptroller and Auditor General is aware of that information.

## Political and Charitable Donations

The Home Office has not made any political or charitable donations during 2010-11.

## Future developments

The 2010 Spending Review (SR2010) will impose significant future reductions in departmental expenditure. The SR2010 period covers the financial years 2011-12 through to 2014-15. Over this period, the department's resource expenditure limits (excluding depreciation) will reduce to £7,813 million, which equates to a real reduction of 23 per cent over the four years compared to the 2010-11 baseline. Within this resource settlement, the department's administration budget (excluding depreciation) will reduce to £538 million, equivalent to a real reduction of 33 per cent over the four years on the 2010-11 baseline. The department is putting in place the systems and controls to ensure that future departmental expenditure does not exceed control totals.

## Events since the Year End

On 8 June, the Home Secretary confirmed the creation of a new National Crime Agency (NCA) which will spearhead the UK's fight against serious organised crime, and strengthen policing at the border. The NCA will be made up of four distinct parts – Organised Crime, Border Policing, Economic Crime and the Child Exploitation and Online Protection Centre. Subject to legislation, the NCA will be fully operational by December 2013.

## Statement of Corporate Governance

The HM Treasury *Code of Good Practice on Corporate Governance in Central Government Departments* (first published in 2005 and currently being updated) sets out good corporate governance practice that should be followed by central government departments. It incorporates as government policy the “*Enhanced Departmental Boards: Protocol*”, issued in December 2010, which describes the composition and remit of the new Secretary of State-chaired Boards and Board members’ roles and responsibilities.

The Code, which draws on best practice in the public, private and charity sectors, sets out six underlying principles, each with specific supporting provisions. These cover parliamentary accountability; the role, composition and effectiveness of the board; risk management; and arms length bodies.

The Home Office complies with the principles and provisions of the Code and the Protocol. The new corporate governance arrangements for the department reflect this.

## Audit Committee

The Audit Committee comprises the non-executive chairs of the three agencies and a non-executive Home Office Board member plus one independent external member. The Chairman, John Heywood, is a non-executive director on the department’s Executive Management Board. During 2010-11 the other committee members were: Mike Hawker, Peter Conway, Anne Tutt and Charlie Pienkowski.

The committee provides independent advice to the Permanent Secretary as Principal Accounting Officer, and the Supervisory Board on corporate governance, risk management and internal control.

The committee’s oversight extends to associated agencies and Non-Departmental Public Bodies. They each have their own audit committee but arrangements are in place for audit assurances and significant issues arising within the group to be notified to the Home Office Audit Committee and the Principal Accounting Officer.

During the year the committee sat five times. Members reviewed the comprehensiveness of internal audit coverage in meeting the Supervisory Board and Accounting Officer’s needs and assessed the reliability and integrity of these assurances.

In particular, members gave consideration to the:

- accounting policies and the resource accounts including the Statement on Internal Control
- activity and results of both internal and external audit. Including assessment of the adequacy of management response to issues identified by audit activity
- assurances relating to the corporate governance requirements
- assurances on information handling
- anti-fraud policies and whistleblowing processes
- the process within the department for providing a level of assurance regarding value for money

Following each meeting the Chair updates the Supervisory Board on the work of the committee and annually submits a report in respect of the department’s control framework.

## Public Bodies

The Home Office currently sponsors 17 Non-Departmental Public Bodies (NDPBs) and 16 other public bodies. Each public body is supported by a sponsor team which manages the body’s relationship with the department, acting as a point of liaison and driving accountability through work that includes monitoring performance and finance and undertaking public appointment campaigns. A list of our public bodies can be found using this link: <http://www.homeoffice.gov.uk/agencies-public-bodies/public-bodies-list/>

All Home Office bodies were reviewed as part of the Government’s Public Body Review and the landscape of our public bodies will change over the coming years. Changes include the phasing out of the National Policing Improvement Agency, the merger of the Serious Organised Crime Agency into the new National Crime Agency, and the abolition of the Security Industry Authority following a phased transition to a new regulatory regime.



The Government announced the outcomes of the review of the Vetting and Barring Scheme in February 2011 which included the recommendation that Criminal Records Bureau and the Independent Safeguarding Authority should be replaced by a single organisation. Provision has been included in the Protection of Freedoms Bill for the establishment of a new NDPB to deliver these services – the Disclosure and Barring Service. The Disclosure and Barring Service will be responsible for the delivery of the services currently delivered by the CRB and ISA, which will be reshaped by the implementation of the recommendations of the Vetting and Barring Review and the separate review of Criminal Records, which also reported in February 2011.

## Public Appointments

Appointments to Home Office sponsored public bodies follow the Commissioner for Public Appointments Code of Practice as best practice whether they are regulated by the Commissioner or not. This ensures that the principles of openness and transparency and appointment on merit permeate all of our appointment campaigns. Our approach was endorsed by the Commissioner who rated the Home Office 'Green' in our latest audit.

Home Office bodies cover areas ranging from tackling serious and organised crime to advising on migration issues. To ensure that Ministers can select appointees from the widest possible pool of talent the Home Office welcomes applications from candidates regardless of ethnic origin, religious belief, gender, sexual orientation, or other irrelevant factor.

Details of public appointments made during 2010-11 can be found at: <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/public-appointments/>.

## Risk Management

Risk management is one of the critical processes in the Home Office, which we have continued to strengthen throughout 2010 and into 2011.

In June 2011 the National Audit Office published their '*Managing Risks in Government*' report which highlighted good practice employed by the Home Office and others. One of the principles reported on in the document was how clear ownership and accountability of risk ensured the process was effective.

Our focus has continued to be the identification and effective management of the key threats to the public, with the Home Office Risk Committee advising the Home Office Executive Management Board, supporting the Home Office Supervisory Board, of emerging risks so they can agree actions being taken to counter them or give further direction. They regularly review the Corporate Risk Register as part of this process. The first Supervisory Board approved the Corporate Risk Register and agreed to undertake an in-depth review of a specific risk at each meeting.

Our risk management approach is to be clear about what we are trying to achieve; to identify what might stop us from achieving these objectives; to assess the risks identified; to take action to mitigate them to an agreed level and then to review progress. This framework comprises:

- clear accountabilities for the action to tackle risks
- a structured process for identifying, assessing, communicating, escalating and managing risks, detailed in the Home Office Risk Management Policy and Guidance document
- expected behaviours

Our risk assessments and the actions being taken to address risk are documented in risk registers at corporate, directorate/group/agency, NDPB and unit/project levels. Our approach to risk management is both embedded within our risk processes and overseen and moderated by our Risk Committee when it reviews our top level risks and advises senior management on the prevalent level of risk exposure.

The second strand of active risk management in the Home Office relates to the continuing work to build our risk capability. A detailed programme of work to improve the effectiveness of risk management in the Home Office began in Autumn 2007. This programme, based around behavioural change, remains the key to the continual improvement of risk management capability in the department. This programme is tracked through the Home

Office Risk Management Maturity Model which focuses on:

- improving knowledge and skills, in order to
- change behaviours, that can then be
- clearly seen and monitored by way of a series of measurable metrics

Two examples of areas of work where we have continued to build our risk capability in the last year are as follows:

- through an ongoing training programme we continue to assimilate information asset risk management into the existing departmental risk management framework. This embeds work begun in 2008 and as a result the department has top-level information asset risk registers linked directly into the existing risk management system
- we have strengthened our 'risk escalation hierarchies' throughout the whole Home Office family, but particularly with our arms length bodies and executive agencies so that risks identified by our 'front-line' organisations can be quickly reported up the line

To assure the risk process, the Home Office Audit and Assurance Unit collaborates closely with the Home Office Risk Team. It undertakes audits to provide reassurance that there is evidence to support the risk maturity assessments. If necessary, steps are taken to address shortfalls in capability or to address issues that have been identified.

### Corporate Risks

Corporate risks change in accordance with the process set out above. There are currently ten risks on the Home Office corporate risk register. As at 31 March 2011, the corporate level risks included:

- public concern about the limits set against non-EU migration
- public concern around the failure to detain or remove foreign national prisoners
- failure to secure the stated outcomes of the e-Borders programme of work
- concerns around Spending Review reductions
- failure to prevent a terrorist attack
- failure to counter serious crime or violent extremist attack
- budget reductions lead to material deterioration in services to the public
- loss or leakage of information
- closure of the Forensic Science Service
- the complexities of the litigation caseload

These are very short summaries of the risks held to date – full mitigation strategies and contingency plans are held for all of these risks.

### Information Management

The overarching Home Office Group Information, Systems and Technology Strategy sets out four principle objectives:

- sharing and reusing systems and technology
- joining up information flows and processes
- exploiting information; and
- compliance with technology and information related legislation, regulation and government strategies

The Home Office Information Management Strategy builds on the IST strategy and sets out a strategic approach to managing the department's information. It supports business units and Arms Length Bodies in taking a common approach to managing information effectively, re-using it where possible, sharing it appropriately and ensuring that it is adequately protected, whilst promoting re-use and transparency.

In 2010 the key actions taken to deliver effective information management in line with our Strategy Implementation Plan included:

- ensuring that the Home Office met all of the transparency commitments set for departments by the Prime Minister in May 2010, with over 210 Home Office datasets now accessible from [data.gov.uk](http://data.gov.uk)
- agreeing and implementing a centrally accessible high-level Information Management Policy Framework, incorporating relevant standards, legislation, codes of practice and guidance, thus enabling compliance across the department
- developing and publishing an expanded Information Asset Register to support transparency and re-use and to reduce information risk
- increasing Knowledge and Information Management (KIM) capability by building a community of KIM professionals and setting standards for the performance management and recruitment of staff working in information management, including publishing terms of reference for key roles such as Head of Information and Departmental Records Officer

### **Data Losses and Information Security**

The Home Office has a longstanding information assurance programme for all protectively marked IT systems, which has been strengthened during 2010-11. Accreditation is the security management process by which assurance is given that a system's assets are adequately protected by the security measures that have been implemented. The Home Office accreditation programme is certification directed and has been implemented by a team of experienced IT accreditors in the Departmental Security Unit. Senior staff awareness of IT security requirements has been a priority throughout the year, ensuring that there is a proper balance between essential security and business requirements.

Every accreditation has been risk analysis based, fully documented and signed off by the accreditor responsible. Risk management strategies are based on HMG IT Security Policy, HMG Infosec Standards 1 to 5, CESG Memoranda and central guidance from Cabinet Office. Specialist input from CESG has been regularly sought, with technical reviews of security documents at the design stage and penetration tests after a system is built. Accreditation aftercare is provided to ensure the continuing validity of accreditation status.

This process of careful management has kept data compromise to a minimum in 2010-11, and will be further enhanced in future by a new method of incident reporting. During the year, there have been a number of low level incidents reported with respect to data handling and data transfer protocols. These include occasions when protectively marked information has been sent outside the Government Secure Intranet, or the loss of portable media. During the reporting period, the instances of portable media loss involved encrypted media and as such were not recorded as data losses.

### **Personal Data Related Incidents**

Notwithstanding all of the activities described above, given the scale and range of our information handling and the number of delivery partners and staff through whom we deliver, there is a risk of incidents occurring.

The tables below provide details of personal data related incidents.

**TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2010-11**

<b>Incident One 2010-11</b>				
Date of Incident	Nature of Incident	Nature of Data Involved	Number of People potentially affected	Notification Steps
14 Apr 2010	A member of IPCC staff on their Freedom of Information (FOI) team posted a letter to a member of the public who had made a subject access request under the Data Protection Act. Included in error in the envelope, were unrelated documents from the case files of other members of the public.	Name of Complainant. Complainant contact details, Completed ethnicity questionnaire, Details of a complaint against the police.	1	The complainant notified the ICO. The ICO wrote to IPCC. IPCC provided incident details on 4 June.
Further Action	This incident was caused by the IPCC FOI team member failing to check the papers printed on a shared printer before posting. IPCC now provide the FOI team a dedicated printer and are considering investing in Pin to Print technology. The ICO responded on 16 June confirming their satisfaction with the steps taken by IPCC.			
<b>Incident Two 2010-11</b>				
Date of Incident	Nature of Incident	Nature of Data Involved	Number of People potentially affected	Notification Steps
25 May 2010	IPS discovered 21 passport renewal applications for 14 adults and 7 children, with previous passports enclosed, were missing from the Peterborough office.	The data compromised in the passport applications comprised: name; address; gender date of birth place of birth; signature; contact telephone number; two photos of the passport applicants; and their old passports that were submitted for cancellation. Of the 21 passports sent with the applications, 18 were already expired.	21	The ICO was notified of this incident.
Further Action	In February 2011, IPS signed an ICO undertaking to raise staff awareness; to ensure appropriate security measures including the monitoring of applications, to undertake regular inspections and audits of technical and organisational systems that handle classified, personal and sensitive information; and to protect such information against unauthorised loss, destruction and damage.			

<b>Incident Three 2010-11</b>				
Date of Incident	Nature of Incident	Nature of Data Involved	Number of People potentially affected	Notification Steps
Date Unknown  Date OCIO informed: 22 Nov 2010	During the prosecution of a UKBA cleaner for theft and ID card fraud, the police found material at his home which included the personal data of several UKBA customers. The information was taken with the intent to commit a crime. UKBA have advised the data subjects and relevant authorities. The police are pursuing prosecution of the cleaner.	Personal information on their identity cards; passport; sensitive information on asylum claims; detention notices; appeals; statements of evidence; financial statements; employer details and payslips; and documents from relatives and third parties such as solicitors and doctors.  A number of anonymised fingerprint forms.	13	The ICO was notified of this incident.
Further Action	The UKBA's transition to the scanning of documents and electronic case working will in future eliminate the risks of paper-based material being stolen or mislaid. UKBA have also reviewed and reinforced local guidance to all staff on the correct procedures to be followed in relation to information security. Any further action will need to await the outcome of the ongoing police investigation.			
<b>Incident: Four 2010-11</b>				
Date of Incident	Nature of Incident	Nature of Data Involved	Number of People potentially affected	Notification Steps
Unknown  OCIO informed by UKBA on 21 Mar 2011	The ICO contacted the Home Office in February 2011 to advise them of a complaint by a member of the public that UKBA had lost her personal documents submitted to them in 2009.	Unknown.  UKBA are searching for the documents.	1	The data subject complained to the ICO.
Further Action	To be determined when the case is concluded.			

**TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA INCIDENTS IN 2010-11**

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	5
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	3
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	-
IV	Unauthorised disclosure.	10
V	Other	-

In 2009-10 one Category I, three Category IV and eighteen Category V incidents were reported.

### Community Issues

Staff can apply for special leave with pay of up to five working days a year to work outside the Home Office as a volunteer. More days are available, for example, for staff who undertake community work as a special constable (ten days), a magistrate (eighteen days) or a school governor (six days).

The Home Office recognises that staff who undertake voluntary work not only benefit the communities in which they live and work, but also gain skills and experience that may be useful in the workplace.

Links to a wide range of volunteering opportunities are advertised on the departmental intranet.

### Staff Sickness

For the 2010-11 reporting period, the average number of days recorded as absent due to sickness per member of staff was 7.7, against the Home Office corporate target of 8 working days.

### Pension Scheme Liabilities

Employees in the core department are primarily members of the Principal Civil Service Pension Scheme (PCSPS). This scheme is an unfunded multi-employer defined benefit scheme with benefits paid by the Cabinet Office as they fall due, secured against future tax yield. The Cabinet Office produces a separate annual PCSPS scheme statement. The Home Office pays contributions to meet the actuarially calculated cost of pensions and is responsible for certain costs associated with early retirements. These costs are charged to the Statement of Consolidated Net Expenditure. The Home Office (in common with other departments) is unable to identify its share of the underlying PCSPS assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the Civil Superannuation Resource Accounts at <http://www.civilservice.gov.uk/my-civil-service/pensions/governance-and-rules/resource-accounts.aspx>

Civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus) which are now closed to new members, but which continue to take new contributions from existing members; or a 'whole career' scheme (nuvos). Nuvos has been available to new members since 30 July 2007. Since 1 October 2002, civil servants have also been able to opt for a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Ministers of the Home Office are members of the Ministerial Pension Scheme (MPS) which is a part of the Parliamentary Contributory Pension Fund (PCPF) and provides benefits on a 'final salary' basis. It is a funded scheme and is administered by the House of Commons Pensions Unit. These accounts include the Home Office

liabilities for undischarged contribution payments, and for the future costs of early retirement compensation payable to the PCSPS. They do not show the total pension liability in respect of employees or pensioners within the departmental boundary.

### Payment of Suppliers

The Home Office has implemented the Confederation of British Industry's (CBI) prompt payment code, the British Standard for payment. Through the adoption of measured service improvement, accurate and timely management information and effective business engagement, the Home Office paid 86 per cent of compliant invoices within 5 days of receipt, against a target of 80 per cent.

Late payment interest and late payment charges are low in value and few in volume, which reflects our payment performance.

The Home Office payment policy is described in the Suppliers Guide. This can be found, with other information published prior to 7 May 2010, on the archived version of the Home Office website kept by The National Archives:

<http://tna.europarchive.org/20100413151427/http://commercial.homeoffice.gov.uk/documents/suppliersguide1.html>

### Environmental Issues

The ambition of the Home Office is to be recognised as a green organisation in the way we do our business.

The period covered by this annual report and accounts is also the dry-run year for the production of a Sustainability Report which is included in this Annual Report and Accounts. This dry-run report aims to provide information that is consistent and comparable between different public sector bodies and also between different accounting periods for the same body.

### Remuneration Report

#### Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances, on Peers' allowances and on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional and local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the Government's Departmental Expenditure Limits, and
- the Government's inflation target

In making recommendations, the Review Body considers any factors that the Government and other witnesses may draw to its attention. In particular it has regard to:

- differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind
- changes in national pay systems, including flexibility and the reward of success, and job weight in differentiating the remuneration of particular posts
- the need to maintain broad linkage between the remuneration of the three main remit groups, while allowing sufficient flexibility to take account of the circumstances of each group, and



- the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

The disclosures within this Remuneration Report are subject to audit.

### Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. *The Recruitment Principles* published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, all the named officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

Independent non-executive directors of the Home Office Board are recruited through fair and open competition. All non-executive directors on the Supervisory Board are appointed by the Home Secretary. Non-executive directors of the board are appointed for an initial period of three years with an option to extend for a further three years. These appointments can be terminated with one month's notice period.

The start and end dates of the non-executive directors are as follows:

Non-Executive Director	Initial Start Date	Current End Date
John Heywood	2 January 2007	1 January 2012
Philip Augur	22 February 2010	21 February 2013
Val Gooding	4 January 2011	3 January 2014
Dianne Thompson	4 March 2011	3 March 2014
John Allan	4 March 2011	3 March 2014

### Public Appointments

The Home Office sponsors 17 public bodies including six executive and seven advisory NDPBs. Each public body is supported by a Sponsor Team that has responsibility for running public appointment campaigns, all of which are conducted in accordance with the *Code of Practice of the Commissioner for Public Appointments*. Where appointments are not regulated by the Commissioner, the Code is followed as best practice so as to ensure that the principles of openness and transparency and appointment on merit permeate all our appointments. Details of public appointments made during 2010-11 can be found on the Home Office website at: <http://www.homeoffice.gov.uk/about-us/corporate-publications-strategy/>

### Remuneration Committees

The Home Office Remuneration Committees determine the salaries paid to senior civil servants (SCS) within the Home Office. During 2010-11 the committees comprised:



**Pay Band 3 Remuneration Committee**

Dame Helen Ghosh (Chair), Philip Augur, Kevin White

**Pay Band 2 Remuneration Committee**

Dame Helen Ghosh (Chair), Kevin White, Helen Kilpatrick, Yasmin Diamond, Charles Farr, Stephen Rimmer, Jonathan Sedgwick, Peter Makeham, and David Seymour

**Pay Band 1 Remuneration Committee**

Dame Helen Ghosh (Chair), Kevin White, Helen Kilpatrick, Yasmin Diamond, Charles Farr, Stephen Rimmer, Jonathan Sedgwick, Peter Makeham, and David Seymour

The assessment and review of performance for Senior Civil Servants is based on individual performance. Individuals are ranked in four performance groups in each pay band

Group 1 – top 25% of performers

Group 2 – next 40% of performers

Group 3 – next 20-30% of performer

Group 4 – bottom 5-15% of performers

For 2010-11, only Group 1 will be eligible for a non-consolidated performance payment i.e. 25% of the SCS.

