Home Office

Annual Report and Accounts

2012-13

(For the year ended 31 March 2013)

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty

Annual Report and Accounts presented to the House of Lords by Command of Her Majesty

Ordered by the House of Commons to be printed on
4 July 2013

HC 21 LONDON: The Stationery Office £27.00

This is part of a series of departmental publications which, along with the Main Estimates 2013-14 and the document Public Expenditure: Statistical Analyses 2013, present the Government's outturn for 2012-13 and planned expenditure for 2013-14.

Any enquiries regarding this publication should be sent to us at
Direct Communications Unit, 2 Marsham Street, London SW1P 4DF.
Telephone: 020 7035 4848 (09:00-17:00 Mon-Fri) Fax: 020 7035 4745

This publication is available for download from our website at
https://www.gov.uk/government/organisations/home-office

ISBN: 9780102983227

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2557292 07/13

Printed on paper containing 75% recycled fibre content minimum

Contents

Foreword by the Home Secretary, Theresa May

As Home Secretary, I am ultimately responsible for the police, for the security of our borders, and for keeping us all safe from terrorism.

I must also make sure that my department uses taxpayers' money wisely.

This Report shows how the Home Office spends your money. It also demonstrates that we do not waste it. My reforms to the police are having the effects that I hoped they would. Recorded crime fell again last year. It has fallen by more than 10 per cent since the last election. I believe that crime will fall further as those reforms continue.

The election of Police and Crime Commissioners last November means that, for the first time, the priorities of each local police force are determined by the voters in that area.

The new College of Policing will ensure that officers have clear professional standards, and that best practices are shared. Organised criminal gangs do not respect the boundaries of local police forces: the National Crime Agency, which will become fully operational in the autumn, will attack organised crime on a national level.

The security of our borders has also improved very significantly. This Government pledged to reduce immigration, and the Home Office is charged with implementing that promise. Immigration is at its lowest level since 2001. Net migration (the number of migrants (British and non-British Citizens) entering the UK for over a year minus the number of migrants leaving the UK for over a year) has fallen by one third. The policies we have put in place to reduce immigration - a cap on the numbers who can come to Britain to work from outside the EU, cutting out the abuse of the student visa system, and a crackdown on sham marriages and the mis-use of human rights legislation to secure permanent settlement for people who are not entitled to it - are working.

Keeping the British people safe from terrorist attack is my heaviest responsibility. Preventing terrorism is not only about enforcing the law: it also involves finding ways to diminish the chances that anyone will be drawn to the extremist attitudes that spawn terrorism. Our counter-terrorism strategy has been strengthened and sharpened to achieve that objective.

One of the Home Office's proudest achievements last year was ensuring that the participants and spectators in the London Olympic and Paralymic Games were safe and secure. That the Games were completed so successfully was due to the unstinting commitment of Home Office staff and the many organisations they worked with.

I am pleased and proud that my department has performed so well during the last business year. Read this report and see for yourself what we have done and what we have spent. May next year be even better.

Theresa May
Home Secretary

Foreword by the Permanent Secretary, Mark Sedwill

Over the past year crime has fallen, net migration is down, and our counter-terrorist framework has continued to set the international benchmark. There has been significant organisational change within the Home Office: the Disclosure and Barring Service and the College of Policing became operational, and the Government Equalities Office and Commission for Equality and Human Rights transferred to the Department for Culture, Media and Sport. We are also making good progress towards the successful delivery of the National Crime Agency in the autumn.

One of our greatest achievements of the past year was the key role the department played in the delivery of a safe and secure Olympic and Paralympic Games. Alongside this, the Home Office maintained focus and delivery on its other departmental priorities. We also continued our work on police reform, including the introduction of Police and Crime Commissioners last autumn to ensure policing priorities are managed at a local rather than a national level.

More recently, the Home Secretary announced that the UK Border Agency would be split into two commands and reintegrated into the core department. This decision saw the beginning of a wider Home Office transformation programme that will streamline governance, bringing greater coherence to operations, policy and corporate enablers. All of these changes will strengthen our focus on the delivery of the Home Office's strategic priorities to prevent terrorism, cut crime and reduce immigration.

As Accounting Officer, my role is to ensure the department lives within its challenging 2010 Spending Review settlement, and the emerging pressures and constraints implemented since. We continue to look for value for money across all of our services. The progress we have made to date puts us in a sound position to deliver further savings while releasing resources to improve our operational impact still further.

I would like to thank my predecessors in this role, Dame Helen Ghosh and Helen Kilpatrick, for the significant contributions they made to the department during the last year. I would also like to thank all staff for their effort and commitment during a busy but successful year. The Civil Service and the Home Office continues to undergo reform and during this period of change, we ensured that effective '*business as usual*' delivery continued unaffected. Looking forward to the year ahead I am confident of the continuing support of staff and partner organisations in the delivery our Business Plan priorities in the coming year.

Mark Sedwill
Permanent Secretary

CHAPTER 1 – OUR VISION

The Government's vision for the Home Office was set out in our 2012-15 Business Plan which listed six priorities:

- 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

These have since been grouped together into three priorities for the Home Office, to:

- cut crime
- reduce immigration
- prevent terrorism

The Home Office also supports the coalition priority of promoting growth by keeping the UK safe, by cutting crime and improving the operation of the immigration and passport systems.

CHAPTER 2 – OUR ORGANISATION

The Home Office, its directorates, agencies and executive non-departmental public bodies work closely together to achieve the three Home Office priorities to cut crime, reduce immigration and prevent terrorism.

1. Cutting crime

The Home Office Crime and Policing Group's aim is to cut crime and 2012-13 saw the implementation of ambitious reforms to achieve this. These reforms add up to the most radical overhaul of the policing landscape for generations, improving our grip on organised and national crime threats, ensuring the right bodies are in place to support the police and hold them to account, and placing power on local crime and policing issues in the hands of local people.

Against the backdrop of a tough economic climate and budget reductions for the police, crime has continued to fall and in the first two years of this Government, recorded crime fell by 10%.

Increasing the accountability of the police

Police and Crime Commissioners, who were first elected on 15 November 2012, have the vital task of ensuring that the police deal with the issues that matter to the communities they serve, and the public will be holding them directly to account.

Responding to serious and organise crime

Transforming our response to serious and organised crime, we laid the groundwork in 2012-13 for the establishment of the National Crime Agency (NCA). This will be a highly visible agency of operational crime fighters, leading a joined up response to serious, organised and complex crime.

The NCA will strengthen border defences, accelerate efforts against economic crime, and build on the work of the Child Exploitation and Online Protection Centre. It will also consolidate expertise on cyber crime to form the first National Cyber Crime Unit. We are making good progress on designing and building the agency, including establishing shadow commands and functions which are already having an impact and delivering operational results.

The publication of the Strategic Policing Requirement (SPR) in July 2012 was another important measure to tackle national threats. The SPR identified the national threats the police must address and the appropriate national policing capabilities that are required to counter those threats.

Police reform

Throughout 2012-13 our focus has been on cutting crime and delivering the Government's programme of reform for the public.

As well as implementing this significant programme of reform, we have continued to manage risks to public order such as during the Olympic and Paralympic Games and the Diamond Jubilee. Our achievements this year provide a strong foundation on which to build over the next twelve months.

We have strengthened and rationalised national policing bodies to ensure the police have the capabilities they need to do their important job. We established the new College of Policing, which began providing services to police forces in December 2012, and are phasing out the National Policing Improvement Agency.

Her Majesty's Inspectorate of Constabulary, headed for the first time by a non-police officer, is holding the police to account more assiduously than ever, with the more powerful Independent Police Complaints Commission (IPCC) investigating and taking action on serious breaches of police conduct.

We are supporting the transformation of the police and making best use of public money by leading a programme to free up police time to help the police to save money through better procurement and collaboration.

The new Police ICT Company will deliver procurement, implementation and management services to police forces and other law enforcement agencies when fully operational.

We have started significant reform of police pay and conditions, implementing Tom Winsor's report (Independent Review of Police Officer and Staff Remuneration and Conditions).

Addressing the sources of crime

Our alcohol strategy started a major programme of reform to address one of the main sources of crime. The Anti-Social Behaviour White Paper outlined our plans to give the police and partners improved tools to tackle anti-social behaviour and to provide a better response to victims. We legislated to take action against metal theft, a major threat to our national infrastructure.

Cutting crime: agencies and NDPBs

College of Policing

The College of Policing became operational on 1 December 2012, with the transfer of responsibilities and resources from the National Policing Improvement Agency. As the professional body for policing in England and Wales, its purpose is to protect the public and cut crime by building professionalism in policing which includes setting national standards and supporting continuous professional development.

The College of Policing is currently a limited company owned by the Home Secretary, with the intention that it is made independent of government as soon as parliamentary time allows: its governance has been built to facilitate this.

Since it started work in December 2012 the College of Policing has developed training, recruitment, progression and leadership products and services. It, achieved designation as the national '*What Works Institute*' for crime reduction, and also started a major programme of work to address ethics and integrity across policing.

Disclosure and Barring Service

The Disclosure and Barring Service (DBS) helps employers make safer recruitment decisions. Through its criminal record checking and barring functions, it also prevents unsuitable people from working with vulnerable groups, including children.

DBS was established when the Criminal Records Bureau (CRB) and Independent Safeguarding Authority (ISA) merged in 2012.

In March 2013 we introduced the arrangements to enable filtering of old and minor convictions and cautions so that they do not automatically appear on a criminal records certificate. The offences subject to the new filtering arrangements were set out in a statutory instrument and will be implemented when the Parliamentary process is complete.

During 2012-2013 we processed an increased percentage of disclosure applications and issued 2.84 million certificates between 1 April and 30 November 2012, of which around 21.5% were issued free of charge to volunteers. 2,937 people were placed on the barred lists in 2012-13 following conviction or cautioning for an automatic barring offence. A further 313 were placed on the barred lists following a referral to the ISA. 4,269 referrals were received and processed to the end of November 2012.

Independent Police Complaints Commission

The Independent Police Complaints Commission (IPCC) oversees the police complaints system in England and Wales and sets the standards by which the police should handle complaints. During 2012-13 we were responsible for dealing with serious complaints and conduct matters relating to staff at the Serious Organised Crime Agency (SOCA), Her Majesty's Revenue and Customs (HMRC), and the UK Border Agency (UKBA).

The IPCC is independent, making its decisions entirely independently of the police, government and complainants.

The IPCC considers appeals from people who are dissatisfied with the way a police force has dealt with their complaint, and since November 2012 has shared the responsibility for determining appeals with local police forces. Police forces refer the most serious cases, whether or not someone has made a complaint, to the IPCC. The IPCC may decide to investigate such cases independently, manage or supervise the police force's investigation, or return it for local investigation.

Police forces refer the most serious cases, whether or not someone has made a complaint, to the IPCC. The IPCC may decide to investigate such cases independently, manage or supervise the police force's investigation, or return it for local investigation.

During 2012-2013 we responded to the changes to the police complaints system introduced by the Police Reform and Social Responsibility Act 2011 by issuing revised statutory guidance for police forces in January 2013.

We published the second part of our report about corruption in the police service, and, with ACPO, produced a joint report about police officers and staff who use their powers to perpetrate sexual violence. We are conducting a review of our work in cases where there has been a death, involving a major consultation exercise with stakeholders. The review is being assisted by a reference group of four independent specialists.

In March 2013, the IPCC responded to the Home Secretary's announcement that proposed transferring resources from police force professional standards departments to the IPCC to enable it to investigate more 'serious and sensitive' cases.

Security Industry Authority

The Security Industry Authority (SIA) is the independent regulator for the UK private security industry. It licences some 330,000 individuals working in the industry and 770 businesses are members of the voluntary Approved Contractor Scheme (ACS).

We report to the Home Secretary under the terms of the Private Security Industry Act 2001 and consult closely with the Scottish Parliament and the Northern Ireland Assembly about regulation. Regulation of the private security industry supports the objectives of the Home Office and the devolved administrations to protect the public.

Our work contributes to making communities safer, helping people feel secure and cutting crime, protecting the public from terrorism, controlling immigration and safeguarding identity.

The SIA continues to perform well against its business objectives. For the year 2012-13 the number of licence applications completed within five weeks was 92% (against a target of 80%) and the performance of all contacts resolved at the point of first contact was 83% (target 80%).

Regulatory activity continues to ensure that the regime is effectively enforced. Working with partner organisations to deliver regular checks, the SIA has supported compliance rates of 99%. This is a particularly good result in a year when the Olympic and Paralympic Games presented considerable challenges.

Operational and service efficiency have continued to improve and this is reflected in the achievement of the Customer Service Excellence Award for the third year running.

The drive to support the Government's austerity measures and reduce the SIA's cost base has continued and additional savings of £1.8 million (6%) have been achieved mainly through driving down the costs of licensing. Whilst fees have remained stable it is anticipated that the cost reductions achieved will present opportunities for further reductions in the future whilst ensuring that the SIA remains self funding.

We continue to work with licence holders and applicants to achieve more efficient communication, including the introduction of e-renewals, which allows applicants to renew their licences on line, phone renewals and other services, such as updates through email and SMS.

During the year, the SIA has continued to lead work with the industry to deliver proposals for a new regulatory regime outside the NDPB sector in line with the Government's proposals following the Arms Length Bodies Review in 2010. It has consulted widely and directly with industry and other stakeholders to develop the supporting principles and to begin the work of putting in place a new less burdensome regulatory regime. This programme of change is supported by the work on developing a future operational model which will deliver a timely, high quality and value for money service to both individual licence holders and businesses alike as well as developing new arrangements for the regulation of businesses.

2. Reducing immigration

The Home Office controls the border and immigration system in accordance with the law and Government policy. Overall, net migration reduced by 37 per cent to 153,000 in the 12 months to September 2012 from 242,000 a year earlier.

We are working to ensure that our immigration system commands public confidence and serves our economic interests. We will ensure we attract and retain the brightest and best migrants who come to the UK to work, study or invest, whilst reducing net migration and tackling abuse of the system, by increased credibility interviewing, legislation and tough enforcement against those who break our immigration law.

We are also transforming border security and improving customer service for legitimate passengers and those who trade to and from the UK.

Showing its commitment to building a reputation with the public and Parliament for high professional standards of competence, in April 2013 the UK Border Agency was integrated into Home Office, with the creation of two new Directorates – UK Visas and Immigration and Enforcement – headed by two new Directorate Generals who have clear responsibilities to enable more collaborative working across the immigration system and with wider partners.

The Immigration enforcement Directorate will take tough action against foreign nationals who are in the UK illegally and those who break the law. It will take the lead in addressing organised crime by gangs that seek to undermine the UK's immigration system, and seeks to deport or exclude foreign criminals who have no legal right to remain in the UK, including foreign criminals and foreigners whose presence in the UK poses a security threat to the public.

While operating as UK Border Agency from 2012-2013, 89 organised crime gangs were disrupted, up from 74 in 2011-12, and 4,546 foreign national offenders were removed.

Operation Nexus was carried out, which checked all detainees in London's custody suites against immigration intelligence systems securing significant numbers of high harm removals.

We helped to ensure a safe and successful Olympics and Paralympic Games with over 400 staff volunteering to support the border over the Games' period, just under 13,000 biometrics collected overseas and 825,000 background checks conducted on 790,000 applications. Over 4,000 Olympic and Paralympic Games visit visas were issued. We also provided staff to cover over 6,500 shifts to support the border during the remainder of the summer period.

42,429 migrants with no legal right to remain were removed or departed voluntarily, and a further 13,606 were refused entry at port and subsequently departed.

A new, single asylum command design was approved, with an aim of improving case workflows and reducing the age, size and cost of the UK asylum caseload.