The Senior Salaries Review Board (SSRB) determines the percentage of SCS pay that can be used for non-consolidated performance payments. Following SSRB recommendations, the Cabinet Office set the guidelines on senior civil service bonuses for all government departments. No bonuses have been paid to senior civil servants in the Home Office for the performance year 2010-11. However, given the current climate the Home Office has decided, along with most other government departments, to limit the amount used for non-consolidated performance payments to under 5 per cent of the SCS pay bill.

The bonus payment disclosed for officials in this report for 2010-11 refers to 2009-10 performance related pay which was paid in July 2010. The bonus disclosed for 2009-10 prior year comparatives is the 2008-09 performance related pay which was paid in July 2009.

In 2009-10, these payments were £10,000 (Pay Band 2 and 3) and £7,500 (Pay Band 1) for Group 1 and £6,000 (Pay Band 2 and 3) and £3,500 (Pay Band 1) for Group 2. The payments relating to the 2009-10 year were paid in July 2010. Payments relating to 2010-11 are yet to be finalised.

The total Home Office Board bonus pool for 2009-10 performance was £60,000. Due to the decision to limit bonuses, payments disclosed in the Remuneration Report for 2010-11 would not be materially different were they based on an estimated accrued 2010-11 bonus rather than the 2009-10 bonus paid in 2010-11.

**Remuneration (salary and payments in kind)**

Where an individual has only served for part of the year, the full year equivalent salary is reported in brackets. Ministers do not receive bonuses.

Ministers	2010-11		2009-10	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Rt Hon Theresa May MP Home Secretary (from 12 May 2010)	61,056 (68,827)	-	-	-
Rt Hon Alan Johnson MP * Home Secretary (until 11 May 2010)	28,436 (78,356)	-	58,985 (78,356)	-
Rt Hon Jacqui Smith MP * Home Secretary (until 5 June 2009)	-	-	33,737 (78,356)	-
Damian Green MP (from 13 May 2010)	29,187 (33,002)	-	-	-
Nick Herbert MP (from 13 May 2010)	29,187 (33,002)	-	-	-
Baroness Neville-Jones** (from 13 May 2010)	73,097 (78,891)	-	-	-
Lynne Featherstone MP (from 14 May 2010)	20,894 (23,697)	-	-	-
James Brokenshire MP (from 18 May 2010)	20,639 (23,697)	-	-	-
Alan Campbell MP * (until 11 May 2010)	11,196 (30,851)	-	31,027	-
Vernon Coaker MP * (until 8 June 2009)	-	-	10,162 (40,646)	-
David Hanson MP * (until 11 May 2010)	14,751 (40,646)	-	30,717 (40,646)	-
Meg Hillier MP * (until 11 May 2010)	11,196 (30,851)	-	31,027	-
Lord West of Spithead** (until 11 May 2010)	26,248 (72,326)	-	72,326	-
Phil Woolas MP * (until 11 May 2010)	14,751 (40,646)	-	40,878	-

\* In 2010-11 the Rt Hon Alan Johnson MP received a payment of £19,589 in lieu of notice upon leaving the Home Office as did the following ministers – Alan Campbell MP (£7,713), David Hanson MP (£10,162), Meg Hillier MP (£7,713), Lord West (£18,082), Phil Woolas MP (£10,162).

In 2009-10 the Rt Hon Jacqui Smith MP received a payment of £19,589 in lieu of notice upon leaving the Home Office.

\*\* Baroness Neville-Jones and Lord West sit in the House of Lords and are not in receipt of an MP's salary; therefore, their full ministerial salary is reported here. The salary shown for the other ministers only relates to the difference between their MP's salary and their minister's salary, as the MP element is paid via the House of Parliament and not the Home Office.

Officials	2010-11			2009-10		
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Dame Helen Ghosh <i>Permanent Secretary (from 1 January 2011)</i>	45-50 (180-185)	-	-	-	-	-
Sir David Normington <i>Permanent Secretary (until 31 December 2010)</i>	140-145 (185-190)	-	5,500	185-190	-	7,300
Helen Kilpatrick <i>Director General, Financial and Commercial</i>	210-215	10-15	-	205-210	15-20	-
Charles Farr <i>Director General, Office for Security and Counter-Terrorism</i>	135-140	5-10	-	135-140	10-15	-
Stephen Rimmer <i>Director General, Crime and Policing Group*</i>	125-130	-	-	125-130	10-15	-
Peter Makeham <i>Director General, Strategy and Reform</i>	160-165	5-10	-	160-165	15-20	-
Kevin White <i>Director General, Human Resources**</i>	140-145	5-10	-	190-195	10-15	-
Lin Homer <i>Chief Executive, UK Border Agency (until 9 January 2011)</i>	160-165 (205-210)	5-10	-	205-210	15-20	500
Jonathan Sedgwick <i>Acting Chief Executive, UK Border Agency (from 10 January 2011)</i>	25-30 (115-120)	-	-	-	-	-
James Hall <i>Chief Executive, Identity &amp; Passport Service (until 15 July 2010)</i>	45-50 (185-190)	5-10	4,100	185-190	10-15	9,600
Yasmin Diamond <i>Director, Communications</i>	130-135	10-15	600	130-135	10-15	900
David Seymour <i>Legal Advisor (Board Member From 10 January 2011)***</i>	30-35 (145-150)	-	-	-	-	-

\* Stephen Rimmer was awarded a bonus in 2010-11 in respect of 2009-10 but declined the payment.

\*\* Kevin White's 2009-10 salary included accommodation expenses of £49,830, which he ceased to receive from 1 April 2010. His 2010-11 salary disclosed above does not include £40,790 processed through payroll in respect of taxation for expenses received in 2009-10.

\*\*\*Although David Seymour was in post in 2009-10 and 2010-11 he did not sit on the Board. The disclosure only covers the time he has been a Board member.

Non-Executive Directors	2010-11		2009-10	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Philip Augar	-	-	-	-
John Heywood	20-25	-	20-25	-
Val Gooding (From 4 January 2011)	0-5 (20-25)	-	-	-
John Allan (from 4 March 2011)	0-5 (15-20)	-	-	-
Dianne Thompson (from 4 March 2011)	0-5 (15-20)	-	-	-

The non-executive directors listed above are those who sat on the Home Office Board, the Home Office Supervisory Board and the Executive Management Board. Non-executive directors do not receive bonuses. Other non-executive directors are employed by the Home Office's agencies and NDPBs and their details can be found in the accounts of these bodies. In 2010-11 Philip Augar declined the salary for his role as a non-executive director.

### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£65,738 from 1 April 2010, £64,766 from 1 April 2009) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. Benefits reported are calculated as the taxable value and include the private use of a car, travel and accommodation.

## Pension Benefits

Ministers	Accrued pension at age 65 as at 31 March 2011	Real increase in pension at age 65	CETV at 31 March 2011	CETV at 31 March 2010	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Theresa May MP Home Secretary (From 12 May 2010)	0-5	0-2.5	16	-	10
Rt Hon Alan Johnson MP Home Secretary (Until 11 May 2010)	10-15	0-2.5	160	159	1
Damian Green MP (From 13 May 2010)	0-5	0-2.5	12	-	8
Nick Herbert MP (From 13 May 2010)	0-5	0-2.5	9	-	5
Baroness Neville-Jones (From 13 May 2010)	0-5	0-2.5	30	-	21
Lynne Featherstone MP (From 14 May 2010)	0-5	0-2.5	11	-	7
James Brokenshire MP (From 18 May 2010)	0-5	0-2.5	6	-	2
Alan Campbell MP (Until 11 May 2010)	0-5	0-2.5	43	42	1
Meg Hillier MP (Until 11 May 2010)	0-5	0-2.5	17	17	-
David Hanson MP (Until 11 May 2010)	5-10	0-2.5	86	85	1
Lord West of Spithead* (Until 11 May 2010)	-	-	-	-	-
Phil Woolas MP (Until 11 May 2010)	5-10	0-2.5	90	90	-

\* Lord West has opted out of the PCPF and therefore a value is not reported.

## Ministerial Pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The arrangements for ministers provide benefits on an 'average salary' basis, taking account of all service as a minister. The accrual rate has been 1/40 since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but ministers, in common with all other members of the PCPF, can opt for a 1/50 accrual rate and a lower rate of employee contribution. An additional 1/60 accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are revalued annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60 accrual rate, 7.9% of salary if they have opted for the 1/50 accrual rate or 11.9% of salary if they have opted for the 1/40 accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7% of the ministerial salary.

The accrued pension quoted is the pension the minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

### The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### The Real Increase in the Value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the minister. It is worked out using common market valuation factors for the start and end of the period. Where the individual was not in post for the full year, the CETV at 31 March 2010 represents the value as at their start date and the CETV at 31 March 2011 represents the value as at their end date.

The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors, for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Officials	Accrued pension at age 60 as at 31 March 2011 and related lump sum	Real increase / (decrease) in pension and related lump sum at age 60	CETV at 31 March 2011	CETV at 31 March 2010	Real increase / (decrease) in CETV <sup>1</sup>	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Dame Helen Ghosh <i>Permanent Secretary (from 1 January 2011)</i>	55-60 plus lump sum of 170-175	0-2.5 plus lump sum of 5-7.5	1,147	1,063	33	-
Sir David Normington <i>Permanent Secretary (retired 31 December 2010)</i>	85-90 plus lump sum of 260-265	(0-2.5) less lump sum of (0-2.5)	2,001	1,883	(7)	-
Helen Kilpatrick <i>Director General, Financial and Commercial</i>	80-85	(0-2.5)	1,214	1,127	(14)	-
Charles Farr <i>Director General, Office for Security and Counter-Terrorism</i>	50-55 plus lump sum of 160-165	0-2.5 plus lump sum of 5-7.5	934	833	29	-
Stephen Rimmer <i>Director General, Crime and Policing Group</i>	40-45 plus lump sum of 125-30	0-2.5 plus lump sum of 0-2.5	645	589	3	-
Peter Makeham <sup>2</sup> <i>Director General, Strategy and Reform</i>	80-85	0-2.5	1,582	1,546	(2)	-
Kevin White <i>Director General, Human Resources</i>	60-65 plus lump sum of 180-185	(0-2.5) less lump sum of (0-2.5)	1,406	1,341	(4)	-
Lin Homer <i>Chief Executive, UK Border Agency (until 9 January 2011)</i>	95-100	(0-2.5)	1,491	1,443	(14)	-
Jonathan Sedgwick <i>Acting Chief Executive, UK Border Agency (from 10 January 2011)</i>	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	326	316	8	-
James Hall <sup>3</sup> <i>Chief Executive, Identity &amp; Passport Service (until 15 July 2010)</i>	-	-	-	-	-	-
Yasmin Diamond <i>Director, Communications</i>	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 2.5-5	276	243	10	-
David Seymour <i>Legal Advisor</i>	60-65 plus lump sum of 190-195	(0-2.5) less lump sum of (0-2.5)	1,462	1,395	(4)	-

<sup>1</sup> Where this figure is negative, taking account of inflation, the CETV funded by the employer has decreased in real terms.

<sup>2</sup> Peter Makeham's last day of service was 16 May 2011.

<sup>3</sup> James Hall was not a member of any Civil Service Pension Scheme and has opted out of the Stakeholder Pension Scheme.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic, premium or classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium, classic plus** and **nuvos** are increased annually in line with changes in the Consumer Prices Index (CPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium, classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80 of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60 of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with RPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic, premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/my-civil-service/pensions/index.aspx](http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.



**Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. Where the individual was not in post for the full year, the CETV at 31 March 2010 represents the value as at their start date and the CETV at 31 March 2011 represents the value as at their end date.

The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors, for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Dame Helen Ghosh  
Accounting Officer  
7 July 2011

### Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, the department is required to prepare Resource Accounts for each financial year, in conformity with a HM Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

The Resource Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department, the net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

HM Treasury has appointed the Permanent Secretary of the department as Accounting Officer of the department with responsibility for preparing the department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the Accounts the Accounting Officer is required to comply with the Government Financial Reporting Manual (FReM) prepared by HM Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual (FReM), have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the department's assets, are set out in the Accounting Officer's Memorandum, issued by the Treasury and published in *Managing Public Money*.

Dame Helen Ghosh  
Accounting Officer  
7 July 2011

## Statement on Internal Control

### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Home Office's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in 'Managing Public Money'.

I discharge my responsibilities as Accounting Officer in conjunction with Accounting Officers of the department's agencies, Non Departmental Public Bodies (NDPBs) and other public bodies. My relationship with these Accounting Officers is set out in statements contained in the respective Framework Arrangements, Financial Memoranda and designatory letters. Each of the Home Office agencies and NDPBs produces their own Statement on Internal Control which is published in their Resource Accounts. My statement reflects the significant issues arising across the Home Office.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Home Office for the year ended 31 March 2011 and up to the date of approval of the Annual Resource Accounts, and accords with Treasury guidance.

### The Risk and Control Framework

Our risk management strategy is to be clear about what we are trying to achieve, to identify what might stop us from achieving our objectives, to assess these risks, take action to mitigate them to an agreed range and then to review progress. This includes public protection risks as well as risks to our information, operations and projects. Agreeing the realistic level that we are prepared to tolerate for each of our risks is a crucial element of the effective management of risk, and during this past year, this has been an area of significant focus and improvement.

This strategy is implemented throughout the organisation using a control framework comprising

- clear accountabilities for the action to tackle risks
- a structured process for identifying, assessing, communicating, escalating and managing risks. This includes expected good management behaviours that are currently monitored through our Risk Management Maturity Model

Continuous review of the effectiveness of the control and risk management across the Home Office is provided by our corporate governance structures. The Home Office was an early adopter of the Cabinet Office draft corporate governance framework, and has drawn on elements of best practice in the draft code to reconfigure our governance hierarchies and reporting mechanisms. The main management and control functions are:

- the Home Office Supervisory Board, which meets bi-monthly and forms the collective strategic and operational leadership of the department, bringing together the Ministerial and Civil Service leaders with senior non-executives from outside government. It advises and challenges on performance and delivery, including appropriate oversight of sponsored bodies
- the Home Office Executive Management Board (EMB), which meets monthly to consider the strategic direction of the organisation and the risks facing the department along with the effectiveness of their mitigating actions
- the Risk Committee, which provides the EMB with advice on the top risks that it should consider for escalation to the corporate risk register. The Risk Committee is a sub-committee of the Home Office EMB
- the Operating Reviews, which I hold on a risk-based frequency, and monthly for the main operational

business areas, to consider current and future financial, performance and risk issues faced by each Home Office business unit in detail

- the Group Investment Board, which approves and monitors at key stages, projects above threshold criteria based on priority, risk, value, complexity and sensitivity
- the Audit and Risk Assurance Committee, which provides independent advice to me and Supervisory Board members on the adequacy of arrangements for corporate governance, risk management and internal control
- Audit and Assurance Unit, who complete a risk based programme of audits annually and provide independent advice to the Audit and Risk Assurance Committee
- the National Audit Office (NAO), who form an external opinion on the department's financial statements and conduct good governance reviews and value for money audits
- the Senior Information Risk Owner, who provides an assessment of the department's information risk exposure and provides assurance on this
- the application of our Assurance Framework. This is designed to supplement risk management arrangements. The framework describes 'what good control looks like' in the context of Home Office business and it describes the benchmark is management to follow

### Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the EMB, the Audit Committee and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

During the year 2010-11, the department has built on and embedded its financial, operational and people management controls and has earned recognition across government for its framework for managing its finances and delivering complex change programmes. We have also delivered significant workforce reductions on budget and to short timescales. Certain control issues have been identified and are being addressed, and a plan is in place to ensure continuous improvement.

### Risk Management

Risk management remains one of our critical processes and the effectiveness of this activity has been strengthened throughout 2010-11. The key focus has continued to be the identification and effective management of the key threats to the public, with the Risk Committee keeping the EMB and Supervisory Board informed of emerging risks and the actions being taken to counter them. We will continue to develop our risk management maturity to ensure that good practice is fully embedded across the whole of the department.

Risks are assessed against the impacts they might have on public protection, finance, the reputation of the government and the Home Office, and the delivery and achievement of objectives. At every level of the Home Office, from unit upwards, key risks are identified and recorded on risk registers and have mitigating actions set against them. More serious risks are escalated to directorate risk registers, and ultimately to the corporate risk register. Risk registers are used to track change over time and to implement our process for escalating or de-escalating risks between levels.

The corporate risk register contains the 'critical few' risks for the entire department – typically between seven and twelve risks. Risks for escalation to the corporate risk register are discussed and recommended by the Risk Committee and agreed by the EMB. The Home Secretary chaired Supervisory Board considers the Corporate Risk Register at each meeting, typically focussing on an in-depth discussion of one of the risks and how it is being managed.

## Financial Controls

Our financial management capability is increasingly robust and feedback from the Public Accounts Committee and the National Audit Office suggests that we are now well-regarded in relation to our ability to manage a large and complex budget. A recent NAO report on Improving Financial Management stated that 'the Home Office have improved notably in recent years and are showing elements of 'enhanced' practice, particularly in increasing the influence of finance on the organisation's overall strategic management'. During 2010-11, we demonstrated this by successfully managing an in-year budget reduction of £358 million, and by responding quickly to implement key Coalition decisions, such as the cancellation of ID cards.

We have made good progress in embedding the improvements initiated in 2009-10, notably by extending the Framework Grant agreement with HM Treasury and working with police forces to get better insight into pensions forecasts. This completes our response to issues identified in 2008-09. We have responded to the budgetary changes introduced in HM Treasury's alignment project, and have made good progress in planning for the wider consolidation of NDPBs into the annual accounts for 2011-12. We have also successfully concluded a number of finance improvement strategy initiatives, including projects on fee modelling, the budget delegation process and new business. These improvements in financial control have been recognised by the Audit and Assurance Unit.

Our control framework has helped ensure the department lived within its control totals and identified and took action on emerging issues. In 2010-11, these included responding to a contraction in the forensics market and ending a contract with a supplier whose performance had not been compliant with their contractual obligations (see project and programme management below).

The Home Office is committed to ensuring the continued provision of effective forensics to the Criminal Justice System. As a result of a contraction in the forensics market, the Forensic Science Service (FSS) has experienced unsustainable operating losses with the prospect of further shrinkage in demand for their services. Following a period of consultation, Ministers decided that a managed closure of the FSS was in the best interests of the system as a whole. Close working relationships with key partners will continue throughout the transition period.

In previous years, there has been an issue for the UKBA with regard to civil penalties and bad debt write-offs. Significant progress has been made this year in relation to the collection of civil penalties for employers who commit immigration offences. However, significant levels of write-offs remain and there is scope for further improvement in the management of bad debts. This is being addressed by the UKBA through a combination of enforcement, debt recovery action through the courts and wider efficiency improvements.

We have set in train a number of initiatives for 2011-12, such as the creation of a Central Support Unit consolidating finance and other corporate support functions across a number of central directorates. We have also taken action to extend the use of our shared finance service provision to the majority of our agencies.

## Spending Controls and Austerity Measures

In response to tighter central controls, the Home Office reviewed all spending approvals given between January 2010 and the Election, and set up streamlined processes for seeking approval from the Efficiency and Reform Group for spend on ICT, consultancy, marketing and advertising, complex or non-standard commercial models, and property above the thresholds set by the Minister for the Cabinet Office and Chief Secretary to the Treasury.

Since June 2010, the Home Office has implemented an austerity drive and tightened the controls on a range of items, such as travel, office supplies and conferences. Reporting against certain categories is now part of the in-year financial management process. Spend in these categories was reduced by around 40 per cent against 2009-10 levels, while spend on consultancy services reduced by over 60 per cent, in excess of the target of a 50 per cent reduction. This has been achieved by in-sourcing work, re-negotiating rates and ending programmes with high consultancy costs.

### Value for Money

We continue to extend our strong focus on efficiency and value for money, challenging all areas of the business to build on efficiency gains to date and to develop structured cost reduction plans that enable them to reduce costs while maintaining delivery.

The police QUEST and UK Border Agency and Home Office Front Runner Continuous Improvement programmes have yielded substantial savings through focussing on operational workforce productivity. Improved efficiency and value for money has also been achieved through greater use of shared services for support functions, commercial and procurement initiatives such as 'Extend and Blend', and reshaping the Home Office workforce to significantly reduce headcount while continuing to deliver key services well. A systematic process of assurance activity has been designed to underpin the department's Value for Money strategy over the next Spending Review period.

The NAO conducted a VfM study on the Immigration Points Based System (PBS) for employment routes. The NAO concluded that the system is not yet delivering value for money, although the system did provide an adaptable means of meeting the UK's work-related immigration policy objectives. The UKBA has work in hand to address the recommendations made by the NAO.

### Transparency

The Home Office is fully committed to the Government's Transparency Agenda to further enable the public to hold public bodies to account; to help reduce the deficit and deliver better value for money in public spending; and to realise economic benefits by enabling business and non-profit organisations to build innovative applications and websites using public data.

During 2010-11, the Home Office met all of the commitments outlined in the Prime Minister's letter of 31 May 2010 (see the No.10 website). In addition to the release of street level crime and Anti-Social Behaviour data through [www.police.uk](http://www.police.uk), and spend, contract and salary data, the Home Office was also one of the first departments to publish live energy consumption data in re-usable form. To date, the Home Office has published over 200 datasets on the government's data hub [www.data.gov.uk](http://www.data.gov.uk) in an open, re-useable format.

The Home Office Business Plan (November 2010) includes input and impact indicators which will enable the public to make up their own minds about how the Home Office is performing. It contains an information strategy that was recognised by Cabinet Office as 'the best across Whitehall'.

### **Operational controls**

The Home Office vision and priorities were set out in the Business Plan published in November 2010. This includes a Strategic Reform Plan (SRP) setting out key Coalition commitments. I manage performance against our statutory functions and the SRP through regular Operating Reviews with my executive managers. We are also held to account on our performance by Parliament, the Chief Inspector of Immigration and the NAO. A refreshed 2011-15 Business Plan was published in May 2011.

### Programmes and Projects

The 2010 NAO report 'Home Office: Management of Major Projects' acknowledged our progress in managing major projects. The assurance and approvals process established by the new Major Projects Authority was modelled largely on the Home Office's framework. The keystone of this approach requires the development of an Integrated Assurance and Approvals Plan for each major project, showing financial approvals from the Group Investment Board and HM Treasury, as well as all assurance interventions (starting gate review for any new project, 'deep dive' project assessment reviews, gateway reviews and regular reporting and escalation processes to Ministers).

Internal processes have been strengthened by the development of the Capital and Portfolio Management Board, which enhances our capacity to re-deploy the Capital budget on a department-wide basis. It also provides assurance for the Group Investment Board on the affordability and strategic fit of any proposals for new Capital



spend. In parallel, we are driving up the quality of reporting on major projects by monitoring more carefully the delivery of benefits against those predicted in the business case.

A number of the Home Office's major projects including e-Borders, Communications Capability and the Immigration Casework Programme were subject to in-depth reviews during the course of 2010-11, linked to the Spending Review and designed to ensure that the programmes presented good value for money and were delivering benefits in line with government priorities.

The Olympics Security Programme is a strong example of where the department has put in place effective governance structures to support delivery of a large, complex, cross-government programme. We are on track to make the transition to operations, and to deliver a safe and secure Olympic and Paralympic Games in 2012. The Police National Database, a national database of police intelligence recommended by Sir Michael Bichard in 2004 following the Soham murders, is now being rolled out, giving police officers direct access to intelligence originating in other forces.

In July 2010, the decision was made to terminate the contract with Raytheon Systems Ltd (RSL) for e-Borders for cause. A full disclosure of the impact of this decision is set out in note 34 to the accounts. Since then, we have novated the contracts for the existing operational services from RSL and will be taking steps to make them more resilient.

Reports on the PBS were produced by the Independent Chief Inspector (February 2011) and the NAO (March 2011). Both expressed some concern about the level of assurance the agency could provide in managing the risk that migrants and their sponsors would not comply with the immigration rules. The UKBA has already put in place work to improve PBS efficiency and productivity. Introduction of the new immigration case work (ICW) system will increase the agency's capability to identify and act against immigration abuse, and enable it to improve customer service and deliver better value for money to the public.

Information Assurance

#### Information Assurance

The Home Office maintains a strong emphasis on managing information risk. The risk of data loss is managed as one of the top corporate-level risks. We have sustained a programme of activity to reduce information risks and improve the way the department uses and protects information.

At the end of March 2011, 95 per cent of Home Office Headquarters staff had successfully completed the mandatory annual refresher 'Protecting Information' e-learning training. Tailored workshops and risk management training were also provided for all Headquarters information asset owners (IAOs). In May 2011, the department (including NDPBs and third party suppliers) was assessed against the revised Information Assurance Maturity Model, and we maintained our Level 3 compliance.

The UK Border Agency continues to maintain two variations from the recommendations in the Hannigan Review on data handling procedures. These variations, approved by the Home Office and agency Senior Information Risk Owners, relate to the inability to secure all of the agency's paper file records and files, and to automatically encrypt all information being sent beyond the government secure internet network. The agency has undertaken a number of mitigation activities, including a review of paper record storage arrangements in its major casework units, and has recently signed a new paper casework storage contract which is due to go live in February 2012. The Home Office is developing a strategic response on encryption.

There have been four incidents of note with respect to data handling and inappropriate access or exposure to personal data. We have worked closely with the Information Commissioner to resolve them, and brought breaches to the attention of Ministers and the Cabinet Office, as appropriate. In one incident, relating to inappropriate access to sensitive personal data by a contracted cleaner, the data subjects were contacted and the cleaner is subject to criminal proceedings. In each case, prompt action was taken to mitigate the impact of the exposure and lessons have been learned to avoid a repeat.

A number of low level incidents were reported and investigated. There was no evidence of any compromise to the department and procedures have been put in place to reduce the risk of recurrence.

### IT security

Information technology accreditation and information security consultancy are primary responsibilities of the Departmental Security Unit (DSU). The well established accreditation programme remains the basis for managing risk for Home Office IT systems. An experienced team of accreditors follow every IT project through to completion, giving the necessary assurance that all IT assets are adequately protected.

We have successfully improved data handling across the Home Office supply chain through our Supplier Information Assurance Compliance Programme and have led audits of third party suppliers to ensure that their policies, systems and controls for handling our sensitive data are assessed, and risks mitigated in accordance with the Security Policy Framework. An audit of Adelphi Services, our enterprise resource management system for finance, human resources and procurement, highlighted the need to tighten controls on individuals with increased 'access rights'. No incidents have occurred in the period, and tighter controls were completed in April 2011.

### Physical security

An audit of physical security at the Marsham Street headquarters building has recently taken place. This audit identified a number of key issues around the maintenance of security protocols predominantly derived from the nature of the existing contracts, lack of clarity of responsibility and consistency of application. The result was that the Home Office is not in full compliance with government information security standards and certain aspects of the Home Office security policy. An action plan has been developed and internal processes put in place to rectify the issues identified.

### Business Continuity Planning

Home Office business continuity planning has continued to evolve. An in-house designed business continuity e-learning package has been released for general use throughout the Home Office and has been made mandatory for business continuity co-ordinators within the business.

The Business Continuity Team has commenced a series of audits to ascertain if plans are up-to-date and have been exercised. Initial results show 75 per cent of business units have effective plans and further work is ongoing to bring the remaining units up to an acceptable standard. Audit and Assurance Unit have recently recommended that all units test their business continuity plans and that a departmental approach to business continuity planning, which includes executive agencies, is developed.

A work place recovery exercise of the Home Office business continuity plan took place in February 2011. This involved a total of 56 personnel; 41 of these from the most business critical units throughout headquarters plus 15 members of the business recovery and incident management teams. The exercise was led by the Director Generals with the role of the Business Continuity Champion and Deputy. Staff were able to maintain business critical outputs from an identified fallback location.

## **People management controls**

### Workforce and pay

The Home Office has run two voluntary exit schemes in 2010-11, with over 2,000 staff leaving. This has put the Home Office slightly ahead on our plans to reduce the workforce by 6,500 full time equivalent over the Spending Review Period. The Home Office has robust workforce plans in place for the next year which will allow it to continue to manage down its workforce and live within budgets agreed at the Spending Review.

### Personnel Security

In December 2010, DSU commenced a programme of e-vetting, further utilising the services of the Foreign and Commonwealth Office to conduct Developed Vetting level security clearance checks. In March 2011, e-vetting was extended to include other levels of security clearance checks, although the Home Office retains the responsibility for making the final decisions on clearances.



DSU has been working jointly with the Audit and Assurance Unit to provide Home Office units with advice and clear direction on responsibilities and procedures in line with the Security Policy Framework. Over the last 12 months, DSU has developed its own professional capability for investigating unauthorised disclosures of information and breaches of security, further developing staff through education and awareness. The number of security breaches within the department is broadly consistent with previous years.

#### Health and Safety

The Health and Safety Executive (HSE) carried out a management inspection of the UK Border Agency. The findings in the inspection report identified some areas of exception which are being progressed through an agreed action plan to secure improvements to the management of health and safety.

Raising awareness of responsibilities and providing formal nationally-accredited qualifications to the health and safety liaison officers has continued. Over 90 per cent of the SCS have now received awareness training, and two e-learning awareness packages have been released and mandated for management grades to further improve knowledge and understanding of managing health and safety issues.

#### **Conclusion**

We continue to make good progress in improving our control frameworks and in introducing further measures to ensure effective controls operate consistently across the Home Office Group. Over the year ahead, we will extend our strong focus on efficiency and value for money, challenging areas of the business to meet the current and future pressures and to build on efficiency gains made to date.

Dame Helen Ghosh  
Accounting Officer  
7 July 2011

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Home Office for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, Consolidated Statement of Comprehensive Net Expenditure and the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the department; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the department's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Emphasis of Matter – Uncertainties over e-Borders legal case

Without qualifying my opinion, I draw attention to the disclosures made in Note 34 which details the impact on net expenditure and the financial position at 31 March 2011 of the termination of the e-Borders contract with Raytheon Systems Limited. Furthermore, the note describes the uncertainty as to the outcome of the arbitration process between UKBA and Raytheon, who are both claiming damages from the other party.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Foreward to the Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

*Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP*

*8 July 2011*

## STATEMENT OF PARLIAMENTARY SUPPLY

## Summary of Resources Outturn 2010-11

Request for Resources	Note	Estimate 2010-11			Outturn 2010-11			2010-11 £000	2009-10 £000 Outturn*
		Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total	Net Total outturn compared with Estimate saving/ (excess)	Net Total
Request for Resources 1	2	12,601,937	(1,539,962)	11,061,975	12,162,209	(1,431,843)	10,730,366	331,609	10,769,554
<b>Total Resources</b>	3	12,601,937	(1,539,962)	11,061,975	12,162,209	(1,431,843)	10,730,366	331,609	10,769,554
Non-operating cost A in A			(9,788)			(4,391)		(5,397)	(4,371)

## Net Cash Requirement 2010-11

	Note	Estimate	Outturn	2010-11 £000	2009-10 £000
				Net Total outturn compared with Estimate saving/ (excess)	Outturn
Net Cash Requirement	4	10,951,753	10,182,875	768,878	11,281,880

## Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2010-11		Outturn 2010-11	
		Income £000	Receipts £000	Income £000	Receipts £000
Total	5	230,520	<i>230,520</i>	232,227	<i>231,132</i>

\*The 2009-10 outturn figures have not been restated as these numbers were previously reported to Parliament.

Explanations of variances between Estimates and Outturn are given on pages 60 to 62 of the foreword to the accounts.

The notes on pages 97 to 154 form part of these accounts.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2011

	Note	2010-11 £000						Restated 2009-10 £000					
		Core Department			Consolidated			Core Department			Consolidated		
		Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income
<b>Administration Costs:</b>													
Staff costs	9	121,809		204,114			129,191			208,943			
Other administration costs	10		83,957		180,309			89,438		190,969			
Operating income	12			(16,003)		(141,905)			(24,071)			(151,349)	
<b>Programme Costs:</b>													
<b>Request for Resources 1</b>													
Staff costs	9	45,606		1,047,723			49,637			1,035,314			
Programme costs	11		8,783,170		10,752,094			8,903,388		10,744,544			
Operating income	12			(262,514)		(1,544,196)			(332,364)			(1,508,475)	
<b>Totals</b>		<u>167,415</u>	<u>8,867,127</u>	<u>(278,517)</u>	<u>1,251,837</u>	<u>10,932,403</u>	<u>(1,686,101)</u>	<u>178,828</u>	<u>8,992,826</u>	<u>(356,435)</u>	<u>1,244,257</u>	<u>10,935,513</u>	<u>(1,659,824)</u>
Net expenditure	3		<u>8,756,025</u>		<u>10,498,139</u>			<u>8,815,219</u>		<u>10,519,946</u>			

All activities are continuing operations except for the National Identity Scheme managed by IPS, which had a net deficit of £42.3 million in 2010-11.

Following HM Treasury direction, the cost of capital charge is no longer included in the accounts. The credit of £4,476,000 in 2009-10 has been removed from the comparator figures – reducing the net programme cost and net operating cost. See Note 1 for further details.

### Other Comprehensive Expenditure

Note	Core 2010-11 £000	Consolidated 2010-11 £000	Core 2009-10 £000	Consolidated 2009-10 £000
Net gain/(loss) on revaluation of Property Plant and Equipment	(6,031)	(12,250)	(16,393)	(18,185)
Net gain/(loss) on revaluation of Intangibles	(415)	3,098	-	2,825
Net gain/(loss) on revaluation of available for sales financial assets	-	-	-	-
<b>Total Comprehensive Expenditure for the period ended 31 March 2011</b>	<u>(6,446)</u>	<u>(9,152)</u>	<u>(16,393)</u>	<u>(15,360)</u>

The notes on pages 97 to 154 form part of these accounts.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2011

	Note	31 March 2011 £000		Restated 31 March 2010 £000	
		Core Department	Consolidated	Core Department	Consolidated
<b>Non-current assets:</b>					
Property, plant and equipment	14	257,528	1,091,507	414,588	1,253,940
Intangible assets	15	6,745	129,261	11,975	223,051
Investments	17	1	1	18,068	18,068
Trade receivables and other non-current assets	20	-	-	-	-
<b>Total non-current assets</b>		<b>264,274</b>	<b>1,220,769</b>	<b>444,631</b>	<b>1,495,059</b>
<b>Current assets:</b>					
Assets classified as held for sale	13	-	45	3,029	3,029
Inventories	19	-	4,859	-	6,642
Trade and other receivables	20	221,339	329,740	606,730	698,175
Cash and cash equivalents	21	121,116	200,402	13,828	95,285
<b>Total current assets</b>		<b>342,455</b>	<b>535,046</b>	<b>623,587</b>	<b>803,131</b>
<b>Total assets</b>		<b>606,729</b>	<b>1,755,815</b>	<b>1,068,218</b>	<b>2,298,190</b>
<b>Current liabilities:</b>					
Provisions	23	76,575	119,816		3,185
Trade and other payables	22	938,828	1,404,112	827,267	1,428,153
Total current liabilities		1,015,403	1,523,928	827,267	1,431,338
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>(408,674)</b>	<b>231,887</b>	<b>240,951</b>	<b>866,852</b>
<b>Non-current liabilities:</b>					
Trade and other payables	22	220,483	301,171	224,901	299,950
Provisions for liabilities and charges	23	10,138	70,565	12,672	87,658
Total non-current liabilities		230,621	371,736	237,573	387,608
<b>Assets less liabilities</b>		<b>(639,295)</b>	<b>(139,849)</b>	<b>3,378</b>	<b>479,244</b>
<b>Taxpayers' equity:</b>					
General fund		(663,634)	(263,044)	(75,854)	275,867
Revaluation reserve		24,339	111,852	39,200	151,023
Government Grant Reserve		-	11,343	40,032	52,354
		<b>(639,295)</b>	<b>(139,849)</b>	<b>3,378</b>	<b>479,244</b>

The notes on pages 97 to 154 form part of these accounts.

Dame Helen Ghosh  
Accounting Officer  
7 July 2011

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for year ended 31 March 2011

	2010-11 £000	Restated 2009-10 £000
<b>Cash flows from operating activities</b>		
Net expenditure	(10,498,139)	(10,519,946)
Adjustments for non-cash transactions	630,429	242,061
(Increase)/decrease in trade and other receivables	368,435	(362,506)
less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure	6,002	(8,835)
(Increase)/decrease in inventories	1,783	1,618
Increase/(decrease) in trade payables	(16,821)	(28,056)
less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure	(122,824)	217,028
Use of provisions	(17,193)	(134,264)
<b>Net cash outflow from operating activities</b>	<b>(9,648,328)</b>	<b>(10,592,900)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(292,119)	(311,895)
Purchase of intangible assets	(24,634)	(47,917)
Proceeds of disposal of property, plant and equipment	592	16
Proceeds of disposal of intangibles	-	-
Proceeds of disposal of assets held for sale	3,799	-
Payments to acquire investments	(10,000)	(30,000)
<b>Net cash outflow from investing activities</b>	<b>(322,362)</b>	<b>(389,796)</b>
<b>Cash flows from financing activities</b>		
From the Consolidated Fund (Supply) – current year	10,288,871	11,043,545
From Dept of Employment and Dept of Health – Capital Grant Reserve	-	9,058
Capital element of payments in respect of finance leases and on balance sheet PFI contracts	(16,065)	(48,026)
<b>Net financing</b>	<b>10,272,806</b>	<b>11,004,577</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>	<b>302,116</b>	<b>21,881</b>
Payments of amounts due to the Consolidated Fund	(191,000)	(238,114)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	<b>111,116</b>	<b>(216,233)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>88,006</b>	<b>304,239</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>199,122</b>	<b>88,006</b>

The notes on pages 97 to 154 form part of these accounts.

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**

for the period ended 31 March 2011

	Note	General Fund £000	Revaluation Reserve £000	Govt Grant Reserve £000	Total Reserves £000
<b>Balance at 31 March 2009</b>		(237,846)	193,361	12,322	(32,163)
<b>Changes in taxpayers' equity for 2009-10</b>					
Net gain/(loss) on revaluation of property, plant and equipment		-	(18,185)	-	(18,185)
Net gain/(loss) on revaluation of intangible assets		-	2,825	-	2,825
Release of reserves to the operating cost statement		-	2,054	-	2,054
Non-cash charges – auditor's remuneration	10, 11	1,064	-	-	1,064
Notional charges and income		80	-	-	80
Transfers between reserves		29,032	(29,032)	-	-
Net expenditure for the year		(10,519,945)	-	-	(10,519,945)
Other		(24,314)	-	30,974	6,660
<b>Total recognised income and expense for 2009-10</b>		(10,514,083)	(42,338)	30,974	(10,525,447)
Net Parliamentary Funding – drawn down		11,043,545	-	-	11,043,545
Net Parliamentary Funding – deemed		241,580	-	-	241,580
Government Grant Reserve		-	-	9,058	9,058
Supply payable/(receivable) adjustment		(3,245)	-	-	(3,245)
CFERS payable to the Consolidated Fund		(254,084)	-	-	(254,084)
<b>Balance at 31 March 2010</b>		275,867	151,023	52,354	479,244
<b>Changes in taxpayers' equity for 2010-11</b>					
Net gain/(loss) on revaluation of property, plant and equipment		-	(12,250)	-	(12,250)
Net gain/(loss) on revaluation of intangible assets		-	3,098	-	3,098
Receipt of donated assets	14	-	-	-	-
Release of reserves to the operating cost statement		-	-	(52,497)	(52,497)
Non-cash charges – auditor's remuneration	10, 11	927	-	-	927
Notional charges and income		3,666	-	-	3,666
Change in accounting policy		13,934	-	-	13,934
External transfers		(33,992)	-	-	(33,992)
Transfers between reserves		24,045	(30,019)	5,974	-
Net expenditure for the year		(10,498,139)	-	-	(10,498,139)
<b>Total recognised income and expense for 2010-11</b>		(10,489,559)	(39,171)	(46,523)	(10,575,253)
Net Parliamentary Funding – drawn down		10,288,871	-	-	10,288,871
Net Parliamentary Funding – deemed		3,245	-	-	3,245
Government Grant Reserve		-	-	5,512	5,512
Supply payable/(receivable) adjustment		(109,241)	-	-	(109,241)
CFERS payable to the Consolidated Fund		(232,227)	-	-	(232,227)
<b>Balance at 31 March 2011</b>		(263,044)	111,852	11,343	(139,849)

The notes on pages 97 to 154 form part of these accounts.