In 2012-13, 20,000 interviews were conducted overseas. Tough new rules for granting student and spouse visas were implemented to reduce immigration abuse. As a result of these and other policies, net migration fell by one third in the 12 months to June 2012. Performance against service standards in our international and visa operations remained stable.

Protecting our borders

On 1 March 2012 the Home Secretary announced that Border Force would be split from the UK Border Agency to become a separate operational command within the Home Office, with its own ethos of law enforcement, led by its own Director General and accountable directly to ministers.

Border Force has a critical role in protecting national security and supporting national prosperity, securing the UK border by cutting crime and preventing terrorism, preventing illegal immigration, stopping illegal goods from entering or leaving the country, and collecting taxes on imported goods. Each year, more than 200 million people cross the UK border, and hundreds of billions of pounds worth of goods are imported and exported.

The Border Force Operating Mandate was introduced in July 2012, setting out the required levels of border security checks. It reinforced the framework of checks on all travellers put in place in November 2011, and was developed following the publication of the Chief Inspector of Borders and Immigration's report. During 2012-13 Border Force intelligence led to the interception of Class A drugs, cash, tobacco, alcohol, firearms and other prohibited goods. It also led to the interception of clandestine entrants, on counter-terrorism and also prevented trafficking human beings into the UK.

Travellers to the UK saw a strong improvement in service at the border, with queues eliminated in time for the Olympics and Paralympic Games – gaining international recognition – and strong performance sustained ever since.

At over 138 air and sea ports around the UK and at juxtaposed controls in France and Belgium, Border Force seized 370 million cigarettes and 288 tonnes of hand rolling tobacco in the first nine months of 2012-13, playing a pivotal role in both protecting a source of revenue to the Exchequer and deterring international criminal organisations which profit from illicit trade.

Border Force also refused nearly 12,000 people seeking entry to the UK in 2012-13.

In June 2012, cutter officers seized £20 million worth of cocaine. In September 2012, officers at Heathrow Airport made a single seizure of 1.5 tonnes of cannabis worth £4.3 million. First quarter published data showed 1,152 kg cocaine and 171 kg of heroin seizures.

Reducing immigration: Agencies and NDPBs

HM Passport Office

HM Passport Office (formerly The Identity & Passport Service) administers civil (birth, marriage, death) registration in England and Wales and provides passport services to UK nationals at home and abroad. Our purpose is to deliver efficient and effective passport and civil registration services to our customers while maintaining integrity and security.

We took over responsibility from the Foreign and Commonwealth Office (FCO) for UK passports issued overseas in April 2011 and work has continued to transfer responsibility for processing passport applications from British nationals overseas, in partnership with FCO.

In December 2012 we received our first applications directly from overseas customers and we are working towards full transition in 2014 when we will serve approximately 350,000 additional customers worldwide annually.

During 2012-13 we implemented some major system changes, including delivery of an updated Local Print Solution which was rolled out to all IPS Customer Service Centres. We have also been working on launching a new application management system, which will include an online channel through which customers can pay for and track applications online.

In September 2012, we reduced the passport fee for the majority of its customers for the first time ever, providing them with improved value for money whilst continuing to maintain high levels of customer service and security. This is as a direct result of the efficiency measures taken since 2010.

The Office of the Immigration Services Commissioner

The Office of the Immigration Services Commissioner (OISC) is an independent body with responsibility for regulating immigration advice and immigration services.

The Commissioner has statutory regulatory, ombudsman and prosecutorial responsibilities, and is responbsible for maintaining a robust regulatory regime, seeking out and taking action against those operating illegally, and promoting best practice , within the immigration advice sector.

The type of organisations that the OISC regulates varies widely from small community-based organisations and sole traders through to national charities and large specialist profit-making advisory services. Not-for-profit organisations are exempted from paying a registration fee.

The numbers of organisations directly regulated by the OISC increased during 2012-13. As of 31 March 2013 there were 1,971 organisations, compared to 1,930 in 2012. The number of advisers regulated by the OISC decreased slightly. At 31 March 2013 there were 3,968 regulated advisers, decreased from 3,971 in 2012.

An initial review of the Code and of the Complaints Scheme was carried out in 2012-13. The consultation, which was opened on 18 June and closed on 7 September, was primarily concerned with proposals aimed at clarification. The Commissioner has planned a major revision of the Code and the Rules in 2013-14.

The OISC has continually sought to improve the efficiency and effectiveness of its regulatory activities in accordance with its statutory remit. Work will continue in 2013-14 to maintain the quality of its work while coping with increased budgetary pressures.

3. Prevent terrorism

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 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.

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 of 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.

Following an internal restructuring at the end of 2012-13, OSCT will in future also have responsibility for oversight of delivery of 'Local to Global', the Government's strategy for reducing the risk from Organised Crime, including overseeing the establishment of the National Crime Agency. By bringing responsibility for organised crime and terrorism together we will provide for organised crime the type of strategic and policy support that we provide through CONTEST for counter-terrorism, help build organised counter crime capabilities and performance and further enhance synergies between our organised crime and counter terrorism policing business support and operational capabilities.

Preventing terrorism: agencies and NDPBs

National Fraud Authority

The National Fraud Authority (NFA) is an executive agency of the Home Office, sponsored by the Office for Security and Counter Terrorism.

We lead and coordinate the fight to reduce fraud affecting individuals and the private, public and voluntary sectors – a crime which costs the UK £52 billion per year. We work in partnership with all these sectors and law enforcement and regulators.

Action Fraud, run by the NFA, is the national reporting centre for victims and potential victims of fraud and financially motivated internet crime. It also oversees the implementation of Fighting Fraud Together, the cross sector strategic plan to reduce fraud, including producing measures of the effectiveness of the strategy. It also helps to deliver important parts of related strategies to combat organised crime and cyber crime.

Using research and innovation to support our priorities

The Home Office Science directorate supports the development of Home Office policy, operations and frontline delivery, by the provision of a credible evidence base and the application and development of relevant science and technology. It provides effective regulatory functions in defined areas of responsibility and stimulates innovation and economic growth through science, engineering and technology.

The Chief Scientific Adviser (CSA) provides independent scientific support, advice and challenge across the range of departmental activities, contributes more widely to science across government, and represents the Home Office internationally on scientific matters.

During 2012-13 we provided scientific support for the Olympic and Paralympic Games. We carried out search and screening operations to achieve the required security assurance, throughput and spectator experience at Olympics and Paralympic Games' venues and we provided advice on pedestrian, vehicle, and freight issues.

We provided crucial input to queue management and measurement at the border and risk-based checking across the business.

We also secured type-approval of first device for detecting driving under the influence of drugs.

CHAPTER 3 – PROGRESS AGAINST STRUCTURAL REFORM PLANS AND BUSINESS PLAN INDICATORS

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

Elections were held on 15 November 2012 to elect 41 Police and Crime Commissioners (PCCs) across England and Wales. These elections marked the biggest democratic reform to policing. In London the Mayor's Office for Police and Crime (MOPAC) was created in January 2012 and the Metropolitan Police became directly accountable to the Mayor. PCCs took up office on 22 November.

Almost five and a half million people turned out to vote for the first ever election of PCCs, giving them a significantly bigger mandate than the unelected police authorities they replaced. That number is expected to grow in future as people see the real impact PCCs will make in their areas, delivering on public priorities in tackling crime.

PCCs will listen to the public to ensure the policing needs of their communities are met as effectively as possible. Nearly a third of the elected PCCs are independents.

Police and Crime Panels are a vital element of the reform to police accountability. Police and Crime Panels have been introduced in every police force area to scrutinise the actions and decisions of each PCC and make sure information is available for the public, enabling them to hold the PCC to account.

PCCs strategic priorities are set out in their Police and Crime Plans, which were scrutinised by their Police and Crime Panels and are now in place in all force areas.

1.2 Make the actions of the police more transparent

Police.uk has received more than 53 million visits since it launched in January 2011, on average receiving over 300,000 hits a day. These figures demonstrate the significant public appetite for the information it provides. 70% of site users agree that the website is easy to use, and 66% of users agree that the information on the site is easy to understand.

The information displayed on Police.uk crime maps is complemented by the 'See your stats' function, which provides a pictorial summary of the crimes and justice outcomes which have taken place in the user's chosen area. Users can also compare crime rates in their local area with other similar areas using the 'Compare Your Area' tool.

Police.uk also provides key neighbourhood policing information, including contact details for local neighbourhood policing teams and details of upcoming beat meetings. It also provides information about crime prevention and how people can get involved in keeping their communities safe, for example by joining or setting up a local Neighbourhood Watch. Users can also find information about their PCC, including their name, photo, contact details and a summary of their priorities.

We are supporting a number of 'trailblazer' transparency projects with police forces and other criminal justice agencies to explore how we can drive transparency further and faster across the crime, policing and justice sector. For example Avon and Somerset police's 'Track My Crime' tool which provides victims with online access to information about the investigation of their crime.

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 to police their own communities to ensure early engagement with Police and Crime Commissioners is effective

To enable local and community partnerships to identify and disseminate effective practice, the Effective Practice website is now populated hosting 81 case studies from local areas.

We have funded innovative community safety initiatives through the Community Action Against Crime Innovation Fund, developing new approaches to improve links between communities, civil society organisations and public sector agencies. Detailed case studies of 12 of the projects have been produced to support commissioners. A DVD is also available to highlight to PCCs and other partners a wider role for the Voluntary and Community Sector in delivering crime and community safety activities.

To encourage an increase in police and community safety volunteering we have updated volunteering resources and signposted police and community volunteering activities on police.uk.

The Tilley awards have again been used to recognise innovative crime fighting projects where police, community groups and the public successfully work together to identify and tackle local crime problems, supporting all three pillars of sustainability; social, economic and environmental.

1.4 Incentivise new approaches to preventing crime, working with the public, partners and industry

We have worked with a wide range of partners through the Home Office Forum for Innovation in Crime Prevention focusing on ensuring systems and processes for mobile payment technology protect the public from theft and fraud. We have also developed new processes for marking copper cable and lead to deter thieves and improve traceability of stolen metal.

We have increased prevention activity on economic crime through ‘The Devil is in your Detail’ campaign by the National Fraud Authority (NFA). The NFA used YouTube and Facebook to promote the campaign and over 70% of those who saw it stated that they intended to take proactive steps to protect their personal information.

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

2.1 Reduce bureaucracy for front-line police officers

We have reduced bureaucracy in policing as part of our broader objectives to free up the police from central control, building professional responsibility through the College of Policing, and returning accountability to the public through PCCs.

We have worked with the Association of Chief Police Officers to reduce police guidance from over 600 pieces to a single interactive pdf document which provides a clear core of Authorised Professional Practice (APP).

We have simplified police crime and data recording, including reducing the number of crime classifications. We have been working on a new framework for recording crime outcomes with the aim of removing the outdated framework of targets, allowing officers to use their professional discretion to decide on the best outcome of a case.

We issued a revised Code of Practice on Arrest, which came into force in November 2012, to encourage police officers to consider whether an arrest is necessary in cases where somebody claims to have acted in self defence.

We have expanded police powers to directly prosecute uncontested low level offences where the defendant pleads guilty, increasing police discretion and stripping out the duplication involved in handing cases over to the Crown Prosecution Service. On 19 November 2012 further changes to the Specified Proceedings Order 1999 came into force to extend the offences which the police can prosecute to include criminal damage under £5000, careless or inconsiderate driving, and a number of public order offences. This followed changes in September to enable the police to take over the Crown Prosecution Service role in prosecuting cases where the defendant does not turn up in court, or makes representations about exceptional hardship to avoid a driving ban. Together, these changes will see police being able to prosecute over half the cases dealt with in the magistrates’ courts.

The police now make charging decisions on shoplifting cases without the need to refer to the Crown Prosecution Service. Around 80% of cases the decision making power has transferred back to the police.

Many individuals suffering from mental ill health come to the attention of the police even when they have not committed an offence. We continue to work with Department of Health and with a wide range of senior partners to ensure the right services respond to the right people, in the right place and at the right time.

2.2 *Simplify institutional structures for the police, phasing out the National policing Improvement Agency (NPIA) and establishing a National Crime Agency (NCA)*

The NPIA operationally closed in December 2012. The NPIA's continuing functions have been transferred to successor bodies.

We have established a professional body for policing, the College of Policing which began providing services to the police on 3 December 2012. The College of Policing is a private company limited by guarantee and owned by the Home Secretary. The College of Policing will operate independently of Government, once the necessary legislation is in place to give the body a statutory basis.

The Crime and Courts Bill, which became the Crime and Courts Act, following Royal Assent on 25 April 2013, provides the legislative basis for the NCA. The NCA will be fully operational at the end of 2013.

We are making good progress on designing and building the NCA, including through the establishment of shadow commands and functions which are already delivering real operational results and will enable the NCA to hit the ground running.

The result of these changes will be a better aligned policing landscape with organisations that have more focused remits, providing support to the police to fight crime and protect the public.

2.3 *Improve the efficiency of local policing*

The Home Secretary received the Police Arbitration Tribunal's findings on recommendations relating to pay and conditions from Tom Winsor's Final Report (Independent Review of Police Officer and Staff Remuneration and Conditions) on 6 December 2012. After careful consideration, the Home Secretary decided to accept its recommendations and announced this on 15 January 2013.

This decision continues the important process of reform so that police pay and conditions reward the best in policing, while giving Chief Constables and PCCs the flexibility they need to lead their forces.

We have worked hard with the Police Negotiating Board, where the interests of officers are represented, to secure a fair pensions package for police officers reflecting the frontline nature of policing work and protecting those closest to retirement.

The Police ICT Company Ltd has been established to provide vital support to police forces and PCCs in their drive for operational effectiveness, greater innovation, and value for money from police ICT. The company is not yet operational, however in the interim the Police ICT Company Directorate within the Home Office continues to deliver essential frontline services including: the Police National Database; taking on police procurement, implementation and management of complex ICT contracts; and market-leading strategic ICT advice.

Alongside national policing partners we have supported the police in making savings as part of an agreed programme to drive value for money. This work includes launching the National Police Air Service in October 2012, which once fully operational is expected to save some £15m a year, while increasing overall service delivery. Police procurement returns from 26 forces show additional savings of £15m, which is over and above the £62m secured in 2011-12. In July, Her Majesty's Inspectorate of Constabulary reported that forces were rising to the challenge of cutting their spending while largely maintaining services.

2.4 *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*

In May 2012, we published the White Paper *'Putting victims first: More effective responses to anti-social behaviour.'* It sets out how the Government will support local agencies to:

- focus the response to anti-social behaviour on the needs of victims
- empower communities to get involved in tackling anti-social behaviour

- ensure professionals are able to protect the public quickly through the introduction of faster, more effective powers and proposals to speed up the eviction of the most anti-social tenants, and
- tackle the underlying causes of anti-social behaviour

We published a draft Anti-Social Behaviour (ASB) Bill in December 2012, taking forward these measures. The draft Bill includes the more effective powers for frontline professionals, and also two important new measures to help focus the response to anti-social behaviour on the needs of victims.

The Community Trigger will give victims and communities the right to require agencies to deal with persistent anti-social behaviour that had previously been ignored.

The Community Remedy will give victims of low-level crime and ASB a say in the punishment of offenders out of court.

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

In March 2012 an announcement was made that a range of measures in the Alcohol Strategy will look to radically reshape the approach to alcohol and reduce excessive drinking. Following this announcement we have introduced more effective local powers to tackle crime and anti-social behaviour associated with binge drinking and alcohol misuse, such as early morning alcohol restriction orders (EMROs) and a levy for late-night licence holders to contribute to policing and enforcement costs.

The public consultation on the Alcohol Strategy lasted for ten weeks and closed on the 6 February 2013. We are currently reviewing the responses to the consultation.

2.6 Develop a comprehensive approach to metal theft, working with other government departments and the police

We have taken action to clamp down on metal thieves and rogue scrap metal dealers, in particular through:

- banning cash payments to purchase scrap metal through legislation in the Legal Aid, Sentencing and Punishment of Offenders Act that came into effect on 3 December 2012
- creating a dedicated national metal theft taskforce, operational since January 2012, which has arrested over 500 people for metal theft related offences and visited over 4,000 scrap metal dealers, and
- seeking design solutions to make metal harder to steal and easier to identify

Through the Scrap Metal Dealers Act 2013, we have laid the groundwork for reform of the regulation scrap metal industry. The Home Office is responsible for its commencement which is planned for 1 October 2013.

Measures taken to tackle metal theft are having an impact on the scale of the crime; with the Association of Chief Police Officers reporting that the number of police recorded metal thefts falling by 38% in 2012.

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

We continue to work in partnership with the Ministry of Justice to support local Integrated Offender Management arrangements, which see the police and other local partners working together to reduce crime and reoffending by tackling the offenders who commit most crimes in a local area, or whose offending causes most damage to the local community, taking account of local needs, priorities and circumstances.

We have developed, in conjunction with the Association of Chief Police Officers, national guidance on police use of informal community resolutions and restorative justice. The guidance is being evaluated and will be revised in 2014.

In partnership with Ministry of Justice, we have developed a new framework governing the use of out of court disposals which was published by Ministry of Justice on 8 April.

3.2 *Implement the Drugs Strategy 2010, working with other government departments, where necessary*

We have made significant progress in implementing the Drug Strategy since its publication in December 2010. The first annual review of the Drug Strategy 2010 was published in May 2012.

We have worked closely with our international partners through the sharing of intelligence and expertise, as well as the provision of capacity building with a view to reducing the availability of illicit drugs in the UK and increase the costs and the risks to those involved in the trade.

We led the international response to tackle the threat from New Psychoactive Substances (NPS) including leading a resolution at the UN Commission on Narcotic Drugs to develop a global early warning system, enabling NPS monitoring at a global level for the first time.

We have utilised our early warning systems and on the advice of the Advisory Council on the Misuse of Drugs banned the next generation of synthetic cannabinoids and a family of NPS related drugs related to ketamine as Class B drugs.

We published a consultation on our proposals to introduce new powers to allow law enforcement agencies to seize and detain chemical substances suspected of being used as drug cutting agents.

We developed the high profile Crimestoppers ‘commercial cultivation of cannabis’ campaign to strengthen our efforts to identify and close down cannabis factories and disrupt the organised crime groups behind them.

There are positive signs our strategy is working. Effective enforcement activity has helped to restrict the supply of drugs to the UK and low purity levels and high wholesale prices for both cocaine and heroin in the UK, as well as some very large seizures, show that we are having a real effect on drug flows into the country.

3.3 *Promote recovery from drug dependence and support joint actions for offenders in custody and the community, working with Department of Health and Ministry of Justice, along with other Government Departments*

Working with local commissioners, we have co-designed a payment by results approach for drug and alcohol recovery services. Eight pilots went live in April 2012 and are testing whether paying for outcomes will incentivise providers to deliver better recovery outcomes for those in treatment, including reduced offending. The pilots are currently the subject of an independent evaluation led by the University of Manchester in partnership with Birkbeck College London, RAND Europe and UserVoice. The final evaluation report is expected in 2015.

We continue to work with 39 adult and 15 youth liaison and diversion sites as part of the development of a joint programme, with the Department of Health and Ministry of Justice, to roll out liaison and diversion services by November 2014.

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

We have worked closely with the Ministry of Justice to develop and deliver a package of measures to improve the efficiency and effectiveness of the Criminal Justice System, with a particular emphasis on police procedures and collaboration with other agencies such as streamlined digital case working and court processes and more effective and consistent use of out of court disposals including restorative justice.

Working closely with the police, Crown Prosecution Service and HM Courts and Tribunals Service, along with the Ministry of Justice and Attorney General’s Office, we have set up nine pathfinder areas to trial a best practice model for police led prosecutions. The model is designed to speed up prosecutions for uncontested, low-level offences and reduce bureaucracy between agencies.

Effective partnership working is critical to preventing and reducing crime. At the local level, Police and Crime Commissioners will need to work with a range of community safety partners to achieve shared outcomes in cutting crime.

3.5 Help the police, voluntary organisations and local communities to reduce violence against women

We have announced plans to criminalise forced marriage in England and Wales and introduced two new stalking offences, "stalking" and "stalking involving fear of violence or serious alarm or distress" which came into force on 25 November 2012. We published a refreshed action plan, '*'A call to end violence against women and girls"* on 8 March 2013, to demonstrate the Government's ongoing commitment to tackling violence against women and girls.

As part of the violence against women and girls action plan, we ran the teenage rape prevention campaign from 1 December 2012 to 20 January 2013.The campaign aimed to prevent teenagers from becoming victims and perpetrators of sexual violence and abuse and directed them to places for help and advice.

3.6 Help the police, voluntary organisations and local communities to reduce serious youth violence

We provided up to £10,000 each in further funding for 50 organisations who we already work with through the Communities Against Guns, Gangs and Knives Fund, to be spent on continuing those activities in 2012-13.

The Ending Gang and Youth Violence programme focuses funding and support on 29 areas across the country identified as having the most significant gang problems. £10 million of Home Office funding has been re-prioritised for 2012-13 to support those 29 areas. This is intended to supplement existing local resources used to tackle gang and youth violence.

To support this work, we have established an Ending Gang and Youth Violence team, made up of practitioners with experience of dealing with gang and youth violence, to provide support and practical advice to the 29 priority areas.

The support offered by the Ending Gang and Youth Violence Team has been well received, and we have offered the opportunity to benefit from this team to a further three areas.

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

4.1 Strengthen the system of granting students permission to enter or stay in the UK to reduce abuse with the likely consequence of reducing net migration

The Government has continued to reform the student visa regime to tackle abuse, whilst ensuring the UK continues to attract the brightest and the best students from across the world. We have introduced the power for visa officers to interview and refuse applicants where there are doubts about their credibility. We have also closed the old post-study work scheme, which gave two years' free access to the labour market, and have reduced work placements to one third of course time (except for university students), both of which were widely abused by non-genuine students. In addition, we have increased our targeted risk-based interviews of student applicants for the financial year 2013-14. We have also introduced a change which allows PhD students and 1,000 MBA graduates who have completed their studies to stay in the UK for 12 months to find skilled work or set up as an entrepreneur. The Home Office continues to monitor the impact of these changes, and will take further measures to strengthen the student visa regime against abuse if necessary. At the same time we have restated that there is no limit in the number of legitimate students and the latest figures show that the number of students applying to attend our universities rose by 5%.

4.2 Strengthen the system of granting spouses permission to enter or stay in the UK to reduce abuse and support the integration of long term migrants in local communities

In July 2012, the Government implemented changes to the Immigration Rules for spouses, partners and other family members, to prevent burdens on the taxpayer, promote integration and tackle abuse. These measures include a minimum income threshold of £18,600 for sponsoring a spouse or partner to settle in the UK, with higher thresholds for also sponsoring dependent children, and a longer probationary period for spouses and partners (5 years rather than 2 years) to test the genuineness of the relationship before settlement in the UK can be granted on the basis of it. We have also stepped up enforcement action against those seeking to use a sham marriage as the basis for an application to remain in the UK and, working with the Ministry of Justice, will continue to keep further measures to tackle sham marriages under review.

4.3 Set an annual limit on the number of non-EU economic migrants admitted to the UK. As a result of this and other policies we anticipate net migration will be in the tens of thousands in future

The 20,700 limit on economic migrants from outside the EU (introduced from April 2011) has been continuously undersubscribed. In addition, the figures show that our reforms are having an impact in all the right places. In the 12 months to June 2012, net migration was 163,000, down from a peak of 255,000 in the year to September 2010. At the same time, there was a 3% increase in visas issued for skilled workers (Tier 2 of the Points Based System) and a 3% increase in visa applications for study at British higher education institutions. We are continuing to attract the brightest and best migrants the UK needs, fulfilling our aim of controlling migration without impeding economic growth. As a consequence, it was announced in 2012-13 that the limit on economic migrants was to be extended until April 2014, and subsequently confirmed in April 2013 that the limit would be held at its current level (20,700) for the remainder of this Parliament. In July 2012, it was also announced that, from October 2013, all applicants for settlement will be required to pass the Life in the UK test (on the basis of a new Life in the UK handbook published in January 2013) and present an English language qualification at intermediate (B1) level. In addition, preparations have commenced for the extended roll-out of Biometric Residence Permits to overseas applicants in April 2014.

4.4 Transform UK border security arrangements to help protect the UK against terrorist attack, serious cross-border crime and abuses of the immigration system, including through e-Borders, assessing passengers in advance of their arrival in the UK. Reintroduce exit checks

In June 2012, at Heathrow Airport, the Home Office introduced a new roster system for the Primary Control Point to enable greater flexibility and responsiveness and opened a new control room to enhance the deployment of Home Office Border Force resources so that border risks and passenger flow are integrated. Clearing passengers at the border within published service standards has improved substantially during the year, building on success during the Olympics; 100 million people have entered the UK legally so far this year and over 99% of passengers sampled were cleared within service standards.

The Home Office successes in combating serious cross border crime included over £317 million of tax revenue protected through the detection of smuggled alcohol and tobacco goods and, in the first 6 months of the year, the seizure of over 1.4 tonnes of cocaine and 303 kg of heroin. Notable seizures of smuggled goods included:

- 45kg of cocaine stashed in a cargo ship carrying coal, with an estimated street value of £5 million
- 1.5 tonnes of cannabis with an estimated street value of approximately £4.3 million discovered in three air freight containers of fruit and vegetables
- £25,000 worth of cocaine hidden inside an ornamental elephant in freight items at Heathrow
- £150,000 cash hidden in a lorry detected by a Border Force cash search dog
- 30 million cigarettes detected in a container in Southampton, which would have cost HM Treasury around £8,064,000 in unpaid excise duty

In 2012-13, the e-Borders programme captured and processed passenger travel data on more routes into and out of the UK and took a number of steps to make the UK's border systems more robust and resilient. Since 2005, e-Borders has led to over 14,300 arrests for offences including murder, kidnap and sexual offences and over 1900 refusals of leave to enter the UK.

The Home Office is continuing to develop enhanced freight targeting capabilities working with HM Revenue and Customs and wider. Work continues on exploring options around how future exit checks may operate and how the e-Borders system can support any technical requirements.

An evaluation of the Smart Zone concept was undertaken in 2012-13 and future work in this area is now being linked with wider work on targeted checks at the border.

4.5 *Improve enforcement capability to increase the number of removals*

The new Directorate General, Immigration Enforcement, which the Home Secretary announced on Tuesday 26 March, will oversee an increase in the number of frontline staff tackling illegal immigration as part of new Immigration and Compliance Enforcement (ICE) teams who will use improved intelligence tasking to tackle immigration criminality at all levels, including internationally. Illegal migrants arrested by ICE teams, directly or through joint operations with other law enforcement partners, including Border Force and the police, will be managed by the new National Removals Centre being established as the UK-wide centre of expertise in immigration removals. As part of the Home Office's work to encourage compliance with UK immigration laws, it was decided to award a contract to Capita for contact management and casework services, of which the first piece of work was to progress and close cases where individuals were subject to a negative immigration decision and there is no evidence to show they have left the UK. Such cases are referred to collectively as the Migration Refusal Pool (MRP). Capita's aim is to establish whether an individual in the MRP has left and, where they have not, secure their voluntary departure.

During 2012-13 the Home Office achieved success with financial data sharing pilot which now routinely shares information on migrants who have been served an Enforcement Notice and face removal from the UK with the credit industry to prevent access to credit facilities. Plans are in place to expand the type and volume of information shared to ensure that illegal migrants cannot access the services of the financial industry.

Following extensive scoping and evaluation of the existing assisted voluntary returns model between April to August 2012, a new assisted voluntary returns (AVR) model was designed and elements have already been piloted. The new model will make improvements to all aspects of the end to end AVR programme enabling 25% uplift in returns over the next 3 years. Work is ongoing to implement the revised approach with full roll out anticipated for April 2014.

4.6 *Improve migration service standards to support the UK's growth agenda*

2012-13 was a challenging year, keeping up with large business volumes during a time when we were also committing significant resources to the Olympics. Action was taken to identify and tackle backlogs: most areas of our in-country (i.e. UK) decision casework will be reduced to frictional levels by early 2013-14. International and visa service standards were maintained and improved, with improved decision quality in 2012-13. A step change was delivered in the visa service for China and a campaign was launched to address visa perceptions in emerging powers and the Home Office is also reviewing service standards to ensure they are clear to our customers. We have increased online payments overseas from approximately 13% to over 45% (on a 122 month rolling basis), including some very challenging markets, such as Russia. Within the next 9 months we expect to have increased online payments to 80% including in India, China and Ukraine. Delays have occurred due to difficulties in identifying suitable alternative payment methods in some societies with a strong cash culture.

5. Protect people's freedoms and civil liberties

5.1 *Reform the use of intelligence and sensitive material in judicial proceedings; and modernise judicial, independent and parliamentary scrutiny of the security and intelligence agencies*

The Justice and Security Act received Royal Assent on 25 April 2013. The Act addresses the problem of how intelligence and other sensitive material can be used in judicial proceedings by providing for closed material procedures in the small number of civil cases involving relevant national security material which the Courts recognise is too sensitive to disclose.

The Justice and Security Act also limits a legal mechanism which has become known as the 'Norwich Pharmacal' jurisdiction. This provides for a claimant that is involved in litigation anywhere in the world to seek disclosure of relevant information from a third party in Great Britain. Applied in the context of national security, for which it was never intended, 'Norwich Pharmacal' has been used to seek access to sensitive material, including that shared in confidence by our allies. This undermines the principle of confidentiality and trust on which international intelligence sharing arrangements are based and can damage these critical relationships. The Act therefore rules that 'Norwich Pharmacal' should not be available for information held by, originating from, or relating to, the intelligence services, or information certified by the Secretary of State as information which ought not to be disclosed as it would be contrary to the public interest.

The Act also extends the Intelligence and Security Committee (ISC)'s remit by granting it additional investigative powers and resources and bringing it closer to Parliament. It also extends the remit of the Intelligence Services Commissioner.

5.2 *Review counter-terrorism and security legislation and implement recommendations to ensure it is necessary, effective and proportionate*

The Government's review of counter-terrorism and security powers was published in January 2011 and recommended significant changes across counter-terrorism legislation. Some of the changes were made in 2011-12 – most notably the replacement of control orders with Terrorism Prevention and Investigative Measures (TPIMs) through the TPIM Act 2011.

In 2012-13, the focus has been on implementing the legislative changes made in the Protection of Freedoms Act 2012 related to pre-charge detention, stop and search and covert surveillance powers.

The review of counter-terrorism powers recommended that the limit on pre-charge detention for terrorist suspects should be reduced from 28 to 14 days. This change was introduced through the Protection of Freedoms Act 2012, which received Royal Assent on 1 May 2012. The Government believes that the 14 day limit strikes the right balance between safeguarding national security and protecting individual rights: in practice, in the year ending 30 June 2012, only three of the 52 people arrested under section 41 of the Terrorism Act 2000 in Great Britain were held in pre-charge detention for more than seven days and they were all subsequently charged within the 14 day limit.