## NOTES TO THE DEPARTMENTAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

**1. Statement of accounting policies*****Basis of preparation***

The financial statements have been prepared in accordance with the 2010-11 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the department are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

In addition to the primary statements prepared under IFRS, the FReM also requires the department to prepare a *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000). The Consolidated Statement of Financial Position as at 31 March 2011 shows taxpayers' equity of negative £209 million.

In common with other government departments, the future financing of the department's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. It has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

The accounts have been prepared under the Government Resources and Accounts Act 2000.

**1.1 Accounting convention**

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

**1.2 Basis of consolidated resource accounts**

These accounts include the non-agency parts of the department (the core department) and its executive agencies: UK Border Agency, the Identity & Passport Service and the Criminal Records Bureau. The executive agencies also produce and publish their own Annual Reports and Accounts. Transactions between entities included in the consolidated resource accounts are eliminated.

A list of all those entities within the departmental boundary is given at Note 33.

**1.3 Changes in accounting policy**

In line with HM Treasury advice, a Prior Period Adjustment (PPA) arising from the removal of the cost of capital charge was not included in Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the PPA numbers could have been misleading.

The removal of the cost of capital charge has had no effect on the Statement of Financial Position and the following effect on Resource outturn in 2009-10. The Statement of Parliamentary Supply and related notes have not been restated for this effect.

	<b>2009-10</b>
	<b>£m</b>
Net Resource Outturn (Statement of Parliamentary Supply)	<b>10,222</b>
Removal of the costs of capital charge	<b>4</b>
Adjusted Net Resource Outturn	<b>10,226</b>

Following a change introduced in the 2010-11 Government Financial Reporting Manual (FReM), impairment losses that arise from a clear consumption of economic benefit are taken to the Consolidated Statement of Comprehensive Net Expenditure, with a corresponding transfer of any balance on the revaluation reserve (up to the level of the impairment) to the general fund. Only impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve as a revaluation decrease and to the extent that the impairment does not exceed the revaluation surplus of that asset.

No prior period adjustment was made in relation to the change in the treatment of impairments as the impact was not considered material.

There were no prior period adjustments arising from an error.

#### **1.4 Judgments and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements and assumptions that affect the amounts reported for assets and liabilities at the year ending 31 March, and for amounts reported for income and expenses during the year.

In the process of applying the department's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### *Impairment of assets (Note 14 and 15)*

The department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, if the asset is not held for the purpose of generating cash flows, value in use is assumed to be equal to the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential.

##### *Leases (Note 26)*

The department is the lessee of property, plant and equipment. The classification of such leases as operating or finance lease requires the department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

##### *Service concession arrangements (Note 27)*

The department is party to Private Finance Initiatives (PFI). The classification of such arrangements as service concession arrangements requires the department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure.

##### *Development costs*

Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed.

There were no key sources of estimation uncertainty.

#### **1.5 Property, plant and equipment**

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation.

Cost comprises the amount of cash paid to acquire the asset and includes any costs directly attributable to making the asset capable of operating as intended. Any cost of capital charge associated with the item of property, plant or machinery is not capitalised. The capitalisation threshold for expenditure on property, plant and equipment is between £500 and £5,000.

Fair value of properties is based on professional valuations every five years and in the intervening years by the use of published indices appropriate to the type of property. The most recent valuation for the department's land and buildings occurred on 31 March 2011, with revaluations for PFI and Finance Leases being undertaken in March 2009, in accordance with the Royal Institute of Chartered Surveyors Appraisal and Evaluation Manual by chartered surveyors DTZ. Other operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. Published indices appropriate to the category of asset are normally used to estimate value.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the Consolidated Statement of Comprehensive Net Expenditure, in which case the increase is recognised in the Consolidated Statement of Comprehensive Net Expenditure. A revaluation deficit is recognised in the Consolidated Statement of Comprehensive Net Expenditure, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Depreciation is calculated to write down the costs of the assets to their estimated residual value on a straight-line basis over their expected useful lives as follows:

- Buildings – up to 60 years or life of lease
- Plant and equipment – 2 to 15 years
- Computers – 2 to 7 years
- Vehicles – 5 to 7 years
- Furniture and fittings – 3 to 10 years

Assets in the course of construction are not depreciated until the asset is brought into use. No depreciation is provided on freehold land and non-current assets held for sale.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

## 1.6 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the year ending 31 March. Where no active market exists the department uses published indices to assess the depreciated replacement cost. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Consolidated Statement of Comprehensive Net Expenditure in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

### *Software licences*

Externally acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to ten years.

### *Internally developed software*

This includes software that arises from internal or third party development for internal or external access. The direct costs associated with the development stage of internally developed software are included in the cost of the asset. These assets are amortised over the useful economic life of three to ten years. Note 15 to the accounts refer to these assets as Information Technology (IT).

### *Research and development*

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the department can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future

economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value.

Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

### 1.7 Third party assets

The department holds funds on behalf of Local Authorities in respect of the British Nationality application fee. This money is held by UKBA pending transfer to the Local Authorities.

### 1.8 Leases

Assets held under finance leases, which transfer to the department substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Consolidated Statement of Comprehensive Net Expenditure so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and the rentals payable are charged to the Consolidated Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

### 1.9 Service concessions (PFI/PPP)

The department accounts for PFI transactions on a control approach based on the FReM, which uses IFRIC 12 *Service Concession Arrangements* to inform its treatment. The department is considered to control the infrastructure in a public-to-private service concession arrangement if:

- the department controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price
- the department controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise

Where it is determined that such arrangements are not in scope of IFRIC 12, the department assesses such arrangements under IFRIC 4 *Determining whether an Arrangement contains a Lease*. Where it is identified that the arrangement conveys a right to use an asset in return for a payment or series of payments, the lease element is accounted for as either an operating lease or finance lease in accordance with the risk and reward based approach set out at section 1.8 Leases.

Where it is determined that arrangements are in scope of IFRIC 12, the department recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IAS 17, with the service element and the interest charge recognised as incurred over the term of the concession arrangement. Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques.

In determining the interest rate implicit in the contract, the department applies the risk-free market rate at the time the contract was signed. The rate is not changed unless the infrastructure element or the whole contract is renegotiated. The risk-free rate is determined by reference to the real rate set by HM Treasury, currently 3.5%. The nominal rate is then calculated by adjusting this real term rate by the UK inflation rate.

The department recognises a liability for the capital value of the contract. That liability does not include the interest charge and service elements, which are expensed annually to the Consolidated Statement of Comprehensive Net Expenditure.

On initial recognition of existing PPP arrangements or PFI contracts under IFRS, the department measures the non-current asset in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the year ending 31 March, which will normally be the outstanding liability in respect of the property (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment (section 1.5 above) and intangible assets (section 1.6 above). Liabilities are measured using the appropriate discount rate. Revenue received under any revenue sharing provision in the service concession arrangement is recognised when all the conditions laid down in IAS 18 *Revenue* have been satisfied.

## 1.10 Financial Instruments

### Financial assets

Financial assets are recognised when the department becomes party to the contracts that give rise to them and are classified as: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets as appropriate. The department determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value, except for loans, Public Dividend Capital (PDC) and other interests in public bodies outside the departmental boundary which are reported at historical cost, less any impairment.

Fair value is determined as the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The department considers whether a contract contains an embedded derivative when the entity first becomes party to it. Embedded derivatives are separated from the host contract if it is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract.

The subsequent measurement of financial assets depends on their classification. The following classifications are currently applicable:

#### *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or as financial guarantee contracts. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Consolidated Statement of Comprehensive Net Expenditure.

#### *Investments in other public sector bodies*

Loans and PDC issued by the Home Office to the Forensic Science Service are shown at historic cost, less impairment.

#### *Loans and receivables*

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. Provision is made when there is objective evidence that the department will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial assets are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

## Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

### *Financial liabilities at fair value through profit or loss*

Derivatives, including any separated embedded derivatives, where they are not recognised as financial assets, are classified as held for trading and included in this category. Gains or losses on liabilities held for trading are recognised in profit or loss.

### *Other financial liabilities*

Trade and other payables are recognised at cost, which is subsequently deemed to be materially the same as the fair value. Where the time value of money is material, payables are subsequently measured at amortised cost.

Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

## 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. Consumable stocks are valued at current replacement cost.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## 1.12 Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash, less any outstanding bank overdrafts.

## 1.13 Provisions

A provision is recognised when the department has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using the real rate set by HM Treasury.

## 1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*. These comprise

- items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the department entering into the arrangement
- all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.



### 1.15 Operating income

Operating income is income which relates directly to the operating activities of the department. It is stated net of VAT.

#### *Rendering of services*

Operating income principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. Operating income also includes:

- income for the Identity & Passport Service from their continuing activities, representing the sale value of all services provided during the year. All income is recognised when the services and goods are issued. Income from free passports issued for all British Nationals born on or before 2 September 1929 that was introduced on 18 October 2004 is financed from Parliamentary Supply drawn down by the Home Office and passed to the Identity & Passport Service
- income for the Criminal Records Bureau from their continuing activities, representing the sale value of all services provided during the year. Operating income represents
  - fees charged to applicants for applications for enhanced and standard disclosure of prescribed criminal record information and
  - fees charged to register corporate bodies and signatories to access the criminal record process.

The CRB recognises income on completion of the CRB application process, in line with the requirements of IAS 18 – *Revenue*. Up until this point, income is only recognised to the extent that costs have been incurred.

Some income streams for the UK Border Agency are charged below the cost of delivery where UKBA has to maintain its international competitiveness. To assist this, some fees are set above the cost of delivery. Some fees were set so a contribution be made to a fund which was designed to manage the transitional impacts of migration. This scheme ended in August 2010. UKBA's overall aim is to ensure income contributed to the end-to-end costs of the immigration system.

#### *Dividends*

Income from investments is recognised when the department's right to receive payment is established.

#### *Appropriations in aid*

Operating income includes both income appropriated in aid and income due to the Consolidated Fund which HM Treasury has agreed should be treated as operating income.

### 1.16 Administration and programme expenditure

The Consolidated Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. Administration costs reflect the costs of running the department. These include both the administration costs and associated operating income. Income is analysed in the notes under which the administration cost-control regime is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the department, as well as certain staff costs where they relate directly to service provision. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury.

### 1.17 Foreign currency translation

The department's functional currency and presentation currency is pounds sterling. Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency rate of exchange ruling at the year ending 31 March. All translation differences are taken to the Consolidated Statement of Comprehensive Net Expenditure.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### 1.18 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit scheme is unfunded and non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Home Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>).

For 2010-11, employers' contributions were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

### 1.19 Home Office grants

Grants (excluding Grant in Aid) are usually 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.

The Home Office provides funding to Local Authorities to support activities provided locally to help achieve Home Office aims and objectives. Some of that funding takes the form of specific grants, which are provided directly by the department to Local Authorities to spend on specific activities, within prescribed terms and conditions. The remaining funding is provided through Area Based grants. This provides the Local Authorities with a greater degree of discretion over the precise nature of the activities funded. The department and other contributing departments channel their Area Based grant funding through a centrally pooled funding stream which is managed within the Department for Communities and Local Government (DCLG). DCLG is responsible for making the grant payments from the central Area based grant pool to the various Local Authorities, who are the Accountable Bodies in respect of Area Based grants. The roles and responsibilities of the contributing departments and DCLG are defined in a "*Memorandum of Understanding between Departmental Accounting Officers*". In 2010-11, those Local Authorities that did not have an Area Based grant also received Home Office funding through DCLG's centrally pooled freestanding Safer and Stronger Communities Fund (SSCF) arrangements; similar roles and responsibilities were agreed between the two departments.

National Policing Improvement Agency (NPIA) was funded in the financial year 2010-11 by taking a top-slice from the total funds available to provide for policing including grants to police authorities. The budgeted amount for the year was £414 million.

### 1.20 Value Added Tax

Most of the activities of the department are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

### 1.21 Machinery of Government changes

Machinery of Government (MoG) changes which involve the transfer of functions or responsibilities between two or more government departments are accounted for in accordance using merger accounting in accordance with the FReM. No MoG changes applied during the year. However, the following MoG changes will apply in 2011-12:



- the National Fraud Authority, an executive agency of the Attorney-General's Office, transfers to the Home Office
- the Government Equalities Office ceases to be a separate department and transfers to the Home Office
- responsibility for issuing British passports overseas transfers from the Foreign and Commonwealth Office to the Home Office

### 1.22 Segmental Reporting

IFRS 8 – *Operating Segments* has been applied in full without interpretation or adaptation in line with HM Treasury guidance. The previous years' reporting operating costs by departmental strategic objectives has been abandoned. Financial information for operating segments for a minimum of 75% of comprehensive net expenditure has been disclosed in a note to the accounts.

### 1.23 Intra-Government balances

Intra-Government balances have been derived from information obtained directly from the accounts payable and receivable sub-ledgers based on supplier and customer.

Items which cannot be directly attributed to an individual supplier or customer are allocated on a proportional basis.

### 1.24 Government Grant Reserve

The government grant reserve represented amounts paid to the Home Office by the Department of Health and Department for Education to fund assets purchased by the department and its agencies for the Disclosure and Barring Service (DBS). The balance on this was nil at 31 March 2011.

### 1.25 International Financial Reporting Standards (IFRS) and other accounting changes that have been issued but are not yet effective

IFRS 9 – *Financial Instruments* was issued in November 2009 and will become effective from January 2013. This IFRS will replace IAS 39. It simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS 39, and resulting in one impairment method. The Home Office intends to apply this new standard in the accounting year 2013-14. The impact of applying this new standard has not been quantified.

IAS 24 – *Related Party Disclosures* was amended in November 2009 to become effective from January 2011. The revision of IAS 24 simplifies and clarifies the definition of a related party, and provides government-related entities with partial exemption from the disclosure requirements relating to related party transactions and outstanding balances (including commitments). The Home Office intends to apply the amended IAS 24 in the accounting year 2011-12. The impact of applying this revised standard is expected to be negligible.

### 1.26 Trust Statements

IAS 39 – *Financial Instruments: Recognition and Measurement* requires that any financial instrument that is not held in furtherance of the entity's objective, but is held on behalf of government more generally, should be accounted for in a separate trust statement.

The UK Border Agency collects immigration penalties and civil penalties which are not retained but instead surrendered to the Consolidated Fund. These amounts are not material enough to the consolidated accounts to warrant a separate trust statement. During the year, UKBA raised a total of £7.4 million in penalties (2009-10: £29.2 million) and had £12.6 million yet to be paid at 31 March 2011 (31 March 2010: £19.3 million).

### 1.27 Deferred Income

Income is deferred where payment has been received but the good or service has not yet been delivered or issued.

Lease incentives are deferred on a straight line basis over the life of the lease.

## 2. Analysis of net resource outturn by section

	Outturn						2010-11 £000 Estimate	2009-10 £000 Outturn*	
	Admin	Other Current	Grants	Gross resource expenditure	A in A	Net Total	Net Total	Net Total	
							Net Total outturn compared with Estimate	Net Total	
<b>Request for Resources 1: Protecting the public and securing our future</b>									
<b>SPENDING IN DEPARTMENTAL EXPENDITURE (DEL):</b>									
<b>Central Government Spending</b>									
A – Crime and Policing Group	47,622	172,432	92,808	312,862	(80,189)	232,673	209,627	(23,046)	308,557
B – Criminal Records Bureau	85,590	-	-	85,590	(125,895)	(40,305)	(50,244)	(9,939)	(50,554)
C – Office of Security and Counter-Terrorism	18,950	110,535	185,852	315,337	(10,615)	304,722	281,192	(23,530)	331,717
D – UK Border Agency	93,067	2,152,090	91,649	2,336,806	(833,511)	1,503,295	1,489,541	(13,754)	1,469,866
E – Identity and passport service	-	364,691	-	364,691	(359,689)	5,002	7,052	2,050	95,625
F – Central services	139,194	27,615	1	166,810	(21,944)	144,866	315,030	170,164	170,867
G – European Solidarity Mechanism	-	-	-	-	-	-	1	1	-
<b>Support for Local Authorities:</b>									
H – Crime and Policing Group grants	-	20,950	5,710,420	5,731,370	-	5,731,370	5,706,907	(24,463)	5,695,593
I – Office for Security and Counter-Terrorism grants	-	-	661,362	661,362	-	661,362	696,080	34,718	658,345
J – UK Border Agency grants	-	-	138,652	138,652	-	138,652	152,305	13,653	168,348
K – Area Based grants	-	-	71,243	71,243	-	71,243	71,245	2	80,925
<b>SPENDING IN ANNUALLY MANAGED EXPENDITURE:</b>									
<b>Central Government Spending</b>									
L – Police superannuation	-	-	-	-	-	-	-	-	-
M – AME Charges	-	171,264	-	171,264	-	171,264	148,797	(22,467)	11,307
<b>Support for Local Authorities</b>									
N – Police superannuation	-	-	720,594	720,594	-	720,594	900,254	179,660	624,349
<b>Non-budget</b>									
O – Fine Refund to Carriers	-	(4)	-	(4)	-	(4)	22	26	-
P – Loan Charges	-	-	7,742	7,742	-	7,742	9,669	1,927	9,069
Q – Grant in aid to NDPBs	-	-	896,127	896,127	-	896,127	904,660	8,533	1,005,690
R – PFI charges**	-	181,763	-	181,763	-	181,763	219,837	38,074	189,850
Resource Outturn	384,423	3,201,336	8,576,450	12,162,209	(1,431,843)	10,730,366	11,061,975	331,609	10,769,554

This analysis is required for control purposes and to obtain parliamentary approval.

Explanations of variances between Estimate and outturn are given in the foreword to the accounts.

\* The 2009-10 figures have not been restated as these numbers were previously reported to Parliament.

\*\* The Estimates show all PFI charges as Other Current Expenditure.

### 3. Reconciliation of outturn to net expenditure and against administration budget

#### 3.1 Reconciliation of net resource outturn to net expenditure

				2010-11 £000	2009-10 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net resource outturn*	2	10,730,366	11,061,975	(331,609)	10,769,554
Prior period adjustments		-	-	-	4,476
Non-supply income (CFERs)	5	(232,227)	(230,520)	(1,707)	(257,347)
Non-supply expenditure		-	-	-	3,263
Net expenditure		10,498,139	10,831,455	(333,316)	10,519,946

\*The 2009-10 net resource outturn has not been restated as this figure had been previously reported to Parliament.

#### 3.2 Outturn against final administration budget

			2010-11 £000	2009-10 £000
	Note	Budget	Outturn	Outturn
Gross administration budget *	2	415,503	384,423	385,459
Income allowable against the Administration Budget	12	(164,289)	(141,898)	(151,349)
Net outturn against the final Administration Budget		251,214	242,525	234,110

\*The 2009-10 net resource outturn has not been restated as this figure had been previously reported to Parliament.

#### 4. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	2	11,061,975	10,730,366	331,609
Capital				
Acquisition of property, plant and equipment		264,931	316,753	(51,822)
Investments		-	10,000	(10,000)
Non operating A in A				
(Proceeds)/Costs of asset disposals		(9,788)	(4,391)	(5,397)
Accruals adjustments				
Non-cash items		(393,231)	(631,482)	238,251
Changes in working capital other than cash		20,066	(255,564)	275,630
Use of provision	23	7,800	17,193	(9,393)
<b>Net Cash Requirement *</b>		<b>10,951,753</b>	<b>10,182,875</b>	<b>768,878</b>

\*The underspend against the net cash requirement is largely due to the prepayment of a police grant payment made in March 2010.

#### 5. Analysis of income payable to the Consolidated Fund

In addition to Appropriations in Aid (A in A), the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2010-11		Outturn 2010-11	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess A in A		-	-	-	-
Other operating income and receipts not classified as A in A	12	164,520	<i>164,520</i>	168,314	<i>167,219</i>
		<u>164,520</u>	<u><i>164,520</i></u>	<u>168,314</u>	<u><i>167,219</i></u>
Non-operating income and receipts – excess A in A	7	-	-	-	-
Other non operating income and receipts not classified as A in A	8	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	12	66,000	<i>66,000</i>	63,913	<i>63,913</i>
<b>Total income payable to the Consolidated Fund</b>		<b>230,520</b>	<b><i>230,520</i></b>	<b>232,227</b>	<b><i>231,132</i></b>

**6. Reconciliation of income recorded within the Consolidated Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund**

	Note	2010-11 £000	2009-10 £000
Operating income	12	1,686,101	1,659,824
Income authorised to be appropriated in aid	2	(1,431,843)	(1,388,004)
Non supply adjustments – EU income *	8, 12	(22,031)	(14,473)
<b>Operating income payable to the Consolidated Fund</b>	5, 12	<u>232,227</u>	<u>257,347</u>

\* Non supply adjustments relate to EU income. For the purposes of Note 12 this income is shown as A in A.