The Government recognises that, in rare cases, a longer period of pre-charge detention may be required. For this reason, draft fast-track legislation to temporarily increase pre-charge detention to a maximum of 28 days was published in 2012 and subjected to pre-legislative scrutiny.

The review of counter-terrorism powers also recommended significant changes to the stop and search powers provided by the Terrorism Act 2000 in light of concerns about their necessity and proportionality. These changes were implemented through the Protection of Freedoms Act 2012 and came into force on 10 July 2012. The Act repealed the powers (commonly known as 'Section 44') in the 2000 Act, which had enabled the police to stop and search people and vehicles without suspicion and replaced them with more limited powers. The new powers (under section 47A of the Terrorism Act 2000) enable the police to stop and search people and vehicles with no suspicion only in exceptional circumstances, where a senior police officer reasonably suspects that an act of terrorism will take place and where the powers are considered necessary to prevent such an act.

There has been no use of the new stop and search powers under section 47A of the Terrorism Act 2000 in Great Britain. A total of 679 people were stopped and searched under section 43 of the Terrorism Act 2000 by the Metropolitan Police Service in the year ending 30 June 2012, down from 1,283 in the previous 12 months. The Police Service of Northern Ireland publishes statistics on use of stop and search powers in that jurisdiction

Reflecting another recommendation from the review of counter-terrorism powers, the Protection of Freedoms Act 2012 provided for greater limits on local authority use of covert surveillance techniques under the Regulation of Investigatory Powers Act 2000 (RIPA). Since November 2012, when the provisions were introduced and guidance published, local authorities must obtain judicial approval prior to using the covert techniques available to them. The Government also introduced in November a crime threshold for local authority use of the most sensitive covert technique available to them – directed surveillance. This will prevent local authorities using this technique in low level cases where the offence being investigated does not attract a six month or more custodial sentence, with the exception of investigations into the underage sale of alcohol and tobacco.

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

Work continues to preserve the ability of the security, intelligence and law enforcement agencies to obtain communications data and intercept communications within the appropriate legal framework.

Communications data (CD) is data about a communication or the use of communications services. CD can help identify who has made a communication, when, where and how. CD is distinguished from the content of a communication and, unlike the content of communications obtained through interception, can be used as evidence in court. CD is of considerable value to law enforcement agencies in the investigation of all kinds of serious crime, including terrorism.

CD is presently retained by the communications industry for their own commercial reasons (e.g. in order to bill their customers). With the necessary approvals, the police and the intelligence agencies can access CD where it can facilitate a specific investigation. But new internet-based communications do not always generate CD and some CD is no longer retained for business reasons. It is, therefore, not available when needed by public authorities to help in the investigation of crime. Projects have been funded under existing legislation set out in the Regulation of Investigatory Powers Act 2000 (RIPA), the Anti-terrorism, Crime and Security Act 2001 and the Data Retention (EC Directive) Regulations 2009 to slow the decline in capabilities. However, the decline in access to data continues despite our best efforts. Further proposals are necessary to ensure that CD continues to be available to law enforcement agencies in the future, as it has been in the past.

Draft proposals were published on 14 June 2012 and scrutinised by a Joint Committee of both Houses and by the Intelligence and Security Committee. The Joint Committee published their report on 11 December 2012 and the ISC published their report on 5 February 2013.

The Government is continuing to consider this matter carefully and the Queen's Speech in May 2013 stated that *'In relation to the problem of matching internet protocol addresses, my Government will bring forward proposals to enable the protection of the public and the investigation of crime in cyberspace.'* We will bring forward proposals in due course that will ensure a proportionate response to this issue.

5.4 Implementation of Protection of Freedoms Act 2012

The commitment on the Regulation of Investigatory Powers 2000 (RIPA) has been fully implemented. From 1 November 2012 local authorities have been required to obtain judicial approval before using RIPA and are prohibited from using covert surveillance under RIPA for any crime which does not attract at least a maximum six month term of imprisonment.

The destruction of DNA samples and profiles has begun and the deletion of fingerprint records will begin in May 2013. The remaining DNA provisions will commence this autumn.

A draft surveillance camera code of practice went out to statutory consultation, with the code planned to come into force in summer 2013. Andrew Rennison has been appointed the first Surveillance Camera Commissioner.

Provisions relating to pre-charge detention and terrorism stop and search powers came into force in July 2012.

Significant changes to the criminal records and barring regime have been introduced, with the establishment of the Disclosure and Barring Service in December 2012, replacing the Criminal Records Bureau and the Independent Safeguarding Authority. A new update service will be launched in June this year transforming how these services operate.

Consultation has taken place on a new Powers of Entry Code of Practice, and a cross-Government review of powers is under way.

A ban on wheel-clamping without lawful authority came into force in October 2012.

New offences of "stalking" and "stalking where there is fear of violence or serious alarm or distress" came into force in November 2012

Applications are now being considered for the disregarding of certain decriminalised offences.

5.5 *Improve the delivery and effectiveness of civil registration services in England and Wales*

In support of the Government's legislative priorities, the General Register Office continues to improve delivery of civil registration in England and Wales through the efficient administration and implementation of legislative change including; the introduction of same sex marriage and supporting the wider Home Office in tackling sham marriage. Over the course of 2013 Her Majesty's Passport Office (formerly known as the Identity and Passport Service) will look to improve the storing and sharing of records with the public and other government departments in line with open public services and the government's digital strategy.

6. Protect our citizens from terrorism

6.1 *Publish progress on the implementation of CONTEST: The United Kingdom's Strategy for Countering Terrorism*

The CONTEST Annual Report was published in March 2013 and is available at: https://www.gov.uk/government/publications/contest-annual-report-2012.

The report assesses the terrorist threat to the UK and its interests overseas covering the period July 2011 to December 2012 – coinciding with the Olympic Games. It summarises key achievements and sets out what we will need to do as part of the strategy's work streams (Pursue, Prevent, Protect, Prepare) in order to stay ahead of the threat.

6.2 *Change pre-departure checks to better identify people and cargo that pose a terrorist threat and prevent them flying to or from the UK*

We have implemented no fly arrangements in line with our commitment to strengthen pre-departure checks and prevent people who pose a terrorist threat from flying to or from the UK. The Security and Travel Bans Authority to Carry Scheme, introduced through secondary legislation in July 2012, requires airlines providing API to seek authority to carry to the UK some named foreign nationals who we judge to pose a specific high threat.

Over the past year we have also introduced measures to improve the security of cargo entering the UK. The UK was at the forefront of work to establish a new EU Inbound Cargo Regime which came into effect in early 2012 and requires all airlines around the world to screen cargo to EU standards before being loaded onto an aircraft destined for the EU. High risk cargo is subject to additional security screening pre-departure. We regard this regime as a major step forward and continue to work closely with the Commission and other member states on its implementation.

6.3 *Strengthen the UK's protection against and ability to respond to a terrorist attack*

A cross-Government programme has developed a specialist joint response to a firearms attack, involving the police, fire and ambulance services. Small specialist teams have been formed in high priority areas. The emergency services have developed guidance for all control room and frontline staff to identify and respond to the initial stages of a possible terrorist firearms attack.

6.4 *Help to ensure a safe and successful Olympic and Paralympic Games in 2012*

The London 2012 Olympic and Paralympic Games was the largest sporting event in UK history. From the Olympic Torch Relay in May to the athletes' parade on 10 September, the Games involved 14,700 athletes from 205 countries at over 30 competition venues in London and across the UK; more than 10 million spectators attended Olympic events.

Protecting the Games required the largest ever peacetime security operation in this country. Up to 14,500 police officers and 18,000 armed forces personnel were deployed on Games security duties. About one million accreditation application background checks were completed for Games Family Members, workers, volunteers, athletes, journalists and officials: a significant number were refused for national security reasons. Nearly 6 million people arrived at Heathrow alone during July and August 2012.

In 2010 the Government announced that it expected to deliver the programme for additional policing and wider Games security for £475 million, although up to £600 million remained available if required. Separately, £553 million was provided to London Organising Committee of the Olympic and Paralympic Games (LOCOG) for venue security, including infrastructure and personnel. In December 2012 the outturn for policing and wider Games security costs was estimated at £455 million. In February 2013 the estimated outturn for venue security was reduced to £451 million, reflecting the settlement reached between LOCOG and the private security company, G4S. Final figures will be published later this year.

The Games time venue security operation was the responsibility of LOCOG working to Government requirements and with Government advice. G4S, contracted by LOCOG, was unable to deliver the agreed levels of Games venue guards and the planned military contribution to venue security rose accordingly, to a peak of 12,200 personnel. The Home Affairs Select Committee conducted an inquiry into venue guarding in September 2012 and concluded that contingency plans put in place by the Home Office, LOCOG, the military and the police had functioned well. G4S is paying all additional costs arising from additional military and police deployments.

The Government is committed to the successful delivery of the 2014 Glasgow Commonwealth Games. Lessons from the 2012 security programme have been shared with Glasgow and the authorities in Brazil for the Rio de Janeiro 2016 Olympic and Paralympic Games.

SRP Overdue actions (at the end of March 2013)

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

2.2 Simplify institutional structures for the police, phasing out the National Policing Improvement Agency (NPIA) and establishing a National Crime Agency (NCA)

(iii) Publish an update on the organised crime strategy

Work is underway on an update to the organised crime strategy. Following Royal Assent for the Crime and Courts Act on 25 April, the update will set out revised priorities and governance ahead of the vesting of the National Crime Agency in October 2013.

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

(ii) Develop a clear, coherent framework governing the use of out of court disposals, working in partnership with Ministry of Justice

Legislation changes from the Legal Aid, Sentencing and Punishment of Offenders Act 2012 were introduced on 8 April. This makes it simpler for police officers to issue out of court disposals, and with the Ministry of Justice and Crown Prosecution Service guidance, places a clearer framework around their use. This action is now complete.

4. Secure our borders and reduce immigration

4.5 Improve enforcement capability to increase the number of removals

(ix) Improve our ability to follow up allegations by improving guidance for staff and the public and by using technology to better gather and manage information, including tracking allegations from receipt to any subsequent enforcement action

The IT release date has been moved to enable additional security, audit and search capability to be delivered.

4.6 Improve migration service standards to support the UK's growth agenda

(iii) Ensure 80 per cent of visa application payments are made online

We have increased online payments from approximately 13% to over 45% (on an annualised basis), including some very challenging markets (such as Russia). Within the next 9 months we will have increased online payments to 80% including India, China and Ukraine. Delays have occurred due to difficulties in identifying suitable alternative payment methods in some societies with a strong cash culture and identification of new requirements.

5. Protect people's freedoms and civil liberties

5.4 Implementation of Protection of Freedoms Act 2012

(iv) Create a universally portable criminal records bureau check, through a new instant online check

The new instant online check has been delayed by the need to make urgent changes to the Disclosure and Barring Service's disclosure system following a Court of Appeal judgement. We laid the relevant secondary legislation on 25 March 2013.

6. Protect our citizens from terrorism

6.2 Change pre-departure checks to better identify people and cargo that pose a terrorist threat and prevent them flying to or from the UK

(ii) Develop capability to undertake semi-automated pre-departure (no fly) checks, as an enhancement of e-Borders

We will deliver on our commitment to develop semi-automated pre-departure (no fly) checks as an enhancement of e-Borders in July 2013. The completion date of March 2013 was an estimate made ahead of a detailed project plan being developed.

Performance Indicators

This section contains information and data collected by the department to help measure the impact of our policies and reforms. The Home Office Business Plan includes our input and impact indicators and other data sets. Progress is published regularly on the Home Office website, which can be found at: https://www.gov.uk/government/organisations/home-office

We have continued to publish information on how we have spent our budget through the Quarterly Data Summary (QDS). In October 2012 this was refreshed and we published information in a new template on our website.

Making this information publically available is a key component of the government's Transparency Agenda, and is intended to enable the public to judge the performance of the department and assess whether the Home Office is having the effect they want.

Contextual information on Spending figures

In January 2012 the Cabinet Office published standard data definitions for common areas of spend. The definitions for the spending figures can be found at http://www.cabinetoffice.gov.uk/resource-library/common-areas-spend-data-definitions.

For the financial year 2012-13 the QDS has been revised and improved in line with Action 9 of the Civil Service Reform Plan to provide a common set of data that will enable comparisons of operational performance across Government so that departments and individuals can be held to account.

The QDS (shown in the Spending table below) breaks down the total spend of the department in three ways: by Budget, by Internal Operation and by Transaction.

Contextual information on Results figures

The measurement annexes for Input indicators, Impact indicators are available on GOV.UK website. Structural Reform Plan figures are based on the Home Office Business Plan 2012-15.

2012-2013 SPENDING	
	Actual[1,2]
Total Spend (£m)	**9,124.17**
	(A) Spend by budget type (£m)
(A1) DEL, Sub-Total	7,889.95
(A2) AME, Sub-Total	1,234.22
(A3) Other expenditure outside DEL and AME	0
(A1+A2+A3) Total Spend	**9,124.17**
	(B) Spend by internal operation (£m)
(B1) Cost of running the estate, Sub-Total	125.14
(B2) Cost of running IT, Sub-Total	567.32
(B3) Cost of corporate services, Sub-total	108.20
(B4) Policy: Police Funding, Sub-Total	4,844.37
(B5) Other costs	3,479.14
(B1+B2+B3+B4+B5) Total Spend	9,124.17
	(C) Spend by type of transaction (£m)
(C1) Procurement costs, Sub-Total	2,207.24
(C2) People costs, Sub-Total	1,156.53
(C3) Grants, Sub-Total	6,571.49
(C4) Other costs	N/A
(C1+C2+C3+C4) Total Spend (£m)	**9,935.26**

RESULTS			
Input Indicators[3]	**2012-13**	**2011-12**	**Context**
Cost per head of population of total police force cost	£191	£198	This excludes the Metropolitan Police service and the City of London police figures.
Cost per case of managing a drug misusing offender into treatment and recovery	Not currently available, to be published on GOV.UK website.	£2,921	Drug misuse is often a chronic, relapsing condition, and so individuals may have multiple contacts with the Criminal Justice System/Drug Interventions Programme during any 12 month period, thus the annual cost per contact with an individual is likely to be considerably lower.
Cost per passenger processed at the UK border	£2.85[4,5]	£2.90	This data may fluctuate as a result of deployment decisions in response to risk and operational requirements, which influence the balance between passenger processing and customs related activity at the border.
Cost per decision for all permanent and temporary migration applications	£181	£223	
The cost of producing and issuing a passport	£59.40	£64.68	
Impact Indicators[6]	**2012-13**	**2011-12**	**Context**
Crime rates – violent and property crime reported to the police	3,159,955[7] crimes recorded by the police in the 12 months to the end of December 2012	3,447,573 crimes recorded by the police in the 12 months to the end of December 2011	2012 data is a rate of 56 recorded offences per 1,000 population[8] 2011 data is a rate of 61 recorded offences per 1,000 population
The size, value and nature of organised crime and our success in diminishing it and its profitability	Not currently available. Data is expected to be available soon on GOV.UK website.	38,861 known organised criminals at 30 June 2011 7,255 organised crime groups at 30 June 2011	Organised Crime Group Mapping is based on law enforcement's knowledge and understanding of the problem and the individuals it is aware of. Much of Organised Crime is hidden and difficult to quantify. It is not a police-recorded crime in itself.
Net migration to the UK	153,000[9] for year ending September 2012	242,000 for year ending September 2011	Outturn for 2012 to be published in November 2013. Overall, net migration reduced by 37 per cent to 153,000 in the 12 months to September 2012 from 242,000 a year earlier.
Annual level of revenue protected through detecting goods where excise duty has not been declared	£318 million[10,11]	£311 million	Cigarette and hand rolling tobacco seizure information is refreshed each month. Consequently, the information published is subject to change.
Clearance of passengers at the border within published standards	99%[12,13]	97%	Service standards: 95% of European Economic Area (EEA) passengers within 25 minutes; 95% non-EEA passengers within 45 minutes.

RESULTS			
Impact Indicators[6]	**2012-13**	**2011-12**	**Context**
Percentage of migration applications decided within published standards	92%[14]	89%[14]	The customer service standards are different for different types of applications. For some in country routes applications can be made in person at a public enquiry office or by post and there are different standards for these 2 application processes. These data are a consolidated view of the standards.
Percentage of asylum applications concluded in one year	63%	63%	
Passport applications processed within target	Operational target of 10 working days		
	85%[16]	100%	2012-13: the volume of straightforward passport applications for the year was 3,579,819 of which 3,026,063 were processed within target. 2011-12: the volume of straightforward passport applications for the year was 3,263,960 of which 3,254,126 were processed within target.
	Customer pledge target of 15 working days		
	99%	100%	2012-13: the volume of straightforward passport applications for the year was 3,579,819 of which 3,533,925 were processed within target. 2011-12: the volume of straightforward passport applications for the year was 3,263,960 of which 3,263,960 were processed within target.
Structural Reform Plan Actions[17]			**2012-13**
Total number of actions completed during the year			55
Total number of actions overdue at the end of the year			6
Total number of actions ongoing			35

1 As per Cabinet Office definitions.
2 These figures use the same definition as the Quarterly Data Summary (QDS). They cannot always be reconciled to the numbers in the accounts because the definitions for the QDS are set by Cabinet Office, which have been calculated on a different basis to those in the annual accounts.
3 The measurement annex for the input indicators is available on GOV.UK.
4 Figure quoted is based on internal management information, rounded to the nearest 5 pence.
5 There has been a revision to the allocation of staff time between passenger and detection activity due to a change in methodology that means a year on year direct comparison is not appropriate.
6 The measurement annex for the impact indicators is available on GOV.UK.
7 The list of the offence codes is available on GOV.UK website.
8 Rates are derived using population estimates from Office for National Statistics.
9 Provisional estimate of long-term migration to the UK: Migration Statistics Quarterly Report May 2013.
10 Figure quoted is management information which has been subject to internal quality checks. A recent audit has made recommendations on the assurance of the initial cleansing of data and enhanced documentation of the quality assurance process. These recommendations are currently being taken forward.
11 Figure quoted is rounded to the nearest million pounds.
12 Figure is based on management information which has been subject to internal quality checks and may be subject to change.
13 From 25th August 2012, queue measures were taken every 15 minutes at Heathrow. From 28th October 2012, queue measures were taken every 15 minutes at Gatwick.
14 Figure is based on internal management information which has been subject to internal quality checks. The numbers may differ from figures released as National Statistics in the Home Office Immigration Statistics as they are drawn from different snapshots of the Home Office databases
15 We previously reported in the 2011-12 Home Office Annual Report and Accounts that the percentage of migration applications decided within published standards was 91 per cent. The adjusted figure from previously published data follows a data refresh and quality check.
16 Number rounded to nearest percentage. Actual volumes (by month) received and processed within target are available on GOV.UK website.
17 Figures quotes are based on the Home Office Business Plan 2012-15 (May 2012-March 2013).

CHAPTER 4 – REFORM AGENDA PROGRESS INCLUDING BETTER REGULATION

Reporting on Better Regulation

The Home Office public protection imperative has made the contribution to the wider government drive on Reducing Regulation a particular challenge. The final deficit under one-in-one-out[1] stood at £97 million for the Fifth Statement of New Regulation. The largest contributor was the migration limit, a coalition priority, which contributed around £50 million to this total. In the past year, however, the Home Office has achieved a marked improvement in performance on reducing regulation. At the last Statement, no new regulatory measures were introduced. The Home Office also conducted reviews into deregulatory options which made a substantial contribution to the alcohol strategy consultation ending in February for which no less than six deregulatory measures were identified for public discussion exceeding those already identified through the Red Tape Challenge. We will consider these measures further in the coming year.

The Regulatory Policy Committee scrutinises Government Impact Assessments and provides validation ratings. During the last year, there has been a big improvement in ratings for Home Office Impact Assessments with 70% achieving 'fit for purpose' ratings on first submission. This rose to 100% in the final quarter. The Home Office continues to work to ensure all Impact Assessments can receive these ratings on first submission and so not require amendment before publication.

The Red Tape Challenge website is part of this Government's commitment to transparency and growth. It aims to tackle the burden of excessive red tape, both to free businesses to compete and create jobs and to give people greater freedom and personal responsibility. The Home Office took a number of commitments away from the Red Tape Challenge. These included a review of Poisons legislation and various ideas to deregulate some aspects of alcohol licensing such as allowing ancillary sellers of alcohol such as bed and breakfasts and hairdressers to provide alcohol as an ancillary product to customers under a simpler regulatory system. The consultation on the various alcohol measures has been completed and the Poison Board met four times during the year to take forward work relating to the poisons' licensing regime.

Before undertaking regulation as a last resort, the Home Office continues to consider alternatives. For example, it is taking an incremental approach to regulating the overt use of CCTV and other surveillance camera systems in England and Wales. Subject to the outcome of statutory consultation and parliamentary approval, it will bring a guidance code of practice into force in summer 2013. A duty to have regard to this code will initially be placed upon local authorities, the police and Police and Crime Commissioners. Other operators, including those in the private sector, will be encouraged to adopt the code on a voluntary basis. This regulatory framework reflects a commitment to keep new burdens to a minimum while listening carefully to advice from the new Surveillance Camera Commissioner about any need to strengthen the regulatory requirements in the light of experience.

The Home Office has played an active role in the Focus on Enforcement review which aims to reduce the costs to legitimate businesses of enforcement practices operated by government. The Home Office is currently discussing options to take forward a review of enforcement of migration rules. In parallel with this, we are also undertaking a thorough review of the rules and guidance for migration which will help businesses to interpret and comply with rules.

The Home Office is firmly committed to preventing gold-plating of EU laws i.e. imposing more than the de minimis requirement when transposing EU law into UK law. As trailed in last year's report for example, most of the provisions of Directive 2010/63/EU on the protection of animals used for scientific purposes have been transposed unchanged in revised UK legislation implementing the Directive in line with Government policy on the implementation of European legislation. However, the majority of responses to the public consultation on the options for transposition supported the retention of UK animal welfare requirements that were stricter than those set out in the Directive. These have therefore been retained maintaining public confidence that animals used in experiments and testing will continue to receive a very high level of protection. It is estimated that retaining these UK standards will have no significant impact on costs or competitiveness.

1 The deficit under one-in-one-out represents the estimated net cost to business of Home Office regulation/deregulation brought in since 2011

CHAPTER 5 – DEPARTMENTAL CORE DATA TABLES

Contents

Table 1 – Public Spending
This is a summary based on net budgetary totals from Part II Subhead detail sections. Seven columns: five prior years' outturns (including 2012-13 – the year just ended), and (Spending Review) plans for the following two years. Scope of table will be 2008-09 to 2014-15. These numbers are taken from OSCAR, the HM Treasury's database, as at June 2013. The numbers in the column for 2012-13 have been produced by OSCAR before the accounts have been finalised and so the numbers in this table may not reconcile to the numbers in the accounts.

Table 2 – Public Spending Control
This table shows the year just ended outturn figures (from Table 1) against the budgetary control limits, showing original Estimate Supplementary Estimate and final Estimate figures as comparators. These numbers are taken from OSCAR, the HM Treasury's database, as at May 2013. Due to the year just ended (2012-13) numbers being made available before the accounts are published, the numbers in this table may not reconcile with the numbers in the accounts.

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 (Spending Review) plan for following two years are shown.

Table 4 – Administration Costs
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. It provides five prior years' outturns (including year just ended), Spending Review plans for the following two years. The scope is from 2008-09 to 2014-15. These numbers are taken from OSCAR, the HM Treasury's database, as at May 2013. Due to the year just ended (2012-13) numbers being made available before the accounts are published, the numbers in this table may not reconcile with the numbers in the accounts.

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. This also includes numbers of non-payroll staff (consultants, and contingent labour i.e. interim managers, specialist contractors and agency staff).

Table 6 – Total spending by country and region (2007-08 to 2011-12)

Table 7 – Total spending per head by country and region (2007-08 to 2011-12)

Table 8 – Spending by function, by country and region (for latest outturn year, 2011-12)

Tables 6, 7 and 8 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 October 2012. Therefore the tables may not show the latest position and are not consistent with the other core data tables. The data is for five prior years' outturns (2007-08 to 2011-12)

Table 1 – Public Spending £'000

	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Estimated Outturn	2013-14 Plans	2014-15 Plans
Resource Departmental Expenditure Limit (DEL)							
Crime and Policing Group	5,482,181	5,642,682	9,139,314[3]	8,881,331	8,322,852	8,031,522	7,675,261
Office for Security and Counter Terrorism	705,871	814,501	807,786	880,553	970,910	734,916	664,036
UK Border Agency	1,710,051	1,713,561	1,704,436	1,311,786	608,651	800,357	767,174
Criminal Records Bureau	-973	-4,616	1,527	270	-14,783	-	-
Identity and Passport Service	93,105	90,439	5,002	-43,245	-69,836	4,252	2,857
Central Home Office	261,652	251,147	195,492	166,444	366,373	449,913	442,232
Arms Length Bodies (Net)	864,673	878,329	844,873	852,406	624,278	496,710	472,658
Area Based Grants	76,870	80,925	71,243	66,909	28,751	-	-
Departmental Unallocated Provision (DUP)	-	-	-	-	-	97,944	5,551
National Fraud Authority	-	3,943	4,021	5,995	8,809	10,049	9,640
European Solidarity Mechanism (net)	1	-1	-	-	908	1	1
Border Force	-	-	-	-	594,835	585,164	569,939
Total Resource DEL	**9,193,431**	**9,470,910**	**12,773,694**	**12,122,449**	**11,441,748**	**11,210,828**	**10,609,349**
Of which:							
-Staff costs	1,533,403	1,519,083	1,595,956	1,467,340	1,455,895	1,430,172	1,403,954
-Purchase of goods and services	2,680,189	2,195,571	2,391,533	2,017,080	2,201,207	2,247,648	2,209,784
-Income from sale of goods and services	-1,056,904	-1,178,113	-1,373,124	-1,219,850	-1,222,075	-1,177,483	-1,245,269
-Current grants to local government (net)	6,241,557	6,414,746	9,903,879	9,537,501	9,044,789	8,778,033	8,395,264
-Current grants to persons and non-profit bodies (net)	80,169	446,340	124,731	178,019	44,389	79,766	75,673
-Current grants abroad (net)	-18,546	-13,556	-18,730	-28,689	-42,895	-46,808	-46,473
-Subsidies to private sector companies	-	-	-	-	272,020	-	-
-Rentals	-	308,680	-	278,027	100,339	40,502	39,531
-Depreciation[1]	184,706	202,678	485,242	218,542	242,681	234,050	250,050
-Take up of provisions	-	-	-	11,754	-	-	-

	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Estimated Outturn	2013-14 Plans	2014-15 Plans
-Other resource	-451,143	-424,519	-335,793	-337,275	-654,602	-465,009	-466,364
-Unallocated funds – resource	-	-	-	-	-	89,957	-6,801
Resource Annually Managed Expenditure (AME)							
AME Charges	44,450	-102,713	179,006	1,424	2,943	1,253	3,682
Police Superannuation	668,451	754,193	720,594	1,059,297	1,232,860	1,248,396	1,391,540
AME Charges Arms Length Bodies (net)	1,002	27,964	20,603	20	24,354	-	-
N/A	-	-	-	469	65	-	-
Total Resource AME	**713,903**	**679,444**	**920,203**	**1,061,210**	**1,260,222**	**1,249,649**	**1,395,222**
Of which:							
-Current grants to local government (net)	542,445	763,262	728,336	1,066,899	1,239,647	1,254,899	1,397,922
-Depreciation[1]	4,901	30,126	78,225	7,803	13,221	-	-
-Take up of provisions	189,687	39,420	115,872	74,681	58,543	-2,029	527
-Release of provisions	-23,130	-153,013	-2,230	-88,626	-51,470	-3,221	-3,227
-Other resource	-	-351	-	453	281	-	-
Total Resource Budget	**9,907,334**	**10,150,354**	**13,693,897**	**13,183,659**	**12,701,970**	**12,460,477**	**12,004,571**
Of which:							
-Depreciation[1]	189,607	232,804	563,467	226,345	255,902	234,050	250,050
Capital DEL							
Crime and Policing Group	269,788	284,949	261,641	105,853	138,202	111,152	119,515
Office for Security and Counter Terrorism	107,644	206,824	153,103	92,103	77,124	65,627	123,223
UK Border Agency	187,846	182,750	163,333	173,188	86,970	63,461	85,612
Criminal Records Bureau	2,917	354	4,054	1,931	-	-	-
Identity and Passport Service	24,835	111,382	67,295	23,272	19,341	31,730	12,867
Central Home Office	4,873	2,633	-2,497	34,003	22,020	21,962	31,302
Arms Length Bodies (net)	238,323	209,899	92,443	62,455	45,022	57,520	26,070
Area Based Grants	-	-	-	-	-	-	-

	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Estimated Outturn	2013-14 Plans	2014-15 Plans
National Fraud Authority	-	274	67	207	-	-	-
Border Force	-	-	-	-	53,430	53,848	66,411
Total Capital Departmental Expenditure Limit (DEL)	**836,226**	**999,065**	**739,439**	**493,012**	**442,109**	**405,300**	**465,000**
Of which:							
-Capital support for local government (net)	329,129	317,455	285,971	173,640	174,462	124,874	122,515
-Capital grants to persons and non-profit bodies(net)	24,826	-1,564	-10	-	1,108	-	-
-Capital grants to private sector companies (net)	-	46,168	22,950	28,236	18,132	24,700	61,070
-Capital support for public corporations	10,000	-	28,700	-	-	-	-
-Purchase of assets	489,151	586,346	337,362	277,993	226,834	235,648	228,715
-Income from sales of assets	-5,565	-4,181	-4,391	-4,507	-	-	-
-Other Capital	-11,315	54,841	68,857	17,650	21,573	20,078	52,700
Capital AME							
Of which:							
Total Capital Budget	**836,226**	**999,065**	**739,439**	**493,012**	**442,109**	**405,300**	**465,000**
Total departmental spending[3]	**10,553,953**	**10,916,615**	**13,869,869**	**13,450,326**	**12,888,177**	**12,631,727**	**12,219,521**
of which:							
-Total DEL	9,844,951	10,267,297	13,027,891	12,396,919	11,641,176	11,382,078	10,824,299
-Total AME	709,002	649,318	841,978	1,053,407	1,247,001	1,249,649	1,395,222

[1] *Includes impairments.*

[2] *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.*

[3] *The core table data comes directly from the Treasury's OSCAR database. Machinery of Government changes (including the transfer of Police rates payments from 2010-11) have resulted in amended prior year data which, due to timing differences, may be inconsistent with the numbers in the accounts.*