**7. Non-operating income – Excess appropriations in aid**

The Home Office does not have excess appropriations in aid.

**8. Non-operating income not classified as appropriations in aid**

The Home Office does not have non operating income not classified as A in A.

## 9. Staff numbers and related costs

Staff costs comprise:	2010-11					2010-11			2009-10
	£000					£000			£000
	Core					Consolidated			Consolidated
	Total	Permanently employed staff	Others	Ministers	Special advisers	Total	Permanently employed staff	Others	Total
Wages and salaries	133,565	103,382	29,645	341	197	988,864	939,474	49,390	1,019,789
Social security costs	10,273	10,231	-	24	18	67,533	67,491	42	66,846
Other pension costs	24,042	24,015	-	2	25	196,885	196,858	27	159,819
<b>Sub Total**</b>	<b>167,880</b>	<b>137,628</b>	<b>29,645</b>	<b>367</b>	<b>240</b>	<b>1,253,282</b>	<b>1,203,823</b>	<b>49,459</b>	<b>1,246,454</b>
Less recoveries in respect of outward secondments	(465)	(465)	-	-	-	(1,445)	(1,445)	-	(2,197)
<b>Total Net Costs*</b>	<b>167,415</b>	<b>137,163</b>	<b>29,645</b>	<b>367</b>	<b>240</b>	<b>1,251,837</b>	<b>1,202,378</b>	<b>49,459</b>	<b>1,244,257</b>

\* Of which:

Charged to administration costs	204,114
Charged to programme costs	1,047,723
	<u>1,251,837</u>

Core department

Charged to administration costs	121,809
Charged to programme costs	45,606
	<u>167,415</u>

\*\* The total amount of capitalised staff costs not included in the figures above is £1,658k (£928k in 2009-10).

## Staff Costs by Business Segment

2010-11  
£000

Business Segment	Total	Permanently employed staff	Others	Ministers	Special advisers
Crime and Policing Group	46,919	36,508	10,411	-	-
Office for Security and Counter-terrorism	30,961	23,786	7,175	-	-
UK Border Agency	940,902	926,149	14,753	-	-
Identity & Passport Service	121,939	119,065	2,874	-	-
Criminal Records Bureau	21,581	20,001	1,580	-	-
Total	1,162,302	1,125,509	36,793	-	-
Central Home Office	89,535	76,869	12,059	367	240
Total Staff Costs	1,251,837	1,202,378	48,852	367	240

2009-10  
£000

Business Segment	Total	Permanently employed staff	Others	Ministers	Special advisers
Crime and Policing Group	52,234	35,615	16,619	-	-
Office for Security and Counter-terrorism	31,840	21,328	10,512	-	-
UK Border Agency	918,892	894,138	24,754	-	-
Identity & Passport Service	128,558	120,401	8,157	-	-
Criminal Records Bureau	17,979	15,950	2,029	-	-
Total	1,149,503	1,087,432	62,071	-	-
Central Home Office	94,755	78,701	15,423	353	278
Total Staff costs	1,244,258	1,166,133	77,494	353	278

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Home Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2010-11, employer's contributions of £160 million were payable to the PCSPS (£159 million in 2009-10) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employers can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £367,744 (£302,805 in 2009-10) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £146,867 (£134,404 in 2009-10), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

There were no contributions due to the partnership pension providers at 31 March 2011.

19 persons (11 in 2009-10) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £42,601.52 (£20,869 in 2009-10).

## Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the department as well as in the agencies included within the consolidated departmental resource accounts.

Business Segment	2010-11					2009-10				
	Total	Permanently employed staff	Others	Ministers	Special advisers	Total	Permanently employed staff	Others	Ministers	Special advisers
Crime and Policing Group	824	725	99	-	-	871	719	152	-	-
Office for Security and Counter-terrorism	574	475	99	-	-	507	388	119	-	-
UK Border Agency	23,426	21,445	1,981	-	-	23,618	22,881	737	-	-
Identity and Passport Service	3,843	3,824	19	-	-	3,961	3,900	61	-	-
Criminal Records Bureau	644	633	11	-	-	594	594	-	-	-
Central Home Office	2,144	1,900	236	6	2	2,298	2,002	287	6	3
<b>Total</b>	<b>31,455</b>	<b>29,002</b>	<b>2,445</b>	<b>6</b>	<b>2</b>	<b>31,849</b>	<b>30,484</b>	<b>1,356</b>	<b>6</b>	<b>3</b>
Of which:										
<b>Core department</b>	<b>3,542</b>	<b>3,100</b>	<b>434</b>	<b>6</b>	<b>2</b>	<b>3,676</b>	<b>3,109</b>	<b>558</b>	<b>6</b>	<b>3</b>

Included within the staff numbers above are 241 members of staff who were engaged in capital projects (237 in 2009-10).

## Reporting of Civil Service and other compensation schemes – exit packages

### Civil Service Compensation Scheme

Exit Package cost band	Total number of exit packages by cost band	
	2010-11	2009-10
Less than £10,000	208	27
£10,000 – £25,000	626	22
£25,000 – £50,000	504	26
£50,000 – £100,000	444	56
£100,000 – £150,000	144	21
£150,000 – £200,000	55	9
£200,000 – £250,000	14	1
£250,000 – £300,000	4	0
£300,000 – £350,000	1	0
Total number of exit packages by type	2,000	162
Total resource cost/(£000)	92,187	9,661

There were no compulsory departures in either 2010-11 or 2009-10.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.



## 10. Other administration costs

	Note	2010-11		Restated 2009-10	
		Core department	Consolidated £000	Core department	Consolidated £000
Rentals under operating leases		4,446	4,446	4,321	4,532
Service charges		31,438	31,438	15,368	14,099
Non-cash items					
Depreciation *		919	2,080	5,955	7,617
Amortisation		2,917	11,716	2,831	9,659
Impairment	18	-	9,044	-	-
(Profit) on disposal of property, plant and equipment		(732)	(740)	-	-
Loss on disposal of property, plant and equipment		-	-	68	68
Finance lease interest charges		313	313	550	550
Notional charges		-	62	(351)	(292)
Auditor's remuneration and expenses		378	731	440	839
Provision movements	23	-	(4,730)	1,211	4,366
Bad debt provision		-	22	(63)	195
Other					
Publication stationery & printing		1,299	1,299	1,747	1,747
Facilities management and staff services		18,179	45,979	26,615	55,605
Travel, subsistence and hospitality		2,427	7,372	5,339	11,816
Professional fees		2,270	9,723	10,237	24,105
Media and IT		279	1,435	3,518	5,160
Early retirement costs		16,388	16,388	5,846	5,846
Other administration expenditure		3,436	43,731	5,806	45,057
<b>Total</b>		<b>83,957</b>	<b>180,309</b>	<b>89,438</b>	<b>190,969</b>

\* A change in the methodology for valuing building finance leases resulted in the reduction in core Home Office depreciation.

As required by Regulations made under Section 494 of the Companies Act 2006, no remuneration has been paid to the National Audit Office for non-audit work.

## 11. Programme costs

		2010-11		Restated 2009-10	
		£000		£000	
	Note	Core department	Consolidated	Core department	Consolidated
Rentals under operating leases		1,535	75,766	1,296	79,283
PFI & service charges		51,830	99,306	102,097	152,259
Non-cash items					
Depreciation		17,200	116,805	22,111	112,101
Amortisation		1,537	37,743	639	26,304
Impairment	18	69,883	128,720	36,175	51,434
e-Borders impairment	34,18	-	207,549	-	-
Loss on disposal of property, plant and equipment		-	10,111	-	212
PFI Interest charges		23,832	24,113	23,730	24,243
Finance lease interest charge		2	7,364	23	6,546
Notional charges		-	374	-	372
Auditor's remuneration and expenses		-	196	-	225
Provision movements	23	78,373	111,353	(13,545)	(28,966)
Bad debt provision		(357)	(231)	338	8,448
Other					
Grants – current		7,290,560	7,716,159	7,370,989	7,899,451
Grants – capital		336,419	333,991	347,870	347,870
Grants – EU		-	21,974	-	14,473
Publication stationery and printing		169	8,561	426	6,160
Facilities management and staff services *		29,103	185,601	153,325	276,447
Travel, subsistence and hospitality		3,075	30,588	5,280	47,348
Professional fees		44,959	117,987	66,065	202,000
Media and IT *		12,233	164,960	29,661	182,463
Grants – pension costs		720,589	720,589	638,498	638,498
Other programme costs		102,228	632,515	118,410	697,373
<b>Total</b>		<b>8,783,170</b>	<b>10,752,094</b>	<b>8,903,388</b>	<b>10,744,544</b>

\*IT costs of £11.3 million previously reported within facilities management and staff services in 2009-10 were restated to media and IT in 2010-11.

As required by Regulations made under Section 494 of the Companies Act 2006, no remuneration has been paid to the National Audit Office for non-audit work.

**12. Income**

	2010-11 £000		2009-10 £000	
	Core department Total	Consolidated Total	Core department Total	Consolidated Total
Appropriated in Aid				
Passport fees	-	351,408	-	302,137
Other administration income	16,003	141,898	24,071	146,931
Programme income	96,746	938,537	172,526	938,936
EU income	-	22,031	-	14,473
Total Appropriated in Aid	112,749	1,453,874	196,597	1,402,477
Payable to Consolidated Fund				
Passport fees	-	63,906	-	58,995
Other programme income	165,768	168,314	159,838	193,934
Other CFER receipts	-	7	-	4,418
Total payable to Consolidated Fund	165,768	232,227	159,838	257,347
Total	278,517	1,686,101	356,435	1,659,824
Of which				
Administration income	16,003	141,905	24,071	151,349
Programme income	262,514	1,544,196	332,364	1,508,475
	278,517	1,686,101	356,435	1,659,824

## 12.1 Analysis of income from services provided to external and public sector customers

Segment		Note	Income £000	Full Cost £000	Surplus / (deficit) £000	2010-11	
						Fee recovery actual %	Fee recovery target %
Central Home Office	Perimeter detection system		1,399	1,655	(256)	85	100
CRB	CRB Disclosures – Enhanced		125,210	126,552	(1,342)	99	100
CRB	CRB Disclosures – Standard		5,210	4,264	946	122	100
CRB	CRB Disclosures – ISA Adult First		1,420	1,157	263	123	100
Central Home Office	Animal Licences (scientific procedures)		4,057	3,895	162	104	100
UKBA	UKBA International Group – Visas	1	399,321	407,319	(7,998)	98	100
UKBA	UKBA Immigration Group	2	413,364	221,408	191,956	187	184
UKBA	UKBA Border Force	3	2,525	3,059	(534)	83	100
IPS	Passports	4	403,087	383,776	19,311	105	100
IPS	Certificate Services	5	18,240	26,062	(7,822)	70	100
			<b>1,373,833</b>	<b>1,179,147</b>	<b>194,686</b>		

This analysis of income satisfies the Fees and Charges requirements of HM Treasury rather than IFRS 8 *Operating Segments*. Categories of income and costs below £1m have been excluded from this analysis.

## Notes:

1. UKBA International Group is responsible for issuing Visas. The Group's costs recovery target is 100% and until the end of August 2010 certain fees included a surcharge to fund the Government's Migration Impact Fund (MIF).
2. UKBA Immigration Group deals with UK based applications for permanent settlement and Nationality applications. The Group's cost recovery target is 184% with the additional income from fees contributing to the overhead costs within the Agency.
3. UKBA Border Force charges Airline Carriers for the costs of detaining passengers arriving in the UK without the required UK entry documentation. The cost recovery target is 100%.
4. Passport activities include all services relating to the issuing of passports where the financial objective of this activity is to break even in year. A fee is charged for all passports except for those issued to war veterans. During 2010-11 43,906 (2009-10: 71,311) passports were issued free of charge under the war veterans initiative.
5. Includes all services relating to the issuing of certificates for birth, death and marriage. In addition central HO funding is provided for support functions to maintain the registers of all vital events. The financial objective is to break even after central HO funding for non fee bearing activities.

Segment		Income	Full Cost	Surplus / (deficit)	Restated 2009-10	
					Fee recovery actual	Fee recovery target
					%	%
		£000	£000	£000		
Central Home Office	Perimeter detection system	1,565	1,565	-	100	100
CRB	CRB Disclosures – Enhanced	116,225	114,365	1,860	102	100
CRB	CRB Disclosures – Standard	7,903	5,868	2,035	135	100
CRB	CRB Disclosures – ISA Adult First	1,685	1,102	583	153	100
Central Home Office	Animal Licences (scientific procedures)	3,800	3,830	(30)	99	100
UKBA	UKBA International Group – Visas	339,340	322,085	17,255	105	100
UKBA	UKBA Immigration Group	389,828	248,152	141,676	157	100
UKBA	UKBA Border Force	2,510	3,763	(1,253)	67	100
IPS	Passports	364,523	367,108	(2,585)	99	100
IPS	Certificate Services	19,704	25,721	(6,017)	77	100
		<b>1,247,083</b>	<b>1,093,559</b>	<b>153,524</b>		

#### Analysis of 2010-11 income streams by Segment

Segment		Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target
					%	%
					£000	£000
HO	Central Home Office	5,456	5,550	(94)	98	100
CRB	Criminal Records Bureau	131,840	131,973	(133)	100	100
UKBA	UK Border Agency	815,210	631,786	183,424	129	128
IPS	Identity and Passport Service	421,327	409,838	11,489	103	100
		<b>1,373,833</b>	<b>1,179,147</b>	<b>194,686</b>		

#### Restated analysis of 2009-10 income streams by Segment

Segment		Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target
					%	%
					£000	£000
HO	Central Home Office	5,365	5,395	(30)	99	100
CRB	Criminal Records Bureau	125,813	121,335	4,478	104	100
UKBA	UK Border Agency	731,678	574,000	157,678	127	113
IPS	Identity and Passport Service	384,227	392,829	(8,602)	98	100
		<b>1,247,083</b>	<b>1,093,559</b>	<b>153,524</b>		

**13. Assets held for sale**

	2010-11		2009-10	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
Land	-	-	2,306	2,306
Buildings	-	-	723	723
Plant and equipment	-	45	-	-
	-	45	3,029	3,029

Assets are continually reviewed to ensure they support the service delivery objectives of the department. The assets identified as held for sale are surplus to departmental requirements in meeting these objectives. The sale of these assets is actively pursued by the department with an expectation that the assets will be sold within 12 months of the date of classification. The assets are not depreciated during this time.

At 31 March 2010 one asset, a residential property, was held for sale having been identified as surplus to departmental requirements. The property was marketed in 2009-10 and the sale was completed on 6 April 2010.

## 14. Property, plant and equipment

	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2010	48,309	1,374,549	37,407	340,808	182,010	58,151	505,020	2,546,254
Additions	-	25,391	2,764	29,680	20,702	4,251	154,375	237,163
Disposals	-	(359,334)	(678)	(131,328)	(66,353)	(8,206)	-	(565,899)
Impairment	(278)	(18,658)	-	(23,100)	(3)	(126)	(153,568)	(195,733)
External transfers	(6,308)	(10,264)	8	(657)	203	-	(12,575)	(29,593)
Transfers to assets held for sale	(30)	(25)	-	-	-	-	-	(55)
Reclassifications	1,728	40,080	(9)	39,426	90,603	505	(218,842)	(46,509)
Revaluations	(5,774)	(221,526)	682	(1,545)	7,177	153	(1,591)	(222,424)
<b>At 31 March 2011</b>	<b>37,647</b>	<b>830,213</b>	<b>40,174</b>	<b>253,284</b>	<b>234,339</b>	<b>54,728</b>	<b>272,819</b>	<b>1,723,204</b>
<b>Depreciation</b>								
At 1 April 2010	-	(863,442)	(23,845)	(252,453)	(118,404)	(34,170)	-	(1,292,314)
Charged in year	-	(32,865)	(3,245)	(40,356)	(35,422)	(7,010)	-	(118,898)
Disposals	-	358,906	613	131,265	65,180	8,181	-	564,145
Impairment	-	-	-	737	-	-	-	737
External transfers	-	8,505	(2)	(384)	(80)	-	-	8,039
Transfers to assets held for sale	-	17	-	-	-	-	-	17
Reclassifications	-	-	1	11,659	(11,513)	-	-	147
Revaluations	-	197,912	14	10,218	(1,635)	(79)	-	206,430
<b>At 31 March 2011</b>	<b>-</b>	<b>(330,967)</b>	<b>(26,464)</b>	<b>(139,314)</b>	<b>(101,874)</b>	<b>(33,078)</b>	<b>-</b>	<b>(631,697)</b>
<b>Net book value at 31 March 2011</b>	<b>37,647</b>	<b>499,246</b>	<b>13,710</b>	<b>113,970</b>	<b>132,465</b>	<b>21,650</b>	<b>272,819</b>	<b>1,091,507</b>
<b>Net book value at 1 April 2010</b>	<b>48,309</b>	<b>511,107</b>	<b>13,562</b>	<b>88,355</b>	<b>63,606</b>	<b>23,981</b>	<b>505,020</b>	<b>1,253,940</b>
<b>Asset financing:</b>								
Owned	37,647	235,977	13,710	57,958	111,370	12,914	272,819	742,395
Finance leased	-	75,935	-	-	-	-	-	75,935
On balance sheet PFI	-	187,334	-	56,012	21,095	8,736	-	273,177
<b>Net book value at 31 March 2011</b>	<b>37,647</b>	<b>499,246</b>	<b>13,710</b>	<b>113,970</b>	<b>132,465</b>	<b>21,650</b>	<b>272,819</b>	<b>1,091,507</b>

### Analysis of property, plant and equipment at 31 March 2011

The net book value of property, plant and equipment comprises:

Core department	1,675	204,046	294	10,059	23,733	9,105	8,616	257,528
Agencies	35,972	295,200	13,416	103,911	108,732	12,545	264,203	833,979
	<b>37,647</b>	<b>499,246</b>	<b>13,710</b>	<b>113,970</b>	<b>132,465</b>	<b>21,650</b>	<b>272,819</b>	<b>1,091,507</b>

Buildings, excluding dwellings, comprises freehold, long leasehold (leases with 50+ years to run from the year ending 31 March) and short leasehold buildings. The Home Office does not currently hold any assets classified as dwellings.

Other property, plant and equipment were revalued on the basis of the latest available indices.

Assets under Construction comprise capital additions for projects that have not yet gone live. As assets are taken into service they are reclassified to the appropriate asset category and are subject to depreciation.

The balance held on Assets under Construction relates to assets being developed by the Home Office departmental group including the UKBA e-Borders programme (see Note 34) and the DBS programme. Reclassifications relate to assets which were previously held as Assets under Construction and which have now been brought into use and these predominantly relate to the Cyclamen Programme and UKBA e-Borders.

External transfers relate to assets that have been transferred to other Government Departments. The amounts reported predominantly relate to the transfers of Ashley House and Grenadier House to the Ministry of Justice.

The basis used for valuing building finance leases changed in 2010-11. In 2009-10 the market value was used when calculating the value of the lease, whereas in 2010-11 the present value of minimum lease payments was used. In addition, the methodology used to calculate the lease value changed. The impact of these changes on the net book value of buildings is £19 million.