Table 2 – Public Spending Control, Outturn year, 2012-13

£'000

	2012-13 Original Plans		2012-13 Final Plans		2012-13 Provisional Outturn	
	Resource	Capital	Resource	Capital	Resource	Capital
Spending in Departmental Expenditure Limits (DEL)						
Voted expenditure	**8,896,447**	**501,000**	**8,577,406**	**461,467**	**11,441,748**	**442,109**
Of which:						
Crime and Policing Group	5,055,501	130,000	5,137,029	133,712	8,322,852	138,202
Office for Security and Counter Terrorism	1,144,008	105,400	1,020,600	73,903	970,910	77,124
UK Border Agency	1,000,600	87,800	775,257	84,966	608,651	86,970
Criminal Records Bureau	-	-	64,590	-	-14,783	-
Identity and Passport Service	6,442	20,000	-21,600	20,000	-69,836	19,341
Central Home Office	294,039	18,200	286,645	56,530	366,373	22,020
NDPB's (Net)	841,987	46,900	658,112	35,756	624,278	45,022
Area Based Grants	30,000	-	30,000	-	28,751	-
Departmental Unallocated Provision (DUP)	43,191	41,900	-	-	-	-
National Fraud Authority	3,573	-	9,403	-	8,809	-
Government Equalities Office	19,377	-	-	-	-	-
European Solidarity Mechanism (Net)	1	-	1	-	908	-
Border Force	457,728	50,800	617,369	56,600	594,835	53,430
Total Spending in DEL	**8,896,447**	**501,000**	**8,577,406**	**461,467**	**11,441,748**	**442,109**

	2012-13 Original Plans		2012-13 Final Plans		2012-13 Provisional Outturn	
	Resource	Capital	Resource	Capital	Resource	Capital
Spending in Annually Managed Expenditure (AME)						
Voted expenditure	**1,134,118**	**-**	**1,414,118**	**-**	**1,260,222**	**-**
Of which:						
AME Charges	8,489	-	68,449	-	2,943	-
Police Superannuation	1,125,629	-	1,335,629	-	1,232,860	-
AME Charges Arms Length Bodies (Net)	-	-	10,040	-	24,354	-
n/a	-	-	-	-	65	-
Total Spending in AME	**1,134,118**	**-**	**1,414,118**	**-**	**1,260,222**	**-**
Total	**10,030,565**	**501,000**	**9,991,524**	**461,467**	**12,701,970**	**442,109**
Of which:						
Voted expenditure	10,030,565	501,000	9,991,524	461,467	12,701,970	442,109

Table 3 – Capital Employed £'000

	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 estimated outturn	2013-14 plans	2014-15 plans
Assets and liabilities on the statement of financial position at end of year:							
Assets							
Non-current assets							
Intangible	108,803	223,051	283,437	398,451	506,097	110,825	105,284
Tangible	1,177,624	1,170,331	940,547	927,292	1,157,060	800,516	760,490
of which:							
Land and Buildings	641,366	559,415	536,892	550,353	580,566	460,319	437,303
Plant and Machinery	71,739	63,607	132,464	128,353	245,834	113,572	107,894
Vehicles	21,343	13,561	13,709	11,486	14,808	11,755	11,167
Information Technology	65,745	90,561	116,983	107,686	128,662	97,715	92,829
Furniture and Fittings	28,664	23,998	21,653	20,170	14,053	18,562	17,634
Payment on Account and Assets under Construction	348,767	419,189	118,846	109,244	173,137	98,593	93,663
Other	-	-	-	-	1,049	-	-
Investments	18,068	18,068	1	1	-	-	-
Current Assets	651,528	803,131	525,458	419,575	406,907	381,966	362,868
Liabilities							
Payables (<1 year)	-1,445,927	-1,431,338	-1,392,610	-1,434,247	-1,369,913	-1,107,371	-947,003
Payables (>1 year)	-307,456	-299,950	-301,171	-290,709	-296,777	-258,216	-245,306
Provisions	-234,803	-87,658	-190,381	-180,297	-183,283	-119,080	-119,080
Capital employed within core department	-32,163	395,635	-134,719	-159,934	221,140	-191,360	-82,747
ALB net assets	-30,077	-166,359	8,290	-24,122	-351,893	-3,853	-3,853
Total capital employed in departmental group	-62,240	229,276	-126,429	-184,056	-130,753	-195,213	-86,600

Table 4 – Administration Costs

£'000

	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Estimated outturn	2013-14 Plans	2014-15 Plans
Resource DEL							
Crime and Policing Group	52,329	32,143	39,576	34,191	38,925	46,240	39,441
Office for Security and Counter-Terrorism	25,798	57,028	56,557	54,599	48,444	53,643	52,426
UK Border Agency	377,075	236,310	240,748	160,911	106,910	165,462	152,637
Criminal Records Bureau	-973	-4,616	6,269	6,472	-29	-	-
Identity & Passport Service	-	47,579	2,631	5,381	3,463	3,184	2,943
Central Home Office	167,331	226,696	179,881	146,479	180,556	168,006	166,880
Arms Length Bodies (Net)	-	117,768	103,706	93,733	76,937	58,255	53,493
Departmental Unallocated Provision (DUP)	-	-	-	-	-	35,838	25,055
National Fraud Authority	-	3,943	-	861	583	1,279	1,155
Border Force	-	-	-	-	21,659	10,992	10,585
Total administration budget	**621,560**	**716,851**	**629,368**	**502,627**	**477,448**	**542,899**	**504,615**
Of which:							
Staff costs	389,200	245,957	252,467	298,606	313,519	274,977	265,051
Purchase of goods and services	387,481	446,228	492,542	173,001	140,451	289,122	276,586
Income from sales of goods and services	-141,970	-153,023	-142,237	-83,779	-17,787	-57,189	-58,089
Current grants to persons and non-profit bodies (net)	-	-	-	-	7	809	837
Current grants abroad (net)	-426	-367	-	-865	-	-855	-886
Rentals	-	155,345	-	89,398	102,586	40,794	40,805
Depreciation	-14,573	8,265	15,154	13,041	10,214	7,119	6,319
Take up of provisions	-	-	-	10,924	-	-	-
Other resource	848	14,446	11,442	2,301	-71,542	-50,734	-50,731
Unallocated funds – resource	-	-	-	-	-	38,856	24,723

Table 5 – Staff in Post

Home Office Staff Numbers – Headcount Full Time Equivalent 2010-11 to 2012–13[1, 2, 3, 4, 5]

	2010–11	2011–12	2012–13	Key workforce changes during 2012-13[6] 1.10.2012	3.12.2012	18.12.2012	2012-13
	Outturn	Outturn	Outturn	Machinery of Govt Change[11]	Machinery of Govt Change	Machinery of Govt Change	Leavers
Home Office – Core							
Civil Servants Paid [7]	2,720	10,245	11,152	507		-96	339
Civil Servants Unpaid [8]	321	646	700	2		-11	235
Non-Civil Servants [9]	309	250	604	–		–	–
Total	**3,350**	**11,141**	**12,456**	**509**		**-107**	**574**
United Kingdom Border Agency					-		
Civil Servants Paid	20,480	10,831	10,426				249
Civil Servants Unpaid	917	477	469				124
Non-Civil Servants	228	208	1,372				
Total	**21,625**	**11,516**	**12,267**				**373**
Identity and Passport Service					-		
Civil Servants Paid	3,501	3,046	3,180				99
Civil Servants Unpaid	114	80	99				60
Non-Civil Servants	14	8	5				
Total	**3,629**	**3,134**	**3,284**				**159**
Criminal Records Bureau [6]					-		
Civil Servants Paid	623	481	–		-462		
Civil Servants Unpaid	12	7	–		-6		
Non-Civil Servants	–	–	–				
Total	**635**	**488**	**–**		**-468**		

National Fraud Authority				
Civil Servants Paid	–	42	46	5
Civil Servants Unpaid	–	5	4	
Non-Civil Servants	–	2	–	
Total	**–**	**49**	**50**	**5**
Total Home Office including Agencies				
Civil Servants Paid	27,324	24,645	24,804	692
Civil Servants Unpaid	1,364	1,214	1,271	419
Non-Civil Servants	551	468	1,981	
Unknown [10]	54	57	81	
Total	**29,293**	**26,384**	**28,137**	**1,111**
Non Departmental Public Bodies [11]				
Paid Staff	–	6,075	5,293	
Unpaid Staff	–	63	82	
Agency/Contractors	–	190	167	
Total	**–**	**6,328**	**5,542**	
Total Home Office including Agencies and Non Departmental Public Bodies				
Grand Total	**29,293**	**32,712**	**33,679**	

Notes:
(1) This information has been extracted from Data View, the Department's Office for National Statistics (ONS) compliant source of Corporate HR Data.
(2) Figures are accurate as at 31 March of each year, and include all current employees on that date.
(3) Figures are subject to rounding +/– 1.
(4) Figures are reported using ONS classifications.
(5) Staff numbers are national statistics quoted on the ONS website and have been collated on a different basis to the staff numbers in Note (9) of the annual accounts.
(6) Key workforce changes in 2012-13 include:
Machinery of Government changes:
508 (FTE) National Policing Improvement (NPIA) employees transferred to core Home Office.
468 (FTE) Criminal Records Bureau (CRB) employees transferred out of the Home Office, when CRB merged with the Independent Safeguarding Authority (ISA) to become a new NDPB – the Disclosure and Barring Service (DBS).
107 (FTE) Government Equalities Office employees transferred out of the Home Office, to the Department for Culture, Media and Sport (DCMS).
Employees leaving the Department:
1,111 (FTE) employees left the Department and its agencies during the period.
(7) Civil Servants Paid includes permanent, temporary, fixed-term appointments (FTA), incoming loans paid (OGD) and outgoing secondments paid (Non OGD).
(8) Civil Servants Unpaid includes permanent unpaid, temporary unpaid, FTA unpaid, career break, incoming loans unpaid (OGD), outgoing loans unpaid (OGD) and outgoing secondments unpaid (Non OGD).
(9) Non-Civil Servants includes agency employees, contractors, incoming secondments, contractors non-paid, outgoing secondments paid/unpaid, outgoing loans.
(10) These Civil Servants were moving between businesses within the department at 31 March each year.
(11) The Non Departmental Public Bodies (NDPBs) are:
Independent Police Complaints Commission (IPCC)
Disclosure and Barring Service (DBS) – which was formed on 3rd December 2012 from Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA). See: https://www.gov.uk/government/organisations/disclosure-and-barring-service/about.
National Policing Improvement Agency (NPIA) – on 1st October 2012 NPIA transferred the majority of its operational functions to the core Home Office as part of a Machinery of Government change see: http://www.npia.police.uk/.
Office of the Immigration Service Commissioner (OISC)
Security Industry Authority (SIA)
Serious Organised Crime Agency (SOCA)

The staff numbers in this table are correct as at 31 March 2013 and cannot be reconciled to the staff numbers in Note 7 in the main body of the accounts, which are based on average numbers for the financial year 2012-13.

Country and Regional Analysis Data Tables

1. **Tables 6, 7 and 8** show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in October 2012 as part of the National Statistics release. The figures were taken from the HM Treasury public spending database in summer 2012 and the regional distributions were completed by the following autumn. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report. Please note that totals may not sum due to rounding.

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 2012.

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.

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 presentations of spending by function are consistent with those used in Chapter A of the CRA October 2012 release. These are not the same as the strategic priorities shown elsewhere in the report.

Table 6 – Total identifiable expenditure on services by country and region, 2007-08 to 2011-12

National Statistics *£ million*

Home Office	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
North East	67	76	78	61	64
North West	183	209	216	167	174
Yorkshire and the Humber	131	150	156	122	127
East Midlands	104	119	124	97	103
West Midlands	140	160	165	128	135
East	132	151	158	124	131
London	280	327	330	255	258
South East	195	224	233	183	194
South West	120	137	143	112	119
Total England	1,352	1,553	1,603	1,249	1,305
Scotland	66	70	78	64	74
Wales	75	85	88	69	72
Northern Ireland	22	24	27	22	25
UK identifiable expenditure	1,515	1,732	1,796	1,404	1,476
Outside UK	0	0	0	0	0
Total identifiable expenditure	1,515	1,732	1,796	1,404	1,476
Non-identifiable expenditure	2,068	2,089	2,197	1,769	1,687
Total expenditure on services	3,583	3,821	3,993	3,173	3,163

Table 7 – Total Spending per Head by country and region, per head 2007-08 to 2011-12

National Statistics *£ per head*

Home Office	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
North East	26	29	30	23	25
North West	26	30	31	24	25
Yorkshire and the Humber	25	29	30	23	24
East Midlands	24	27	28	21	23
West Midlands	25	29	30	23	24
East	23	26	27	21	22
London	36	41	41	31	31
South East	23	26	27	21	22
South West	23	26	27	21	23
England	26	30	31	24	25
Scotland	13	13	15	12	14
Wales	25	28	29	23	23
Northern Ireland	12	13	15	12	14
UK identifiable expenditure	25	28	29	22	23

Table 8 – Spending by Function, Country and Region, for 2011-12

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	48	131	96	78	102	99	195	147	90	986	55	54	19	1,114	-	1,114	1,687	2,802
of which: immigration and citizenship	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*1,687*	*1,687*
of which: other police services	*48*	*131*	*96*	*78*	*102*	*99*	*195*	*147*	*90*	*986*	*55*	*54*	*19*	*1,114*	-	*1,114*	-	*1,114*
R&D public order and safety	1	2	1	1	2	1	3	2	1	15	1	1	0	17	-	17	-	17
Public order and safety not elsewhere classified	13	36	26	21	28	27	54	40	24	268	14	15	5	301	-	301	-	301
Total public order and safety	**62**	**169**	**123**	**100**	**132**	**127**	**252**	**189**	**115**	**1,269**	**70**	**70**	**24**	**1,432**	**-**	**1,432**	**1,687**	**3,119**
Economic affairs																		
R&D public order and safety	2	5	4	3	4	4	6	6	4	38	4	2	1	45	-	45	-	45
Total economic affairs	**2**	**5**	**4**	**3**	**4**	**4**	**6**	**6**	**4**	**38**	**4**	**2**	**1**	**45**	**-**	**45**	**-**	**45**
TOTAL HOME OFFICE	**64**	**174**	**127**	**103**	**136**	**131**	**258**	**195**	**119**	**1,307**	**74**	**72**	**25**	**1,477**	**-**	**1,477**	**1,687**	**3,164**

CHAPTER 6 – OUR STAFF

Enabling our people to deliver

Rising public expectations coupled with the need to achieve greater value for money and efficiency mean that the Civil Service (CS) needs to change to meet the long-term challenges that all economies are facing. The Civil Service Reform plan, published in June 2012 sets out a vision for an exceptional Civil Service that will deliver the best by becoming more skilled, less bureaucratic and more unified.

The Home Office corporate, agency and business area change programmes are aligned with Civil Service Reform and will help our people to deliver the best.

Key achievements in 2012-13 include:

- the piloting of flexible resourcing models in the department
- the launch of “switched on”, an online staff ideas scheme
- early adoption of the CS performance management system and the competency framework
- development of the Home Office capability strategy, and
- launch of an online self development guide; management development programme; support for individual and team leadership development; SCS and grade 6/7 leadership events, workshops and briefings

Our diversity strategy

The Home Office Diversity Strategy 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. Business areas are held accountable through quarterly assessments and supported to deliver changes which look to enhance diversity and inclusion.

Actions during 2012–13 included:

- we were successfully benchmarked as Gold standard against *Race for Opportunity* and *Opportunity Now* benchmarks and recognised as one of the top ten public sector organisations in relation to gender issues
- we were successfully benchmarked as Gold standard and scored highest across comprehensive workplace measures on race
- we achieved second place in Stonewall survey on lesbian, gay, bisexual and transgender issues
- disability recruitment and retention - first organisation to be ‘*Proud to be Clear Assured’*- successfully reaccredited 2012

Our work to engage more with staff has led to diversity declaration for ethnicity data improving from 63% in 2007 to 99% in 2012. The Home Office Staff survey in 2012 also showed that our Black Minority Ethnic (BME) staff have higher employee engagement scores than non BME staff (57% compared with 48%).

In 2012-13 we also launched the “No Barriers” programme, which included:

- surveying staff/managers’ knowledge and experience of Reasonable Adjustments (RAs) in the Home Office
- hosting International Day of Persons with Disabilities presentations by Guide Dogs (working name of Guide Dogs for the Blind) and providing Sighted Guide training for staff
- rolling-out Reasonable Adjustment/Individual Requirements proforma. This is a formal means to capture an individual’s RAs. The Home Office version has been adopted by all but one department involved in the Central Adjustments pilot
- mental health awareness training programme for staff and managers

Employment of disabled persons policy

The Home Office remains 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 focus on what a person can do rather than what they cannot and consequently 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 the Home Office Disability Support Network (HODS), our disabled staff support network. We also have a number of buddy networks on a variety of disabilities where staff can obtain peer support and advice.

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/adjustments they might need to carry out their duties.

We also became 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.

Capability

We want to ensure that our people have the competencies, the skills, knowledge and behaviour to deliver the work of the Home Office in a challenging and changing environment. To help make this happen: we will ensure the Civil Service core competency framework has been embedded across the department; consider the future of professions; manage poor performance and build high performance within the Home Office. This is alongside the need to ensure that Civil Service Learning works and meets the needs of the learning and skill strategy.

As part of civil service reform, implementation of the Home Office Capability Plan 2013-16 will help ensure an agreed and integrated approach to building capability across the department.

The plan sets out how we will meet the ambitions of the Civil Service Capabilities Plan and wider reform agenda in the following priority areas:

- leading and managing change
- commercial skills and behaviours
- delivering successful projects and programmes, and
- bringing to life '*digital by default'*

We give focus and direction to current and future work in addressing capability gaps in the department, its agencies and public bodies. The plan outlines five strategic aims for improving and strengthening departmental capability in the areas of:

- leadership
- workforce planning and resourcing
- managing people and performance
- building skills and knowledge
- developing talent and high potential

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. We provide resources for these and other representative bodies.

Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2013

Salary Bands	SCS within the range as at end of March 2013	Percentage
£55,000-£65,000	19	9.27%
£65,000-£70,000	28	13.66%
£70,000-£75,000	34	16.59%
£75,000-£80,000	28	13.66%
£80,000-£85,000	23	11.22%
£85,000-£90,000	15	7.32%
£90,000-£95,000	7	3.41%
£95,000-£100,000	7	3.41%
£100,000-£105,000	9	4.39%
£105,000-£110,000	6	2.93%
£110,000-£115,000	6	2.93%
£115,000-£125,000	10	4.88%
£125,000-£145,000	9	4.39%
£145,000-£175,000	0	0.00%
£175,000-£180,000	1	0.49%
£180,000-£185,000	2	0.98%
£185,000-£200,000	0	0.00%
£200,000-£205,000	1	0.49%
Grand Total	**205**	**100.00%**

Notes:

1 This information has been extracted from Data View, the department's Office for National Statistics (ONS) compliant source of Corporate HR 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.

2 Staff numbers are headcount of SCS, including grade equivalents in Home Office Headquarters, UK Border Agency, Identity & Passport Service (IPS) and National Fraud Authority (NFA).

3 Figures are for paid civil servants only, in line with ONS guidelines on headcount reporting.

4 Where individual bands have less than five individuals, some have been combined as per ONS statistical disclosure controls. However, those earning above £150k are subject to full disclosure.

Non Payroll Engagements

The table below shows the number of non-payroll engagements (at a cost of over £58,200 per annum) that were in place as of 31 January 2012.

	Home Office	SOCA	SIA
Number in place on 31 January 2012	195	16	11
of which			
Number that have since come onto the organisations payroll	0	0	0
Of which			
Number that have since been renegotiated/re-engaged to include contractual clauses allowing the department to seek assurance as to their tax obligations	80	8	0
Number that have not been successfully renegotiated and therefore continue without contractual clauses allowing the department to seek assurance as to their tax obligations	0	0	10
Number that have come to an end	115	8	1
Total	**195**	**16**	**11**

The number of new non-payroll engagements commencing between 23 August 2012 and 31 March 2013 (for more than £220 per day and more than 6 months) are listed below.

	Home Office	SOCA	SIA
Number of new engagements	98	6	7
of which			
Number of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	98	6	7
Of which			
Number for whom assurance has been requested and received	68	1	0
Number for whom assurance has been requested but not received	30	0	0
Number that have been terminated as a result of assurance not being received	0	0	0
Total	**98**	**1**[1]	**0**[2]

Notes:
1 The remaining 5 contracts are procured via the Government Procurement Service who is responsible for these assurances.
2 SIA have had various business critical pressures and have been unable to focus resources on this exercise. SIA expect the work to be completed before 31 July 2013 and do not anticipate any problems in obtaining the assurances required.

Staff Health and Wellbeing

A Civil Service wide tender for occupational health and employee assistance programs took place in 2012-13 to streamline the number of suppliers and provide financial savings. A good service remained in place throughout this exercise, with good take up of the provisions on offer by staff and managers. Our mediation service was reviewed and we now have a single point of contact in place and one co-ordinated team for the department. We have also improved the communication of the service, and the training and support available for mentors.

Recruitment policy

In May 2010 an external recruitment freeze was announced across the civil service, as part of the Chancellor's spending reduction plans. Exceptions to the recruitment freeze continue to be approved in accordance with Cabinet Office guidelines.

Workforce

The department has robust and flexible workforce plans in place for the next year which will allow it to continue to manage its workforce, deliver business priorities and live within expenditure plans agreed at the Spending Review.

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.

Chapter 7 – Sustainability Report

Introduction

This is our third published sustainability report. The organisational scope[1] is the same as the body of the annual report. We have restated some figures from last year to take account of improvements in data quality and in-year Machinery of Government changes. Previous energy and travel data has been audited as part of the department achieving the Carbon Trust Standard. We are seeking a verification of 2012-13 carbon emissions data by Carbon Trust. A more detailed version of this report will be published at: *www.gov.uk/government/organisations/home-office/about/our energy use#greening-government-committments*

Sustainability

Sustainability means making the necessary decisions now to realise our vision of stimulating economic growth and tackling the deficit, maximising wellbeing and protecting and enhancing our environment, without negatively impacting on the ability of future generations to do the same.

Materiality, Leadership and Governance Arrangements

The Home Secretary is held accountable by the Cabinet Office to deliver the Business Plan containing sustainability objectives. Business units have the opportunity to review and amend these commitments as part of this process. Overall leadership is provided by the Minister for Criminal Information and the Permanent Secretary.

Day to day leadership and direction is provided by the Sustainable Development Team who report to the Sustainability Implementation Group (SIG). SIG meets quarterly and is chaired by the Director of Shared Services comprising key Home Office bodies and business units. It ensures that action is taken to meet the Greening Government Commitments (GGC). SIG reported to the Estates and Sustainability Board, chaired by the department's sustainability champion, Director General Financial and Corporate Services Group, who is also a member of the Home Office Supervisory Board and the Executive Management Board.

Mainstreaming sustainable development

The department's business makes a valuable contribution to social and economic sustainability in its work.

The department is working with its partners to reduce environmental crime. The department has a specialist team to assist with matters relating to the Convention on the International Trade in Endangered Species (CITES). This year there were 682 seizures. Live animals and plants are re-homed after taking advice from the UK's scientific management authority to ensure it meets conservation goals.

The department has been managing the environmental aspects of its own estate and travel for some time. We also work with others, for example with Yorkshire and Humber Police forces, for the safe disposal and recycling of end-of-life police vehicles and parts whilst delivering value for money.

Sustainability is integrated into our business arrangements. For example, we have:

- incorporated sustainability into the Home Office Business Plan
- embedded sustainability in our staff competencies, our governance mechanisms and in communications and learning mechanisms
- ensured an appreciation of sustainability is incorporated into better informed policy and decision making
- embedded government targets and other mechanisms as part of corporate functions such as estates, travel, procurement and IT, including supporting small and medium sized enterprises
- implemented emerging low carbon technologies (for example ammonia chillers, solar panels etc) to reduce dependency on fossil fuel and are mindful of ensuring that our estate can cope with local effects of climate change such as flooding and subsidence

1 All our agencies and arms length bodies have been consolidated into this report except the Office of the Immigration Services Commissioner and Independent Chief Inspector of the UK Border Agency who are not required to report.

Greening Government Commitments

We are required to report against the Greening Government Commitments (GGC) setting out a range of measures including:

- reducing greenhouse gas emissions, waste and water use
- making procurement of goods and services more sustainable, while continuing to ensure value for money

We also participate in the CRC Energy Efficiency Scheme. Improving our performance in these areas is closely linked to our efforts to achieve greater efficiency and value for money across shared corporate services.

Headline performance

We met last year's commitments in our annual report. This year we:

- achieved the Carbon Trust Standard in December 2012
- are able to demonstrate a 17 per cent reduction in our CO_2e emissions from our buildings against the 2009-10 baseline and a 13 per cent reduction in total CO_2e emissions
- reduced waste, water consumption, and paper use against last year and the baseline
- continued to support policy makers and buyers, and promoted sustainability in our supply chain by applying a supplier assessment tool
- embedded closed loop paper purchase and waste paper recovery in our contracts
- further improved the efficiency of IT use
- improved the scope and breadth of our on-line live carbon-viewer
- supported Earth Hour, Climate Week and WRAP's work on catering and hospitality

Performance by financial year

Area	Metric	2009-10	2010-11	2011-12	2012-13
Reported greenhouse gas emissions (GHG)	Amount (tonnes CO_2e)	88,059	82,321	73,100	76,664
Net GHG (Reported GHG less accredited carbon offsets)	Amount (tonnes CO_2e)	82,426	78,413	68,903	69,089
Building energy	Amount (tonnes CO_2e)	66,862	61,604	54,348	55,283
	Amount (GWh)	158	144	128	136
	Expenditure £ million	12	12	11	12
Travel	Amount (tonnes CO_2e)	21,197	20,717	18,753	21,382
	Amount km (million)	120.0	125	113	129
	Expenditure (£ million) (excludes CRC & GCOF)	24.0	22	21	28
Domestic flights	Amount (number)	19,753	16,143	12,554	16,193
Water	Amount ('000 m^3)	347	288	274	268
	Expenditure (£'000)	616	453	459	522

Area	Metric	2009-10	2010-11	2011-12	2012-13
Office waste	Amount (tonnes)	5,243	4,584	4,429	4,027
	Expenditure (£'000)	648	532	500	478
	Total recycled (tonnes)	3,999	3,274	2,937	2,788
Paper (A4 equivalent)	Amount (reams)	398,001	376,832	287,220	267,461
	Expenditure (£'000)	672	739	833	617

Managing greenhouse gas emissions from buildings and travel

The Greening Government Commitments (GGC) requires us to reduce greenhouse gas emissions, for buildings and travel, by 25 per cent by 2015 against baseline. The department's main impacts are from electricity use in buildings and from road and air travel. We have reported this year on 97 premises including a large PFI Head Office, reporting centres, passport offices, police training centres, warehouses and a computer centre. Our vehicle fleet comprises over 3,000 administrative and operational vehicles including cars, vans and covert vehicles. Travel includes these vehicles, hire cars, taxis, staff travelling in their own vehicles (where this is reimbursed) and business air travel.

Managing greenhouse gas emissions		2009-10	2010-11	2011-12	2012-13
Non-Financial Indicators (tCO_2e)	Gross emissions for scopes 1 & 2 (fuel from buildings and our own vehicles)	76,718	72,495	63,924	63,662
	Gross emissions scope 3 (from business travel using public transport, taxis and commercial airlines)	11,341	9,826	9,176	13,002
	Reported greenhouse gas emissions	**88,059**	**82,321**	**73,100**	**76,664**
	Net emissions (Total less accredited carbon offsets for non-operational business air travel)	82,426	78,413	68,903	69,089
Financial Indicators (£'000)	Building energy Expenditure	11,697.2	11,721.0	10,785.8	12,147.4
	CRC Registration and License Expenditure	3.8	2.6	2.7	2.6
	CRC allowances			632.0	tbc
	Expenditure on accredited carbon offsets	56.7	22.0	22.7	3.1
	Expenditure on official business travel	24,043.9	21,689.1	21,144.3	27,642.4
	Total expenditure	**35,801.6**	**33,434.7**	**32,587.5**	**39,795.5**

Managing energy use from buildings			2009-10	2010-11	2011-12	2012-13
Non-Financial Indicators (GWh)	Energy Consumption	Electricity: Non-Renewable	68.9	63.0	59.1	57.3
		Electricity: Renewable	32.6	33.0	30.7	31.5
		Gas	43.2	38.7	33.7	43.8
		LPG	1.5	1.1	1.6	0.4
		Oil	12.1	7.9	2.6	3.1
		Total	**158.3**	**143.7**	**127.7**	**136.1**
Financial Indicators (£ million)	Energy Expenditure		**11.7**	**11.7**	**10.8**	**12.1**

CO_2e emissions are almost 13 per cent below the 2009-10 baseline (or a 16 per cent reduction if carbon offsets are included, from air travel). Building CO_2e emissions are now 17 per cent below the baseline. This year we have focussed upon:

- office relocations and better facilities management
- installing voltage optimisers
- use of LED lighting in place of halogen light bulbs, and improved motion sensitive light controls, and
- energy-efficiency of air conditioning units

The department in partnership with Amey and BMSI (a British Gas Business company) has secured energy savings of over £389,000 and reductions of 2,044 tonnes CO_2e in the period April 2012 to March 2013 in key buildings in London and the South East. This has resulted in £1.13 million savings between August 2010 and January 2013 and CO_2e savings in excess of 6,182 tonnes. This has been achieved by improving buildings' system-controls and a programme of plant and equipment upgrades.

Building energy is supplied via Government Procurement Service contracts. Total annual expenditure has risen by 12 per cent this year. Electricity includes 35 per cent from renewable sources.

This year's 5 per cent upturn in total CO_2e emissions, against the previous year, is attributable to increases in travel emissions (14 per cent) and buildings (1.7 per cent).

Compared to last year the total distance travelled rose by almost 15 per cent and the number of domestic flights increased by 29 per cent; although this is 18 per cent fewer than baseline.

Emissions from air travel increased by 80 per cent, against last year. The reasons for this increase are being investigated, but it appears that the data from previous years under-reported air travel.

Two major sites are responsible for almost all the uplift in building emissions against last year. This was due to the extended hours of building services during the Olympics, poorer general weather all year and one of these, a recently opened new site, reaching full occupation. Extended, and improved, shared services should help us to deliver enhanced and better integrated energy efficiency across the whole Department. We also plan to roll out thin client devices, deliver further energy saving measures in a number of key sites, and upgrade our gain-share model for facilities management.

We continue to promote good energy practice in our visitor reception areas in 2 Marsham Street and we have improved the scope and breadth of our on-line live carbon-viewer http://webview2.ecodriver.net/HomeOffice/ including the introduction of comparative feedback with a site league chart and an indication of personal energy use. We display Energy Performance Certificates and Display Energy Certificates. We actively encourage staff and suppliers to consider their own impacts through procurement decisions and communication activities. We provide a design support service to the Police for new build projects.

Other holdings where we are not responsible for the emissions, account for 22 per cent of our total floor area. We estimate the additional CO_2e emissions attributable to this space to be a further 20,000 tonnes.