	Land	Buildings	Vehicles	Information Technology	Plant & Machinery	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2009	54,480	1,412,128	47,458	277,336	178,108	68,882	348,767	2,387,159
Additions	687	9,032	782	27,099	6,965	2,713	289,912	337,190
Disposals	-	(3,393)	(2,985)	(2,203)	(17,624)	(13,703)	-	(39,908)
Impairment	(70)	(3,695)	(5,414)	(919)	(330)	(185)	(4,398)	(15,011)
Transfers to assets held for sale	(2,306)	(1,794)	-	-	-	-	-	(4,100)
Reclassifications	-	(735)	(2,736)	7,337	16,386	-	(129,261)	(109,009)
Revaluations	(4,482)	(36,994)	302	32,157	(1,495)	444	-	(10,068)
<b>At 31 March 2010</b>	<b>48,309</b>	<b>1,374,549</b>	<b>37,407</b>	<b>340,807</b>	<b>182,010</b>	<b>58,151</b>	<b>505,020</b>	<b>2,546,253</b>
<b>Depreciation</b>								
At 1 April 2009	-	(825,242)	(26,115)	(211,591)	(106,369)	(40,218)	-	(1,209,535)
Charged in year	-	(43,330)	(2,826)	(39,566)	(26,543)	(7,456)	-	(119,721)
Disposals	-	3,334	2,845	2,186	17,580	13,690	-	39,635
Impairment	-	940	1,617	35	(2,849)	-	-	(257)
Transfers to assets held for sale	-	1,071	-	-	-	-	-	1,071
Reclassifications	-	98	2,720	10,309	(2,810)	-	-	10,317
Revaluations	-	(313)	(2,086)	(13,826)	2,588	(186)	-	(13,823)
<b>At 31 March 2010</b>	<b>-</b>	<b>(863,442)</b>	<b>(23,845)</b>	<b>(252,453)</b>	<b>(118,403)</b>	<b>(34,170)</b>	<b>-</b>	<b>(1,292,313)</b>
<b>Net book value at 31 March 2010</b>	<b>48,309</b>	<b>511,107</b>	<b>13,562</b>	<b>88,354</b>	<b>63,607</b>	<b>23,981</b>	<b>505,020</b>	<b>1,253,940</b>
<b>Net book value at 1 April 2009</b>	<b>54,480</b>	<b>586,886</b>	<b>21,343</b>	<b>65,745</b>	<b>71,739</b>	<b>28,664</b>	<b>348,767</b>	<b>1,177,624</b>
<b>Asset financing:</b>								
Owned	7,395	50,662	580	70,283	21,961	4,753	500,929	656,563
Finance Leased	40,914	190,334	12,982	-	18,218	8,701	-	271,149
On balance sheet PFI	-	270,111	-	18,071	23,428	10,527	4,091	326,228
<b>Net book value at 31 March 2010</b>	<b>48,309</b>	<b>511,107</b>	<b>13,562</b>	<b>88,354</b>	<b>63,607</b>	<b>23,981</b>	<b>505,020</b>	<b>1,253,940</b>
<b>Analysis of property, plant and equipment at 31 March 2010</b>								
The net book value of property, plant and equipment comprises:								
Core department	6,195	224,684	580	7,146	37,273	10,935	127,775	414,588
Agencies	42,114	286,423	12,982	81,208	26,334	13,046	377,245	839,352
	<b>48,309</b>	<b>511,107</b>	<b>13,562</b>	<b>88,354</b>	<b>63,607</b>	<b>23,981</b>	<b>505,020</b>	<b>1,253,940</b>



**15. Intangible assets**

	Information Technology £000	Software £000	Website Develop £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2010	347,054	7,152	-	354,206
Additions	24,260	374	-	24,634
Donations	-	-	-	-
Disposals	(778)	-	-	(778)
Impairments	(122,507)	(189)	-	(122,696)
Reclassifications	46,301	-	-	46,301
Transfers	654	-	-	654
Revaluations	2,178	62	-	2,240
<b>At 31 March 2011</b>	<b>297,162</b>	<b>7,399</b>	<b>-</b>	<b>304,561</b>
<b>Amortisation</b>				
At 1 April 2010	(128,657)	(2,498)	-	(131,155)
Charged in year	(47,660)	(1,785)	-	(49,445)
Disposals	780	-	-	780
Impairments	297	21	-	318
Reclassifications	(68)	-	-	(68)
Transfers	386	-	-	386
Revaluations	3,932	(48)	-	3,884
<b>At 31 March 2011</b>	<b>(170,990)</b>	<b>(4,310)</b>	<b>-</b>	<b>(175,300)</b>
<b>Net book value at 31 March 2011</b>	<b>126,172</b>	<b>3,089</b>	<b>-</b>	<b>129,261</b>
<b>Net book value at 1 April 2010</b>	<b>218,397</b>	<b>4,654</b>	<b>-</b>	<b>223,051</b>
<b>Analysis of intangible assets at 31 March 2011</b>				
Core department	4,361	2,384	-	6,745
Agencies	121,811	705	-	122,516
	<b>126,172</b>	<b>3,089</b>	<b>-</b>	<b>129,261</b>

In 2010-11 there was a large impairment related to the termination of the e-Borders contract with Raytheon Systems Ltd. See Note 34 for more information.

<b>Cost or valuation</b>				
At 1 April 2009	188,558	3,109	387	192,054
Additions	43,931	3,986	-	47,917
Disposals	-	-	(379)	(379)
Impairments	(121)	-	-	(121)
Reclassifications	109,008	-	-	109,008
Revaluations	5,678	57	(8)	5,727
<b>At 31 March 2010</b>	<b>347,054</b>	<b>7,152</b>	<b>-</b>	<b>354,206</b>

	Information Technology £000	Software £000	Website Develop £000	Total £000
<b>Amortisation</b>				
At 1 April 2009	(81,483)	(1,481)	(287)	(83,251)
Charged in year	(34,963)	(931)	(69)	(35,963)
Disposals	-	-	356	356
Impairments	120	-	-	120
Reclassifications	(10,317)	-	-	(10,317)
Revaluations	(2,014)	(86)	-	(2,100)
<b>At 31 March 2010</b>	<b>(128,657)</b>	<b>(2,498)</b>	<b>-</b>	<b>(131,155)</b>
<b>Net book value at 31 March 2010</b>	<b>218,397</b>	<b>4,654</b>	<b>-</b>	<b>223,051</b>
<b>Net book value at 1 April 2009</b>	<b>107,075</b>	<b>1,628</b>	<b>100</b>	<b>108,803</b>
<b>Analysis of intangible assets at 31 March 2010</b>				
Core department	8,493	3,482	-	11,975
Agencies	209,904	1,172	-	211,076
	<b>218,397</b>	<b>4,654</b>	<b>-</b>	<b>223,051</b>

## 16. Financial instruments

### Risk Management Objectives and Policies

The FRM requires disclosure of the objectives and policies of an entity in holding financial instruments, and the role financial instruments have had during the period in creating or changing the risks the entity faces in undertaking its activities.

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The department has very limited powers to borrow, invest surpluses, or purchase foreign currency. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risk facing the department in undertaking its activities.

The majority of financial instruments relate to contracts to buy non-financial items in line with the department's expected purchase and usage requirements and the department is, therefore, exposed to little credit, liquidity or market risk.

### Liquidity Risk

The department's net revenue resource requirements are financed by resources voted annually by Parliament, as is most of its capital expenditure. It is not, therefore, exposed to significant liquidity risks, and the department has no need to maintain commercial borrowing facilities.

### Interest Rate Risk

The department has no material financial assets or financial liabilities carrying variable rates of interest and it is not therefore exposed to significant interest rate risk.

## Currency Risk

The majority of the department's foreign currency transactions are undertaken by UKBA. All foreign currency transactions are accounted for in accordance with accounting policy 1.18. The agency has a number of transactions in currencies other than Sterling, which are explained below.

1. UKBA International Group has a large number of foreign currency transactions. Salaries for locally engaged staff and most overseas expenditure are covered by a Service Level Agreement with the Foreign and Commonwealth Office (FCO). The rates are agreed annually and adjusted for exchange rate movements. The FCO collect visa fee income on the agency's behalf, and the department manages the risk to reduce exchange loss.

2. UKBA International Group use two large commercial partners to deliver their service around the world. One contract charges the agency a fixed monthly fee, and therefore they hold the risks.

3. The UKBA's Border Force has a number of properties which are rented overseas. These properties are rented in their local currency, and all bills are paid for in the local currency. The agency bears the currency risk.

4. The UKBA receives grants from the EU, which funds projects carried out by third parties as well as projects carried out by the agency. The risk of currency fluctuation is borne by the agency, as the amounts are agreed in euros and reported back to the EU in euros.

The only items above which are deemed to have significant currency risk relate to items (2), (3) and (4). A sensitivity analysis has been prepared below to show the net effect on the Consolidated Statement of Comprehensive Net Expenditure of changes to the exchange rate.

	<b>Value per accounts</b>	<b>Value if exchange rate reduced by 1%</b>	<b>Value if exchange rate increased by 1%</b>
(2) One Commercial Partner	19,777	19,581	19,975
(3) Juxtaposed Properties	2,932	2,903	2,961
(4) EU Income	(21,974)	(21,756)	(22,194)
<b>Net charge to CSCNE</b>	<b>735</b>	<b>728</b>	<b>742</b>

There are no significant concentrations of credit risk within the department unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the period end. Credit risks arising from acting as a guarantor are disclosed in the contingent liabilities note.

31 March 2011	Loans and receivables £000	Equity investments £000	Amortised cost £000	Total book value £000	Fair value £000
<b>Financial assets</b>					
Cash	200,402	-	-	200,402	200,402
Loan notes	-	-	-	-	-
Investments	-	1	-	1	1
Trade and other receivables	134,563	-	-	134,563	134,563
<b>Financial liabilities</b>					
Bank overdraft	-	-	(1,280)	(1,280)	(1,280)
Finance lease and hire purchase obligations	-	-	(351,183)	(351,183)	(351,183)
Trade and other payables	-	-	(1,011,151)	(1,011,151)	(1,011,151)
	334,965	1	(1,363,614)	(1,028,648)	(1,028,648)
<b>31 March 2010</b>					
	Loans and receivables £000	Equity investments £000	Amortised cost* £000	Total book value £000	Fair value £000
<b>Financial assets</b>					
Cash	95,285	-	-	95,285	95,285
Loan notes	18,067	-	-	18,067	18,067
Investments	-	1	-	1	1
Trade and other receivables	176,448	-	-	176,448	176,448
<b>Financial liabilities</b>					
Bank overdraft	-	-	(7,279)	(7,279)	(7,279)
Finance lease and hire purchase obligations	-	-	(338,550)	(338,550)	(338,550)
Trade and other payables	-	-	(1,152,744)	(1,152,744)	(1,152,744)
	289,800	1	(1,498,573)	(1,208,772)	(1,208,772)

\* All assets and liabilities are sterling denominated. Amortised costs are quoted at current day prices.

## 17 Investments

	<b>Forensic Science Service (GovCo)</b>		
	<b>Share Capital</b>	<b>Loan Stock</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April 2009</b>	1	18,067	18,068
Additions	30,000	-	30,000
Revaluations	(30,000)	-	(30,000)
<b>Balance at 31 March 2010</b>	1	18,067	18,068
Additions	10,000	-	10,000
Revaluations	(10,000)	(18,067)	(28,067)
<b>Balance at 31 March 2011</b>	<b>1</b>	<b>-</b>	<b>1</b>

The department's share of the net assets and results of the Forensic Science Service Ltd (FSS) is summarised below.

	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
	<b>Unaudited</b>	
	<b>£000</b>	<b>£000</b>
Net Assets	(71,760)	24,876
Turnover	87,345	112,951
Surplus/(Deficit) (before financing)	(98,952)	(45,301)

The FSS, formerly an Executive Agency of the Home Office, was vested as a Government-owned Company (Gov Co) in December 2005. The move to Gov Co status was agreed as the most appropriate structure to enable the FSS to operate as a corporate entity, at arms length from government, but under robust and appropriate shareholder control.

During 2008-09, a detailed analysis by the company of the changing nature of the forensics markets revealed a more pessimistic view of the market share available and of its ability to exploit its share to best effect. The forensics market has continued to be very challenging. The Ministerial decision to formally wind down the FSS by March 2012 was announced on 14 December 2010. Where possible FSS assets or business segments will be sold to the private sector.

FSS benefited from a loan of £18 million from the Home Office. FSS has been paying the interest on this loan, but not been making repayments of capital. Given the financial position of FSS, this loan has been impaired in the year.

## 18. Impairments

The Home Office has incurred the following impairments to non current assets and investments during the financial year:

	Note	2010-11 £000	2009-10 £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	10, 11	345,313	51,434
Charged to the Revaluation Reserve		44,878	42,689
		390,191	94,123

### Segmental analysis

	2010-11 £000	2009-10 £000
Crime and Policing Group	70,598	30,005
Criminal Records Bureau	9,044	-
Office for Security and Counter Terrorism	(131)	4,327
UK Border Agency	260,324	26,100
Identity and Passport Service	39,646	9,332
Central Home Office	10,710	24,359
Total	390,191	94,123

An analysis of these impairments by asset class are as follows:

	2010-11 £000	2009-10 £000
Property, Plant and Equipment – Land	6,248	4,234
Property, Plant and Equipment – Buildings	44,604	47,075
Property, Plant and Equipment – Vehicles	8	5,590
Property, Plant and Equipment – IT	33,770	(360)
Property, Plant and Equipment – Plant and Machinery	3	3,129
Property, Plant and Equipment – Furniture and Fittings	126	57
Property, Plant and Equipment – Assets under construction	153,568	4,398
Intangible – IT	123,625	-
Intangible – Software	172	-
Investments	28,067	30,000
	390,191	94,123

## Material Impairments

### UKBA e-Borders contract

A significant element of the impairments disclosed above relate to £207 million written down in respect of the termination of the e-Borders contract (see Note 34 for more information).

### Vetting and Barring Scheme (VBS)

On 15 June 2010, the government announced a fundamental review of the VBS scheme. On 11 February 2011 this review concluded that registration and monitoring of individuals working with children and vulnerable adults would be scrapped. This termination has resulted in IT systems being written down at a cost of £41 million relating to the Core Home Office and £9 million relating to CRB.

### Forensic Science Service (FSS)

A Ministerial decision was announced on 14 December 2010 to wind down the FSS by 31 March 2012. As a result there was a £18 million write-down to the value of loan stock held. In addition, during the year a £10 million capital investment was made that was subsequently written off.

### Identity Card Scheme

Following the closure of the Identity Card Scheme and the 2nd Biometric Programme, the Identity & Passport Service made the following impairments:

- Identity Card assets were impaired by £16 million, either being destroyed or sold to third parties in the case of non-specialised asset
- National Identity Assurance Service (NIAS) assets were impaired by £12 million before transfer to UKBA at fair value on 1 September 2010

### UKBA Detention Centres

Included within impairments are reductions in the value of five detention centres due to changes in the valuation methodology. The value of these impairments is £15 million.

## 19. Inventories

	31 March 2011		31 March 2010	
	Core department £000	Consolidated £000	Core department £000	Consolidated £000
Finished goods and goods for resale	-	4,585	-	6,149
Work in Progress	-	274	-	493
	-	4,859	-	6,642

**20. Trade receivables and other assets**

	31 March 2011		31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Current:</b>				
Trade receivables	32,028	27,384	43,861	36,833
VAT receivables net of creditors	65,217	87,798	27,117	45,450
Staff receivables	5,241	12,970	5,359	11,841
Receivables – government departments	3,603	26,888	7,596	21,762
Other receivables	27,005	31,979	37,641	41,110
Prepayments and accrued income	88,245	142,721	485,156	541,179
	221,339	329,740	606,730	698,175

There were no non-current receivables at 31 March 2010 and 31 March 2011.

**20.1 Intra-Government balances**

	31 March 2011		31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Current</b>				
Balances with other central government bodies	147,097	220,137	141,436	148,945
Balances with local authorities	10,125	15,034	416,615	420,831
Balances with NHS Trusts	-	1,034	2,186	3,621
Balances with public corporations and trading funds	5,718	5,718	95	96
<i>Subtotal: intra-government balances</i>	162,940	241,923	560,332	573,493
Balances with bodies external to government	58,399	87,817	46,398	124,682
Total receivables at 31 March 2011	221,339	329,740	606,730	698,175

Included within receivables is £47.3 million (2009-10: £61.0 million) that will be due to the Consolidated Fund once debts are collected.



**21. Cash and cash equivalents**

	<b>Core department £000</b>	<b>Consolidated £000</b>
Balance at 1 April 2009	271,110	307,600
Net change in cash and cash equivalent balances	(257,282)	(212,315)
Balance at 31 March 2010	13,828	95,285
Net change in cash and cash equivalent balances	107,288	105,117
Balance at 31 March 2011	121,116	200,402

The following balances at 31 March were held at:

	<b>31 March 2011</b>		<b>31 March 2010</b>	
	<b>Core department £000</b>	<b>Consolidated £000</b>	<b>Core department £000</b>	<b>Consolidated £000</b>
Government Banking Service (GBS)	113,552	113,552	12,829	52,509
Commercial banks and cash in hand	7,564	86,850	999	42,776
	121,116	200,402	13,828	95,285

The bank overdraft of £1.3 million (2009-10: £7.3 million) has not been included in the above balances and is disclosed in current trade payables and other liabilities.

**22. Trade payables and other liabilities**

	31 March 2011		31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Current:</b>				
Other taxation and social security	62,266	62,266	53,165	53,165
Trade payables	33,886	71,420	75,677	120,828
Other payables	10,123	12,498	6,701	34,127
Overdraft	-	1,280	-	7,279
Staff payables	706	706	833	833
Accruals and deferred income	537,111	954,087	487,623	985,054
Unpaid pension contributions	226	226	196	196
Payables – government departments	34,143	14,247	34,391	40,764
Current part of finance leases	19	7,287	2,740	13,171
Current part of imputed finance lease element of on balance sheet PFI contracts	30,117	49,864	26,001	32,796
Amounts issued from the Consolidated Fund for supply but not spent at year end	109,241	109,241	3,245	3,245
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	-	-	-	-
– received	73,737	73,737	75,705	75,705
– receivable	47,253	47,253	60,990	60,990
	938,828	1,404,112	827,267	1,428,153
<b>Non-current:</b>				
Other payables, accruals and deferred income	-	7,139	-	7,367
Imputed finance lease element of on- balance sheet PFI contracts	220,483	220,483	221,135	225,836
Finance leases	-	73,549	3,766	66,747
	220,483	301,171	224,901	299,950

## 22.1 Intra-Government balances

	Core department £000	Consolidated £000	Core department £000	Consolidated £000
<b>Current</b>				
Balances with other central government bodies	466,624	501,524	323,191	348,010
Balances with local authorities	328,355	427,119	242,050	345,569
Balances with NHS Trusts	-	9	5,334	5,334
Balances with public corporations and trading funds	2,553	2,836	159	2,263
<i>Subtotal: intra-government balances</i>	797,532	931,488	570,734	701,176
Balances with bodies external to government	141,296	472,624	256,533	726,977
Total payables at 31 March	938,828	1,404,112	827,267	1,428,153
	938,828	1,404,112	827,267	1,428,153
	-	-	-	-
<b>Non current</b>				
Balances with other central government bodies	-	-	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
<i>Subtotal: intra-government balances</i>	-	-	-	-
Balances with bodies external to government	220,483	301,171	224,901	299,950
Total payables at 31 March	220,483	301,171	224,901	299,950

## 23. Provisions for liabilities and charges

	2010-11 Core department			2010-11 Consolidated		
	Early departure costs	Other	Total	Early departure costs	Other	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2009</b>	10,698	134,814	145,512	19,671	216,278	235,949
Provided in the year	5,597	1,256	6,853	10,138	17,795	27,933
Provisions not required written back	(4,370)	(15,087)	(19,457)	(4,463)	(35,272)	(39,735)
Provisions utilised in the year	(4,029)	(116,207)	(120,236)	(5,149)	(129,115)	(134,264)
Unwinding of discount	-	-	-	202	758	960
<b>Balance at 31 March 2010</b>	<b>7,896</b>	<b>4,776</b>	<b>12,672</b>	<b>20,399</b>	<b>70,444</b>	<b>90,843</b>
Analysed as:						
Current	-	-	-	246	2,939	3,185
Non-current	7,896	4,776	12,672	20,153	67,505	87,658
	7,896	4,776	12,672	20,399	70,444	90,843
<b>Balance at 1 April 2010</b>	<b>7,896</b>	<b>4,776</b>	<b>12,672</b>	<b>20,399</b>	<b>70,444</b>	<b>90,843</b>
Provided in the year	9,045	72,915	81,960	53,708	104,224	157,932
Provisions not required written back	(776)	(2,859)	(3,635)	(20,709)	(20,931)	(41,640)
Provisions utilised in the year	(2,798)	(1,534)	(4,332)	(5,257)	(11,936)	(17,193)
Unwinding of discount	48	-	48	(366)	805	439
<b>Balance at 31 March 2011</b>	<b>13,415</b>	<b>73,298</b>	<b>86,713</b>	<b>47,775</b>	<b>142,606</b>	<b>190,381</b>
Analysed as:						
Current	3,655	72,920	76,575	11,989	107,827	119,816
Non-current	9,760	378	10,138	35,786	34,779	70,565
	13,415	73,298	86,713	47,775	142,606	190,381

## Analysis of expected timing of discounted flows

	£000	£000	£000	£000	£000	£000
Not later than one year	3,655	72,920	76,575	11,989	107,827	119,816
Later than one year and not later than five years	8,019	378	8,397	28,586	26,903	55,489
Later than five years	1,741	-	1,741	7,200	7,876	15,076
<b>Balance at 31 March 2011</b>	<b>13,415</b>	<b>73,298</b>	<b>86,713</b>	<b>47,775</b>	<b>142,606</b>	<b>190,381</b>

### 23.1 Early departure costs

The department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amount to PCSPS to cover the period between early departure and normal retirement date. The department provides for this in full when the early retirement programme becomes binding on the department by establishing a provision or accrual for the estimated payments. Early retirement provisions are discounted at the HM Treasury discount rate of 2.9% in real terms. Severance costs outstanding at year end under the new Civil Service Compensation Scheme are accrued for rather than provided for in a provision.

### 23.2 Other

A provision for the dilapidations on various Home Office leases is included within the Other Provision balance. The largest of these is for the dilapidations on the UK Border Agency estate. The provision for onerous contracts where UKBA have vacated premises but are still liable for costs has decreased due to successful subletting of some buildings.

In December 2010, the Home Office announced that the FSS, which employs approximately 1,600 people, was to be wound up and its activities transferred to individual police forces and private companies over the next 15 months. After external review, a provision of £71 million has been made for this.

Provision has been made for various legal claims against the department and the its agencies. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. No reimbursement will be received in respect of any of these claims. Legal claims, which may succeed but are less likely to do so (or cannot be estimated), are disclosed as contingent liabilities in Note 29.

IPS have provisions for the costs of securely decommissioning specialist IT and telephony equipment and to meet outstanding lease obligations after the closure of several offices. A provision recognised for the obligation to securely decommission passport printing equipment at the end of its life was utilised in full during the year.

## 24. Comprehensive Net Expenditure by Business Segment

for the year ended 31 March 2011

	Administration Expenditure	Programme Expenditure	Gross Expenditure	Income	2010-11 Net
	£000	£000	£000	£000	£000
Business Segment					
Crime and Policing Group	47,622	7,688,225	7,735,847	(155,025)	7,580,822
Criminal Records Bureau	85,590	47,757	133,347	(125,902)	7,445
Office for Security and Counter Terrorism	18,950	957,749	976,699	(16,848)	959,851
UK Border Agency	93,067	2,468,396	2,561,463	(858,031)	1,703,432
Identity & Passport Service	-	364,747	364,747	(423,651)	(58,904)
Business Segment Net Expenditure	245,229	11,526,874	11,772,103	(1,579,457)	10,192,646
Central Home Office	139,194	272,943	412,137	(106,644)	305,493
Total Comprehensive Net Expenditure	384,423	11,799,817	12,184,240	(1,686,101)	10,498,139
<b>Reconciliation to net resource outturn (note 2)</b>					
Consolidated Fund Extra Receipts	-	-	-	232,227	232,227
EU Income (reported as net expenditure in Note 2)	-	(22,031)	(22,031)	22,031	-
CFER write off (UKBA)	-	-	-	-	-
Net Resource Outturn	384,423	11,777,786	12,162,209	(1,431,843)	10,730,366

Costs incurred by the Home Office Shared Services Directorate within the Central Home Office in relation to accommodation, staff and IT costs are recharged to other parts of the Home Office based on usage.

In prior years, expenditure was reported against Departmental Strategic Objectives. The prior year Net Operating Cost by business segment is as follows:

	Administration Expenditure	Programme Expenditure	Gross Expenditure	Income	2009-10 Net
	£000	£000	£000	£000	£000
Business Segment					
Crime and Policing Group	52,473	7,723,138	7,775,611	(123,118)	7,652,492
Criminal Records Bureau	70,433	50,554	120,987	(127,278)	(6,291)
Office for Security and Counter-Terrorism	27,525	969,160	996,685	(9,988)	986,697
UK Border Agency	110,850	2,358,786	2,469,636	(787,536)	1,682,101
Identity & Passport Service	-	420,087	420,087	(388,576)	31,511
Business Segment Net Expenditure	261,281	11,521,725	11,783,006	(1,436,496)	10,346,510
Central Home Office	138,631	258,133	396,764	(223,328)	173,436
Total net expenditure	399,912	11,779,858	12,179,770	(1,659,824)	10,519,946

#### Reconciliation to 2009-10 net resource outturn (note 2)

Consolidated Fund Extra Receipts	-	-	-	257,347	257,347
Cost of capital prior year adjustment	(11,190)	6,714	(4,476)	-	(4,476)
EU Income (reported as net expenditure in Note 2)	-	(14,473)	(14,473)	14,473	-
CFER write off (UKBA)	(3,263)	-	(3,263)	-	(3,263)
Net Resource Outturn	385,459	11,772,099	12,157,558	(1,388,004)	10,769,554

## 25 Capital Commitments

	31 March 2011		31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000		£000	
Contracted capital commitments at 31 March not otherwise included in these financial statements				
Property, plant and equipment	9,347	30,697	7,202	208,879
Intangible assets	-	36,690	-	428,028
	9,347	67,387	7,202	636,907

Due to the cancellation of the contract with the main supplier for the e-Borders programme, there has been a reduction of £394 million in UKBA capital commitments since 2009-10. Refer to Note 34 for more detail.

The Home Secretary's announcement on 27 May 2010 confirmed the cessation of Identity Cards, the National Identity Register and the next generation of biometric passports and has reduced both the number and the value of IPS contractual commitments to £16.6 million (2009-10: £175.8 million).

In 2010-11 the Core Home Office completed £6.3 million of capital commitments relating to the Cyclamen scheme and the assets have now been transferred to UKBA.

The remaining capital commitments for the Core Home Office relate to estimated commitments to invest in IT infrastructure. This is dependent on volume of users and is subject to a cap.

## 26. Commitments under leases

### 26.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	31 March 2011		31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Obligations under operating leases for the following periods comprise:</b>				
Land				
Not later than one year	339	2,207	2,473	3,689
Later than one year and not later than five years	1,330	8,800	6,224	10,742
Later than five years	3,935	110,001	4,489	84,661
	<b>5,604</b>	<b>121,008</b>	<b>13,186</b>	<b>99,092</b>
Buildings				
Not later than one year	3,392	62,320	2,128	59,527
Later than one year and not later than five years	10,724	169,748	7,408	157,352
Later than five years	11,796	181,759	8,600	150,102
	<b>25,912</b>	<b>413,827</b>	<b>18,136</b>	<b>366,981</b>
Other:				
Not later than one year	25	7,537	43	6,103
Later than one year and not later than five years	11	13,639	27	9,915
Later than five years	-	14,276	-	1,332
	<b>36</b>	<b>35,452</b>	<b>70</b>	<b>17,350</b>
<b>Total</b>	<b>31,552</b>	<b>570,287</b>	<b>31,392</b>	<b>483,423</b>



**26.2 Finance leases**

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

	31 March 2011		Restated 31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Obligations under finance leases for the following periods comprise:</b>				
Buildings				
Not later than one year	19	7,287	2,465	12,896
Later than one year and not later than five years	-	36,904	4,799	40,068
Later than five years	-	133,393	215	127,827
	19	177,584	7,479	180,791
<i>Less interest element</i>	-	98,197	973	100,873
Present Value of obligations	19	79,387	6,506	79,918
Other				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	-	-
<i>Less interest element</i>	-	-	-	-
Present Value of obligations	-	-	-	-
<b>Total</b>	<b>19</b>	<b>79,387</b>	<b>6,506</b>	<b>79,918</b>

Total present value minimum lease payments under finance leases are given in the table below for each of the following periods.

Total present value minimum lease payments under finance leases are given in the table below for each of the following periods.

	31 March 2011		Restated 31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Present Value of obligations under finance leases for the following periods comprise:</b>				
Buildings				
Not later than one year	19	7,013	2,465	12,896
Later than one year and not later than five years	-	34,554	3,915	35,773
Later than five years	-	37,820	126	31,249
Total Present Value of obligations	19	79,387	6,506	79,918
Other				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total Present Value of obligations	-	-	-	-

During 2010-11 the Home Office undertook a review of its finance leases. The lease on one property was terminated early as surplus to operational requirements. Another property and the associated financial commitment was transferred to the Ministry of Justice. A further finance lease is due to expire in full during 2011-12.

A finance lease that was categorised under "Other" in 2009-10 has been correctly identified as a service concession arrangement. Details are in Note 27 and the balances for 2009-10 have been restated.

## 27. Commitments under PFI contracts and other service concession arrangements

### 27.1 "On-balance sheet" (SoFP)

#### Home Office IT Systems

In October 2009, the Home Office signed extensions to its IT contracts with Fujitsu and ATOS Origin to January 2016. The services provided under these contracts remained unchanged (i.e. to provide the IT infrastructure and support for the core Home Office and the UK Border Agency); previously ATOS serviced the UK Border Agency and Fujitsu the core Home Office.

There was an overlap between the services provided by both these suppliers, but renegotiations at Home Office level have ensured that both ATOS and Fujitsu are now delivering a common IT infrastructure, development and support service which is used by both core Home Office and UKBA.

Under IFRIC 12, this arrangement is deemed as an on balance sheet (SoFP) service concession, the assets being treated as the assets of the core Home Office and the UK Border Agency. Given the shared nature of this arrangement, all costs, assets and liabilities have been apportioned to each entity on an agreed percentage.

#### Home Office Secure Network

In 2008-09, the Home Office entered into a contract with Hewlett Packard to provide and support a secure email system and this contract expires in 2014 (the system went live in 2009-10).

Under IFRIC 12, this arrangement is reported as an on balance sheet (SoFP) service concession with intangible and tangible IT assets being treated as assets of the Home Office. The operational and variable payment streams to the contractor are charged to the Statement of Comprehensive Net Expenditure.

This contract had previously been reported as a finance lease. The 2009-10 figures have been restated to show this arrangement as a service concession.

#### Home Office Central London Accommodation

On 26 March 2002, a 29 year public private partnership contract was signed for the construction and maintenance of a new central London headquarters building at 2 Marsham Street. The new building houses the majority of staff in the Home Office based in Central London. Under IFRIC 12, 2 Marsham Street is recorded as an asset on the balance sheet (SoFP) of the Home Office. The operational and variable payment streams to the contractor for building services are charged to the Statement of Comprehensive Net Expenditure.

The contract contains an option for the Home Office to purchase the building.

#### Criminal Records Bureau PPP Contract

2010-11 is the ninth year of the ten year contract awarded under the PPP initiative to provide the disclosure processing service. The contract (from March 2002 to March 2012) has an estimated total value of £400 million, with the actual final value determined by demand for disclosure notices.

Under IFRIC 12, the CRB is considered to control the infrastructure in a public-to-private service concession arrangement because the CRB controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and the CRB controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

The CRB recognises the infrastructure as a non-current asset on the balance sheet (SoFP).

	31 March 2011		Restated 31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Total obligations under “on-balance sheet” service concession arrangements for the following periods comprises:</b>				
Not later than one year	26,519	97,919	26,002	54,746
Later than one year and not later than five years	108,692	360,652	107,246	113,627
Later than five years	488,584	488,584	516,557	516,892
	623,795	947,155	649,805	685,265
<i>Less interest element</i>	420,960	421,883	444,792	445,994
<i>Present value of obligations</i>	202,835	525,272	205,013	239,271

	31 March 2011		Restated 31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
<b>Present value of obligations under “on-balance sheet” service concession arrangements for the following periods comprise:</b>				
Not later than one year	26,519	96,996	26,002	54,746
Later than one year and not later than five years	76,575	328,535	76,215	81,394
Later than five years	99,741	99,741	102,796	103,131
Total present value of obligations	202,835	525,272	205,013	239,271

**27.2 Charge to the Statement of Comprehensive Net Expenditure and future commitments**

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of “off-balance sheet” (SoFP) PFI and other service concession arrangement transactions and the service element of “on-balance sheet” (SoFP) PFI and other service concession arrangement transactions was £126,945,000 (restated 2009-10: £181,980,000) and the payments to which the department and its agencies are committed is as follows.

	31 March 2011		Restated 31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
Not later than one year	25,586	73,586	69,719	133,627
Later than one year and not later than five years	148,696	214,518	94,181	154,327
Later than five years	200,523	200,523	214,411	214,751
	374,805	488,627	378,311	502,705

**28. Other financial commitments**

The department and its agencies have entered into various non-cancellable contracts (which are not leases or PFI contracts):

The Vetting and Barring Scheme was curtailed in 2010-11. This represented £21 million of the future commitments reported for the core Home Office in 2009-10.

UKBA has entered into non-cancellable contracts (which are not leases or PFI contracts) for the provision of detention services, asylum support costs including accommodation and the facilitation of worldwide Visa Application Centres. The estimated value of the current commitments is £206 million (2009-10: £638 million)

IPS has entered into similar contracts for provision of contracted out services for passport production, cashing and application scanning, administration of IT systems, secure delivery and the provision of a telephone contact centre. The estimated value of these commitments is £551 million (2009-10: £749 million)

	31 March 2011		31 March 2010	
	Core department	Consolidated	Core department	Consolidated
	£000	£000	£000	£000
Not later than one year	12,968	200,057	15,851	247,664
Later than one year and not later than five years	6,730	383,637	21,147	798,866
Later than five years	–	193,542	39,489	417,037
Total	19,698	777,236	76,487	1,463,567

### 28.1 Financial Guarantees, Indemnities and Letter of Comfort

The department has entered into the following quantifiable guarantees, indemnities or provided letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39.

*Managing Public Money* requires that the full potential costs of such contracts be reported to Parliament. These costs are reproduced in the table below.

	Restated 1 April 2010 £000	Increase in year £000	Liabilities crystallised £000	Obligation expired in year £000	31 March 2011 £000
<i>Guarantees</i>					
Guarantee to the Forensic Science Service (FSS) to meet obligations under its tenancy agreement. Minute dated 20 July 2009.	26,000	-	-	5,000	21,000
<i>Indemnities</i>					
Indemnity provided to BAA in respect of damage or injury caused to third parties from the UK Border Agency (UKBA) in their use of vehicles operating airside while transporting immigration officers between airside locations.	52,000	-	-	-	52,000
Indemnity provided to BAA in respect of damage or injury caused to third parties from negligence of Home Office staff in their use of vehicles operating airside. Minute dated 11 November 2009.	50,000	-	-	50,000	-
Indemnity in respect of rolling out the Airwave contract in the London Underground (amount capped per incident). Minute dated 15 October 2009.	100,000	-	-	-	100,000
Claims arising from the Simplifying Passenger Travel Interest Group (SPT) not exceeding £5m. Minute dated 8th July 2008.	5,000	-	-	-	5,000
Indemnity issued to third parties from SOCA for using their facilities for firearms training, up to a maximum of live exposure at any one time of £50 million. Minute dated 1st July 2008.	50,000	-	-	-	50,000
Indemnities were given to various port and airport authorities during installation stage of Cyclamen. The maximum exposure is £115 million with no individual indemnity being above £10 million. Minute dated 29 May 2009.	115,000	-	-	-	115,000
	<b>398,000</b>	<b>-</b>	<b>-</b>	<b>55,000</b>	<b>343,000</b>

The quantifiable operational indemnities below have been confirmed by HM Treasury as not required to be reported to Parliament.

	Restated 1 April 2010	Increase in year	Liabilities crystallised	Obligation expired in year	31 March 2011
	£000	£000	£000	£000	£000
Delegated authority for SOCA to enter into indemnities of up to £1 million relating to operational need. During 2010-11 SOCA entered into one new operational indemnity of £1 million which ceased before 31 March 2011, two indemnities remain current from previous years. In addition, five indemnities with clearing banks remain in place, with a maximum aggregated value of £750k and 11 further indemnities with a aggregate total of less than £750k.	3,000	1,000	-	1,500	2,500
IPS Indemnity covering Manchester airport and associated with the confirmation of the validity of Identity Cards. With the cessation of the Identity Card Scheme, this indemnity was no longer required.	5,000	-	-	5,000	-
Indemnity from UKBA to Raytheon to protect against IPR breach post novation of contract, limited to £5 million.	5,000	-	-	-	5,000
<b>Total</b>	<b>13,000</b>	<b>1,000</b>	<b>-</b>	<b>6,500</b>	<b>7,500</b>

In addition to the above mentioned indemnities, there is a €10 million, £8,837,000 indemnity converted at the rate at 31 March 2011 from the European Central Bank website relating to the Cyclamen programme as at 31 March 2011. Minute dated 17 July 2009.

## 29. Contingent liabilities disclosed under IAS 37

The department has the following contingent liabilities:

The department and its agencies have various legal claims which are currently outstanding. The liabilities described below cover all known claims where legal advice indicated that the criteria for recognition of a provision has not been met.

£1 million of this relates to various cases brought against the core Home Office.

There are a number of cases of unlawful detention claims outstanding against UKBA. Based on past experience these give rise to an overall contingent liability of £4 million.

There are currently a number of court cases where UKBA is being challenged on what it classed as a fresh asylum claim and what are further submissions in cases where it has refused permission to work or has refused or reduced asylum support. The potential liability is £1 million in total.

When UKBA changes the immigration rules and their implementation, this may have a negative impact on institutions and individuals. This may result in legal challenges to these changes. The potential liability is £1 million in total.

UKBA is currently in dispute with seven accommodation providers relating to asylum support accommodation contracts. The value of claims is difficult to quantify but claims against the agency are likely to be in the region of £20 million. Counterclaims submitted by UKBA are estimated at £10 million and legal fees incurred to date are £2 million.

The UKBA has terminated a contract with a supplier. See Note 34 for details.

The department has also entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. These are considered unquantifiable because either a potential liability cannot be estimated with a degree of certainty at the current time or because there is no stated maximum exposure. None of these is a contingent liability within the meaning of IAS 37 since the possibility of a transfer of economic benefit in settlement is too remote.

IPS is discussing a supplier's performance against contractual obligations, the outcome of which is uncertain but may result in a variation to the contractual terms leading to a liability.

### Guarantees

#### **Police – City of London Economic Crime Basic Command Unit (ECBCU)** (Minute dated 12 March 2004)

If the Home Office reduces or discontinues its share of the match funding of the expanded ECBCU then it will contribute up to 50% to any resulting costs e.g. redundancy payment or property cost.

### Indemnities

#### **Home Office Central London Accommodation Strategy (HOCLAS)** (Minute dated 23 January 2002)

The Home Office has indemnified the contractor for an unquantifiable amount against any financial loss arising from the Home Office providing defective information in respect of the contract.

#### **UKBA New Detection Technology (NDT)**

The following minutes have been used to notify Parliament of the contingency liability relating to the UK Border Agency NDT, dated:

10 September 2003, 18 December 2003, 18 March 2004 and 2 July 2004

The minutes above refer to the following locations and NDT equipment which is loaned by the agency to recipients:

- i) **Calais:** Heartbeat equipment and building and Passive Millimetric Wave Imager trucks. Heartbeat equipment and two buildings in juxtaposed control zone commenced Spring 2004.



- ii) **Coquelles:** Heartbeat Detection Unit at the Euro tunnel operated in the juxtaposed control zone by the UKIS. Passive Millimetric Wave Imager trucks. Shelter for and Heartbeat detection equipment which is under control of, and operated by, the UK Border Agency in the juxtaposed control zone.
- iii) **Dunkerque:** Heartbeat building commenced Summer 2005. Heartbeat equipment and building operated by the UKIS in the juxtaposed control zone and commenced operation in Spring 2004.
- iv) **Ostend and Zeebrugge:** Heartbeat shelters.
- v) **St. Malo:** CO2 probes to be operated by French operators.
- vi) **Vlissingen:** Heartbeat equipment and shelters.
- vii) **Zeebrugge:** Two further Heartbeat buildings and one Passive Millimetric Wave Imager truck.

The minutes also refer to the following:

Indemnity in respect of the deployment and/or demonstration of NDT by the UK Border Agency in Europe. Within the scope of this indemnity "Europe" is defined as the member states of the Organisation for Security and Co-operation in Europe (OSCE); those North African and Middle Eastern countries with which the OSCE has special relationships (Algeria, Israel, Jordan, Morocco and Tunisia); and those countries which participate in Euro-Mediterranean dialogue with the Council of Europe (Libya, Syria, Lebanon and the Palestinian Authority).

**Harmondsworth and Campsfield Inquiry Team** (Minute laid 4 July 2007)

Indemnity provided to the Chairman and members of the team carrying out, in good faith and honesty, the inquiry into the disturbances at the Harmondsworth and Campsfield Immigration Removal Centres.

**CIFAS – Fraud Protection Service** (Minute laid 2 July 2008)

To indemnify bodies against erroneous data entered on the CIFAS database, resulting in claims lodged against those organisations.

**Neighbourhood Watch** (Minute laid 2 February 2010)

To indemnify Neighbourhood Watch schemes against claims lodged against them. Cover provided in excess of £5 million that is provided by public liability insurance paid by the Home Office and in excess of £5 million that is provided by product liability insurance paid by the Home Office.

**The UK Border Agency use of Foreign & Commonwealth Office premises**

Commitment to conditional support provided to the FCO against all third party claims arising out of, or in connection with, the agency's occupation of the premises.

**Forensic Science Service**

To indemnify a Shareholder Executive to protect against claims arising from appointment to FSS Board on behalf of Home Office (as shareholder).

**Police Pay and Conditions Review**

A standard board indemnity was given to the Lead Reviewer for the Police Pay and Conditions Review.

**29.1 Contingent assets disclosed under IAS 37**

At 31 March 2011, UKBA had irrevocable letter of credits drawn on Natwest Bank and payable to the Home Office under certain events. There were nine letters of credit with a value of £50 million.

These were called on the 22 March but an injunction was granted on 29 March to block release of the funds. As at 31 March 2011 the funds represent a contingent asset and are disclosed as such.

For further details refer to Note 34.

### 30. Losses and special payments

#### 30(a) Losses Statement

Losses are transactions of a type which Parliament could not have known when Supply funding for the department was voted. The term loss includes loss of public monies, stores, stocks, cash and other property entrusted to the Home Office. Examples include: cash losses, bookkeeping losses, exchange rate fluctuations, losses of pay, allowance and superannuation benefits, losses arising from overpayments, losses arising from failure to make adequate charges, and losses arising from accountable stores.

	2010-11		2009-10 Restated	
	Number of cases	£000	Number of cases	£000
Losses under £250,000	2,293	966	4,085	8,130
Cases over £250,000	18	333,379	4	7,600
<b>Total</b>	<b>2,311</b>	<b>334,345</b>	<b>4,089</b>	<b>15,730</b>

Cases over £250,000 comprise:

Overpayments	2	4,107	1	3,507
Losses of Pay	1	1,841	-	-
Fruitless Payments	3	6,560	2	2,392
Constructive losses	12	320,871	1	1,701
<b>Total</b>	<b>18</b>	<b>333,379</b>	<b>4</b>	<b>7,600</b>

#### Overpayments

In 2010-11 UKBA made overpayments to Asylum Seekers of approximately £2.2 million. This is lower than the £3.5 million paid last year and considerably lower than the £9.6 million reported in 2008-09 when the issue first came to light. This reflects the steps taken by UKBA in tackling the system for payments to Asylum Seekers.

The remainder of £1.9 million relates to overpayments made to members of staff which have arisen from pay changes where notifications have been received after the cut off point for the payroll.

#### Losses of Pay

Losses of pay include allowances and superannuation benefits due to non disclosure of full facts by the beneficiary as well as overpayments due to misinterpretation and missing information.

The £1.8 million figure for the year relates to one instance where a member of staff provided false information to secure employment with UKBA. During his employment, the contractor exploited a loophole in systems operating between the agency and the Treasury Solicitor. This led to a range of individuals being engaged to take forward work to resolve disputes and some of them did not have the necessary qualifications. This loophole has now been closed.

#### Fruitless payments

These are payments for which liability ought not to have been incurred or where the demand for the goods or services in question could have been cancelled in time to avoid liability. Examples include forfeitures under contracts as a result of some error or negligence by the department, for example, goods or services wrongly ordered or accepted.

Included within the fruitless payments are payments by IPS of £3.56 million under the partially terminated Business Process and Infrastructure Transformation Programme.

Also included are payments of £2.2 million incurred by the Core Home Office relating to an onerous contract for HP Confidential Desktops that has been cancelled after the government review of the VBS Programme and payments by UKBA of £0.8 million for three empty properties. Unavoidable payments are made to landlords and

others on properties after occupation has ended. These payments are integrated within an estates management and rationalisation plan designed to increase the overall long term benefit of the estate to the business.

### Constructive Loss

The Home Secretary announced on 27 May 2010 the decision to cancel Identity Cards, the National Identity Register and to halt the fingerprint biometric passport. Following this and subsequent announcements, IPS has undertaken a major restructuring programme resulting in considerable descoping on contractual arrangements and rationalisation of the office estate. This has resulted in impairment losses of £31.1 million which are disclosed here as constructive losses.

In addition IPS has reset a major contract with a supplier and has entered into a contingency arrangement with an outgoing supplier. IPS procured a leasing arrangement on 68 offices nationwide as part of the Interview Office Network (ION) to provide facilities to deter fraudulent passport applications from first time adult passport applicants. After a change in priorities, a decision was made to close 10 ION offices on 3 April 2010. The total cost of £6.36 million has been recognised as a constructive loss in 2010-11.

UKBA cancelled a contract with a major supplier which resulted in impairment losses of £207 million which are recognised here as a constructive loss. For further details refer to Note 34.

In October 2010, the Government announced a review of the VBS scheme and the requirement for individuals to register and be continuously monitored was removed. This resulted in total impairment losses of £50 million, of which £41 million related to the Core Home Office and £9 million to CRB assets. This has been recognised as constructive loss.

Overall there has been a reduction in number of losses compared with prior year although the amount of losses has increased. This is due to an increase in large value cases.

### 30(b) Special payments

Special Payments are transactions that Parliament could not have anticipated when passing legislation or approving Supply Estimates for the department. Examples include: extra contractual payments to contractors, ex gratia payments to contractors, other ex gratia payments, compensation payments, and extra statutory and extra regulatory payments.

	2010-11		2009-10	
	Number of cases	£000	Number of cases	£000
Special Payments				
Special Payments Under £250,000	2,169	13,926	1,908	9,988
Special Payments Over £250,000	3	1,055	5	3,503
<b>Total</b>	<b>2,172</b>	<b>14,981</b>	<b>1,913</b>	<b>13,491</b>

Two payments totaling £780,000 were made by the core department and a payment of £275,000 by UKBA to settle three court cases.

### 31. Related-party transactions

The Home Office is the parent department of the UK Border Agency (UKBA), Identity & Passport Service (IPS) and the Criminal Records Bureau (CRB) and holds an investment in the Forensic Science Service Ltd. The Home Office is the sponsor of the Non-Departmental Public Bodies listed in Note 33. These bodies are regarded as related parties, with which the Home Office has had various material transactions during the year.

Minister's interests are declared and maintained through the Register of Member's Interests at the House of Commons and the Register of Lord's Interest at the House of Lords.

The Home Office also requests that Ministers, board members and senior managers complete returns stating whether they, their spouses or close family members have been in a position of influence or control in organisations with which the Home Office has transactions.

No board member, key managerial staff or other related parties have undertaken any material transactions with the department during the reporting period other than those reported.

Notes 20 and 22 provide details of intra-government balances, sponsored NDPBs, and the Forensic Science Service. Note 2 provides details of grant-in-aid payments to NDPB's. Information on key management compensation is provided in the Remuneration Report.

Details of related party transactions of the UKBA, IPS and the CRB are disclosed in their audited accounts.

### 32. Third-party assets

The UK Border Agency receives applications from foreign nationals to obtain British nationality. The application money includes ceremony fee of £80 (2009-10 £80), and the local authorities who carry out the ceremonies are entitled to the whole of the fee after the ceremony has been completed.

UKBA therefore holds the funds on behalf of the local authority until the ceremony has taken place. The money is then collected through the UKBA bank account and is incorporated into the Home Office account so that control over the assets can be maintained.

Under the Proceeds of Crime Act 2002 and Section 24 of the UK Borders Act 2007, UKBA has the authority to seize cash linked to offences against the Immigration Acts. The cash seized is held in a separate bank account until a judicial case decision is made. Upon decision the monies, including any interest earned, is either returned to the owner or transferred to the agency as a seized asset. The monies are held in three separate bank accounts depending on currency to eliminate any exchange rate transactions.

Under the legal system in Scotland, the UKBA has to hold monies for people who are cautioned at court for immigration offences. A bail bond is collected and held in a separate bank account.

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out, including interest, in the table immediately below.

	<b>31 March 2011 £000</b>	<b>31 March 2010 £000</b>
Citizenship Ceremony Fee	5,280	4,502
Proceeds of Crime	1,416	–
Bail Bond Accounts	195	217
	<b>6,891</b>	<b>4,719</b>
	<b>31 March 2011 €000</b>	<b>31 March 2010 €000</b>
Proceeds of Crime (Euro)	527	–
	<b>527</b>	<b>–</b>
	<b>31 March 2011 \$000</b>	<b>31 March 2010 \$000</b>
Proceeds of Crime (US Dollar)	424	–
	<b>424</b>	<b>–</b>

**Seized assets**

During the financial year, the department recognised £156 million of income in relation to amounts recovered under the Proceeds of Crime Act 2001 and earlier legislation. Expenditure of £78 million was incurred in the form of grants to law enforcement agencies.

**33. Entities within the departmental boundary**

The entities within the boundary during 2010-11 were as follows:

**Entities consolidated**

The Home Office departmental accounting boundary encompassed the central government department and three executive agencies. The executive agencies during 2010-11 were the UK Border Agency, the Identity & Passport Service and the Criminal Records Bureau. The accounts of these entities form part of the Home Office's consolidated financial statements.

**Entities not consolidated**

The Home Office holds a non-material investment in The Forensic Science Service, as per Note 17. The FSS accounts do not form part of the Home Office's consolidated financial statements.

**Non Departmental Public Bodies (NDPBs)**

**Executive NDPBs:** typically established in statute and carrying out executive, administrative, regulatory and/or commercial functions.

Independent Police Complaints Commission  
Independent Safeguarding Authority  
National Policing Improvement Agency  
Office of the Immigration Services Commissioner  
Security Industry Authority  
Serious and Organised Crime Agency

The accounts of these bodies can be found at <http://www.official-documents.gov.uk>.

**Advisory NDPBs:** provide independent, expert advice to ministers on a wide range of issues.

Advisory Council on the Misuse of Drugs  
Animal Procedures Committee  
Migration Advisory Committee  
National DNA Database Ethics Group  
Police Advisory Board for England and Wales  
Police Negotiating Board  
Technical Advisory Board

**Tribunal NDPBs:** have jurisdiction in a specialised field of law.

Investigatory Powers Tribunal  
Office of Surveillance Commissioners  
Police Discipline Appeals Tribunal  
Police Arbitration Tribunal

Advisory and Tribunal NDPB's 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.

### 34. Termination of the e-Borders contract

The e-Borders contract with Raytheon Systems Limited (“RSL”), a subsidiary of Raytheon Corporation, was terminated for cause on 22 July 2010, because, inter alia, RSL had failed to perform on key contractual milestones. The agency initiated arbitration proceedings and, in line with the agreed timetable, on 23 March 2011, submitted a detailed claim. The termination occurred before the 2009-10 accounts had been signed and disclosure of this termination was made in the 2009-10 accounts as a post balance sheet event.

The original basis for e-Borders programme, which remains broadly unchanged, was to:

- help protect the UK from the threat of external terrorist attack
- disrupt organised and cross border crime and identify fugitives from justice
- identify and deter those who have, or seek to, abuse the immigration system
- manage our resources at the border in a more effective and co-ordinated way

e-Borders’ original two main functions were to:

- provide an ‘early warning’ system – to supply information about people before they travel so that we can identify and target individuals of interest before they enter and exit the country; and
- build travel histories to allow us to spot trends and patterns of illegal behaviour (terrorism, crime, immigration abuse) and monitor compliance with the immigration rules.

The e-Borders Programme started in 2003 and it developed a prototype which successfully tested the core concept of an intelligence led, multi agency, integrated border control. The full e-Borders contract with RSL was intended to enhance and replace this earlier prototype, in line with the business case agreed in October 2007.

Following a full external procurement, the e-Borders contract was signed in November 2007 with RSL as the prime contractor, heading the Trusted Borders consortium. The delivery was split into four release projects (RPs): RP1 - carrier gateway, RP2 – development of additional core software, RP3 – roll out to ports, and RP4 – various enhancements.

At termination, the RP1 Carrier Gateway was in partial operation. The e-Borders programme is continuing and decisions have been made to build on legacy systems rather than try and make that which has been built to date work. The agency is, therefore not proceeding further with the development of RP2 Core software, RP3 roll out and the additional enhancements in RP4. The termination and the subsequent actions have impacted upon the UK Border Agency accounts in the following ways:

- Impairment Charges
- Capital Commitments
- Contingent Liabilities
- Contingent Assets

#### Impairment Charges

Termination of the contract and the decisions subsequently taken to stabilise the systems have resulted in an impairment charge of £207,548k in the 2010-11 accounts of which the agency had paid £156,278k, not paid £50,096k and £1,174k going to the revaluation reserve. This includes costs in AUC related to RP2 and RP3, which the agency has decided not to complete, and an impairment of £111,961k against the book value of the RP1 live assets, arising because RP1 will now no longer be a further platform for the future development of the programme. The agency is pursuing, through arbitration, reimbursement for certain of these costs.

The table below sets out the impact of these impairment charges on the RSL related e-Borders assets in the accounts at 31 March 2010 and during the 2010-11 accounting year.

	Balance 31 March 2010 £000	Net Movements 1 April 2010 to 21 July 2010 £000	Impairment 22 July 2010 £000	Net Movements 1 August 2010 to 31 March 2011 £000	Balance 31 March 2011 £000
RP1 Intangible	116,942	7,873	(109,513)	(3,530)	11,772
RP1 IT	4,308	(111)	(2,449)	(665)	1,083
Assets Under Construction	106,921	(11,334)	(95,587)	0	0
	<u>228,171</u>	<u>(3,572)</u>	<u>(207,549)</u>	<u>(4,195)</u>	<u>12,855</u>
Paid	168,372	4,957	(156,279)	(4,195)	12,855
Unpaid	59,799	(9,703)	(50,096)	0	0
Revaluation	0	1,174	(1,174)	0	0
	<u>228,171</u>	<u>(3,572)</u>	<u>(207,549)</u>	<u>(4,195)</u>	<u>12,855</u>

These impairments represent the reduction in the net book value of the assets relating to e-Borders arising from the termination of the contract.

The total impairment charge was accounted for as follows:

	2010-11 £000
Charge to Statement of Comprehensive Expenditure	206,375
Charge to Revaluation Reserve	1,174
<b>Total Impairment</b>	<u><b>207,549</b></u>

The total charge to the Statement of Comprehensive Expenditure is as follows:

	2010-11 £000
Total Impairment	206,375
Less Unpaid elements	(50,096)
<b>Net Cost</b>	<u><b>156,279</b></u>



**Capital Commitments**

The e-Borders contract with RSL had an original value of £650,000k and provided for the provision of a managed outsourced technology service over 10 years.

As at 31 March 2010, the agency disclosed capital commitments of £393,853k representing commitments for PPE of £25,600k and a commitment of £368,253k for intangible assets.

Following termination on 22 July 2010, there are no capital commitments to RSL.

**Contingent liability**

The termination of the e-Borders contract with RSL was on the basis of material and repeated defaults committed by RSL, who are disputing the termination.

The issue is in arbitration and the UK Border Agency submitted its Statement of Case on 23 March 2011, which set out a detailed account of the alleged defaults committed by RSL. This Statement included a claim for substantial damages. On 23 June 2011, RSL submitted its full Defence and Counterclaim stating the grounds for termination by the agency were not valid and making a claim for substantial damages.

Whilst the agency is confident that it will succeed with its claim against RSL it recognises that there is an inherent risk in all litigation. Consequently, as at 31 March 2011 the agency has disclosed this issue as a contingent liability. Due to the complexity of our claim and RSL's counterclaim we are unable to quantify the amount of this contingent liability. A final decision in the arbitration is not expected until 2013.

In addition to the above, as part of the contract termination process with RSL, the agency has novated a contract between RSL and a sub contractor so that the contract is directly between the agency and the sub contractor. As part of this novation, the agency has provided an indemnity of £5,000k to RSL against losses arising from the infringement of intellectual property rights. The contract novated on 15 April 2011.

**Contingent Asset**

The agency had irrevocable letters of credit drawn on Natwest Bank and payable to the Home Office under certain events. At 31 March 2011 there were nine letters of credit with a value of £49,862k.

The agency called the letters of credit on the 22 March 2011. RSL obtained an injunction on 29 March 2011 which blocked the release of the funds, but this injunction was ruled against on 5 April 2011 and the agency received the funds on 6 April 2011.

As at 31 March 2011, the funds represented by the letters of credit represent a contingent asset and are disclosed as such in the accounts.

**Future developments**

The UK Border Agency is proceeding with the e-Borders programme, and is working to ensure efficient commercial arrangements to support its delivery.



## 35. Analysis of Net Expenditure by Spending Body

	2010-11		Restated 2009-10	
	Estimate £000	Total £000	Estimate £000	Total £000
<b>Spending Body:</b>				
Central Department	980,933	665,679	671,182	739,757
Identity and Passport Service (IPS)	48,884	(16,068)	114,391	31,511
Criminal Records Bureau (CRB)	9,273	7,445	299	(6,291)
UK Border Agency (UKBA)	1,581,743	1,613,997	1,578,942	1,512,650
Other Central Government	9,691	7,738	7,945	9,069
Local Authorities	7,526,791	7,323,221	7,571,698	7,227,560
Independent Police Complaints Commission (IPCC)	33,847	33,000	38,474	35,850
Serious Organised Crime Agency (SOCA)	435,478	430,985	458,272	474,826
Office of the Immigration Service Commissioner (OISC)	4,200	4,092	5,404	4,356
National Policing Improvement Agency (NPIA)	414,117	415,000	631,737	477,000
Independent Safeguarding Authority (ISA)	16,793	12,782	13,400	13,523
Security Industry Authority (SIA)	225	268	-	135
<b>Net expenditure</b>	<b>11,061,975</b>	<b>10,498,139</b>	<b>11,091,744</b>	<b>10,519,946</b>

### 36. Subsequent Events

On 8 June, the Home Secretary confirmed the creation of a new National Crime Agency (NCA) which will spearhead the UK's fight against serious organised crime, and strengthen policing at the border. The NCA will be made up of four distinct parts – Organised Crime, Border Policing, Economic Crime and the Child Exploitation and Online Protection Centre. Subject to legislation, the NCA will be fully operational by December 2013.

A number of Machinery of Government changes applied from 1 April:

- the National Fraud Agency (NFA), formerly an executive agency of the Attorney-General's Office, transferred to the Home Office
- the Government Equalities Office ceased to be a separate department and transferred to the Home Office
- responsibility for issuing British passports overseas transferred from the Foreign and Commonwealth Office to the Home Office

Baroness Neville-Jones, Minister of State for Security and Counter-Terrorism, resigned on 9 May.

James Brokenshire became Parliamentary Under Secretary of State for Security and Counter-Terrorism on 12 May.

Baroness Browning became Parliamentary Under Secretary of State for Crime Prevention and Anti Social Behaviour Reduction on 9 May.

Peter Makeham, Director General, Strategy and Reform, retired on 16 May.

The merger of CRB and ISA has been announced. The necessary legislative changes will be included in the Protection of Freedoms Bill which is expected to become law by early 2012.

These financial statements were authorised for issue on the same date that the Comptroller and Auditor General signed his certificate.







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