Managing water

The Greening Government Commitments (GGC) requires us to reduce water consumption from a 2009-10 baseline. Reported water use from our buildings fell against the 2009-10 baseline by over 23 per cent. The main impacts are from water use for showers, washrooms, drinking, restaurant facilities or similar, and heating and ventilation systems.

Managing water			**2009-10**	**2010-11**	**2011-12**	**2012-13**
Non-Financial Indicators (‘000 m^3)	Water Consumption	Supplied	343	283	271	265
		Abstracted	4	5	2	**3**
		Total Water	**347**	**288**	**273**	**268**
Financial Indicators (£ 000)	**Invoiced Water Supply**		**616**	**453**	**459**	**522**

This year we have:

- improved toilet flush controls and signage
- installed no-touch sensor taps which ensure water cannot be left running after use
- installed waterless urinals which use an oil based barrier fluid as an alternative to water, and
- fitted low flush urinals at sites where waterless urinals cannot be installed

Managing office waste

The Greening Government Commitments (GGC) require us to reduce the amount of waste generated by 25 per cent from a 2009-10 baseline. Reported office waste streams include shredded and un-shredded paper, dry mixed recyclables, food waste and packaging. Work continues with our three facilities management suppliers to increase the types of waste that can be recycled. So far reported office waste has fallen by over 23 per cent against this baseline. Recovery rates are currently over 73 per cent. We have cut paper use against last year by almost 7 per cent and over 32 per cent against baseline exceeding the 10 per cent annual target.

Managing office waste			**2009-10**	**2010-11**	**2011-12**	**2012-13**
Non-Financial Indicators (tonnes)	Non-hazardous waste	Reused, Recycled	3,999	3,274	2,937	2,788
		Composted	n/k	n/k	n/k	6
		Incinerated with energy recovery	n/k	n/k	n/k	154
		Incinerated without energy recovery	n/k	n/k	n/k	3
		Landfill	1,244	1,310	1,492	1,076
	Total waste		**5,243**	**4,584**	**4,429**	**4,027**
Financial Indicators (£ ‘000)	Reused/Recycled/Recovered		549	427	380	389
	Landfill		100	105	119	89
	Total disposal cost		**649**	**532**	**499**	**478**

In our HQ we introduced:

- a three bin scheme for waste including dry mixed recycling and food/compostable collection
- *Vegware* compostable vending cups, lids and salad boxes, and
- a collection to divert previously landfilled waste to form material used for heat and power in industry

The department follows a "reduce, remodel, recycle" hierarchy for surplus furniture:

- reduce – once a surplus has been identified it is advertised first within the department then across the entire government network
- remodel- most desks can be remodelled into a smaller size making them reusable again
- recycle – when both of the above options have been exhausted we run a competition for the final clearance of unwanted furniture assets. Current suppliers for this service have waste accreditation methods with waste to landfill rates of between 0 to 4 per cent

We ensure that redundant ICT equipment is re-used or responsibly recycled.

We have introduced a "Closed Loop" recycled paper system across the majority of the department and have implemented the associated collection and its recovery into new paper.

Construction suppliers are required to use an online tool in order to record data on waste generated from construction projects with the aim of halving the amount sent to landfill. Some larger assets are disposed of responsibly by the Disposal Services Authority. We manage the disposal of seized-goods responsibly and innovatively to minimise landfill.

Sustainable Procurement

We promote sustainable procurement as Corporate and Social Responsibility (CSR) striving to improve performance beyond the minimum legal standards including the mandated Government Buying Standards (GBS) http://sd.defra.gov.uk/advice/public/buying and building CSR factors into investment decisions where they are relevant to the contract. CSR factors are incorporated throughout the procurement cycle from pre-qualification through to contract award to ensure value for money is optimised.

We use a web-based supply chain engagement tool known as CAESER (Corporate Assessment of Environmental, Social & Economic Responsibility) to allow buyers to manage supply-chain sustainability performance. Through supplier questionnaires it covers a full range of sustainability considerations (environmental, social including diversity and economic). Data is collected annually to provide an overview of our suppliers' CSR performance and used by us to inform contract management discussions and business decisions, manage supply-chain risks and drive improved outcomes.

In our last annual review we engaged with 89 strategic suppliers. We found that:

- 93 apprenticeships have been created as a direct result of the department's spend
- 88 per cent of suppliers have a strategy for reducing CO_2 emissions and 52 per cent have set targets
- 90 per cent of suppliers use information gathered on equality and diversity to make improvements to policy and practices
- 51 per cent of suppliers actively encourage small and medium sized enterprises (SMEs) and monitor the diversity of their supply chains

The Cabinet Office requires all departments to contribute to its aspiration of 25% spend with SMEs by March 2015. After three quarters SME spend was 10% (£253,141,833) of total spend.

Other

Biodiversity is not material for the Home Office estate because we own so few open spaces or they are being prepared for disposal. We are liaising with the Rural Proofing team in Defra and in 2013-14 we will update our action plan setting out how we plan for climate change: http://archive.defra.gov.uk/environment/climate/documents/dept-adapt-plans/dap-home-off-110512.pdf.

Chapter 8 – Public Interest Disclosures (including complaints to the Parliamentary Ombudsman)

Value for Money

The Home Office's strong focus on efficiency and value for money continues to challenge all areas of the department and support the police service to secure savings, while protecting frontline delivery to the public.

The key areas of focus were:

- commercial/procurement – including the transfer of the Procurement Centre of Excellence to the Government Procurement Service in October 2012. This supports the drive to increase spend though centralised deals and will help streamline procurement resource across government to improve efficiency. At the end of the third quarter of the financial year savings of over £18 million through the Procurement Centre of Excellence had been recorded.

- shared services – use of services by the rest of the Home Office group as well as other government departments yielded further savings in 2012-13. A programme is underway to consolidate the remaining corporate service functions across the Home Office that are not already shared

- police procurement – including the setting up of the Police ICT Company, which will help police forces improve operational effectiveness and get better value for money and innovative IT. The Collaborative Police Procurement Programme covering police non-IT procurement reported savings of over £13 million by the end of third quarter of the financial year

In April we published a revised Accountability System Statement for Policing and Crime Reduction, reflecting changes to accountability arrangements in the new policing landscape. The statement sets out how local accountability for delivering VfM operates.

Continuous Improvement programmes continue to yield savings across the Home Office, whilst a systematic process of assurance underpins our VfM strategy and ensures savings and programme objectives are met.

Structured cost reduction planning across the breadth of our business, coupled with rigorous spending controls in collaboration with the Cabinet Office and active capital management, allows us to continue to ensure strategic deployment of resources to meet the public's needs.

Spend on consultancy and temporary staff

The Home Office has a robust Consultancy & Contingent Labour expenditure control process that has ensured that exposure to costs in this area has reduced significantly. This process ensures that all requests to appoint external consultants/specialists/interims, or extend existing arrangements, require approval by the External Resource Control (ERC) Board. This control covers the Home Office HQ, agencies and NDPBs.

The ERC Board, chaired by the Finance & Commercial Director General, was established in October 2010 and meets at least every two weeks. Consultancy requests over £20,000, if approved by the ERC Board are submitted to the Permanent Secretary for approval and then onwards to the Home Secretary and the relevant minister. The same process applies to new contingent labour posts, unless included in the ERC board's quota (delegated authority allowing the board to agree up to 20 roles per quarter). Consultancy requests over 9 months are also submitted to Cabinet Office Efficiency & Reform Group.

Full year spend in 2012-13 on Consultancy and Contingent Labour (CCL) by the Home Office, including agencies and NDPBs, was £65m. This figure has been calculated using resource (accruals) financial data. The figure represents a decrease of 8% from 2011/12 spend which was £71m. This built on the 39% reduction from 2010-11 (£117m down to £71m).

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

Consultancy Costs	2012-13 total expenditure (£000)
Home Office HQ	12,224
UK Border Agency	1,128
Identity & Passport Service	1,209
Criminal Records Bureau	0
National Fraud Authority	22
National Policing Improvement Agency	29
Independent Police Complaints Commission	0
Security Industry Authority	68
Independent Safeguarding Authority	0
Office of the Immigration Services Commissioner	0
College of Policing	11
Disclosure Barring Service	17
Serious Organised Crime Agency	54
TOTAL	14,762

Contingent Labour/Agency Costs	2012-13 total expenditure (£000)
Home Office HQ	17,414
UK Border Agency	15,157
Identity & Passport Service	915
Criminal Records Bureau	464
National Fraud Authority	264
National Policing Improvement Agency	1,602
Independent Police Complaints Commission	1,140
Security Industry Authority	2,462
Independent Safeguarding Authority	431
Office of the Immigration Services Commissioner	0
College of Policing	136
Disclosure Barring Service	373
Serious Organised Crime Agency	10,314
TOTAL	50,672

Total Consultancy and Contingent Labour/ Agency Costs	2012-13 total expenditure (£000)
Home Office HQ	29,638
UK Border Agency	16,285
Identity & Passport Service	2,124
Criminal Records Bureau	464
National Fraud Authority	286
National Policing Improvement Agency	1,631
Independent Police Complaints Commission	1,140
Security Industry Authority	2,530
Independent Safeguarding Authority	431
Office of the Immigration Services Commissioner	0
College of Policing	147
Disclosure Barring Service	390
Serious Organised Crime Agency	10,368
TOTAL	65,434

Health and Safety

Within this reporting period the Home Office was served a Crown Censure for breach of legislation at Robin Hood Airport. Following this censure, further control measures have been implemented to mitigate against the risks identified through the censure process. We have introduced on-line Display Screen Equipment (DSE) self assessment and appointed in house trained DSE assessors, ensuring early interventions are undertaken regarding any health issues identified. The on-line self assessment has been further developed to include primary control points at front line border controls. This year also launched an in house developed Fire Marshal e-learning course accessible throughout the business.

Performance in Responding to Correspondence from the Public

In 2012-13, Home Office Headquarters received 12,103 letters and emails from the public. We replied to 90% of correspondence within the target of 20 working days.

Complaints to the Parliamentary Ombudsman

In their annual report for 2011-12, which is their most recently published report, the Parliamentary and Health Service Ombudsman noted that the Home Office was among the government departments with the most complaints accepted for formal investigation.

During 2011-12 the Ombudsman accepted a total of 24 complaints for formal investigation. 22 of these complaints were against the UK Border Agency. In 2010-11 the total reported on was 26 and in 2009-10 there had been 53 cases reported against the Home Office.

There have been no new reports on the Home Office, or its agencies or arms length bodies published since the last annual report when two reports had been highlighted:

The Ombudsman's assessment of the loss of personal data by a Home Office contractor
23 March 2010
The Ombudsman outlines her decision not to investigate 449 complaints from prisoners and former prisoners about the loss of an unencrypted data stick containing personal information about them.

Fast and fair? A report by the Parliamentary Ombudsman on the UK Border Agency
09 February 2010
'Fast and Fair?' includes eleven case studies that reflect the large number and wide range of complaints referred to the Ombudsman by Members of Parliament.

For further information on both of these reports please refer to: http://www.ombudsman.org.uk/improving_services/special_reports/pca/index.html

During 2010-11 the Home Office and its agencies were fully compliant with Ombudsman recommendations.

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

The department believes that complaints are an opportunity to improve its services and looks upon complaints as:

- opportunities for us all to learn about the quality of the service we give, and at times to improve it
- to improve our service, rather than just fixing a specific problem for an indvidual
- to take responsibility for complaints on our subject area. We 'own' the complaint on behalf of the organisation; the complainant 'owns' the original issue

Also, the Home Office has published its complaint handling procedure, so the public can understand the process. Home Office staff are requested to familiarise themselves with it before handling a complaint in the interests of consistency.

Chapter 9 – Lead Non-Executive Board Member's Report

These are my views, and those of my colleagues, on the second year of operation of the Home Office Supervisory Board.

Impact in Key Areas

The impact the Board has had in key areas

The Board has been able to utilise the varied experience of Board members to contribute to the strategic direction of the department, specifically through a focus on financial planning and spending priorities. The Board has also contributed to department governance at a more granular level including an examination of the department's management of key corporate risks and regular oversight of financial reporting and departmental performance against key performance indicators.

Reflections on departmental progress and performance

The department has performed well against a number of challenges over the past year, including the successful delivery of the security of the London 2012 Olympic Games as well the dedication shown within the department to reducing and managing queues at the border. Financial management within the department remains strong; the department will need to continue to draw on this expertise to administer the department's financial resources in an era of increasing austerity.

Reflections on the quality of management information provided to the Board

The Board has been satisfied with the quality of management information over the past year. The information provided to the Board has allowed the Board to maintain an accurate understanding of the performance picture across the Home Office. The Board has a firm grasp of the allocation of resources within the Home Office and of the departmental appetite for risk; this understanding has been underpinned by the quality of management information provided to the Board. To further improve this oversight, further work could be done to increase the visibility of management information for the Arms Length Bodies of the Home Office.

Update on Board Arrangements & Governance

The two sub-committees of the Board have continued to meet over the last year; they both continued to be chaired and attended by non-executive board members.

The Audit and Risk Assurance Committee (ARAC) is responsible for reviewing the comprehensiveness of assurances and the integrity of financial statements. The Audit and Risk Assurance Committee has been operating well over the past year and the Board has received regular updates as to the progress of the committee. The Nominations and Governance committee is responsible for scrutinising the succession planning for the Home Office Supervisory Board and the senior leadership of the department. The committee met at the beginning of this year and an update has been provided to the Supervisory Board as to the committee's activities.

Dianne Thompson, a non-executive director and chair of the Nominations and Governance committee, tendered her resignation early this year. The Board would like to express its thanks to Dianne for her work and contribution to the operation of the Board and its sub-committees. The process is now underway to recruit a replacement for Dianne.

The board non-executives have been active both within the department and across government. One example of non-executive impact within the department has been Philip Augar's work with UKBA. Philip led a team that conducted a quality assurance review on UKBA's delivery plan for the Home Secretary. The review culminated in a series of challenge sessions with UKBA board members (attended by the Chief Executive) at which Philip and the team interrogated the achievability of each directorate's business plans for the forthcoming year. Philip produced a comprehensive evaluation for the Home Secretary following this work. Furthermore, in addition to being a member of the Home Office Supervisory Board and Executive Management Board, Philip has also been a member of the Crime and Policing Group VFM and College of Police programme boards.

John Allan has also been active within the Home Office as Chair of the Audit and Risk Committee and as a member of the Developing Professionalism Working Group which led to the creation of the College of Policing. John has also sat on the appointments panel to select the new DG for Border Force and has chaired the Border Force Strategy Board in addition to being a member of the Border Strategy Board. Within Whitehall, John is also leading a review for Cabinet Office on a cross-departmental issue. Dianne Thompson contributed to the work of the Home Office Risk Committee and Chaired the Home Office Nominations Committee. She is also a member of the Cabinet Office Permanent Secretaries Remuneration Committee.

In my capacity as lead non-executive director I sat on the appointments panel for the new Permanent Secretary. Additionally, I am deputy chairman of the Audit and Risk Committee and a member of the Nominations and Governance Committee. Within Whitehall I sit on the Civil Service Reform Service Delivery Implementation Board, a board I will continue to attend into the next financial year.

Evaluation of Board Effectiveness

An evaluation of board effectiveness was carried out at the end of this financial year. Board members were issued with a questionnaire and were asked to consider the performance of the Board following its second year of operation, in preparation for an independent review of Board performance in 2014. Board members were able to discuss their views regarding board effectiveness with myself in my capacity as Lead Non-Executive. Board members had the opportunity to discuss the findings of the evaluation at a Supervisory Board meeting and to raise any resulting issues. The following actions were agreed as a result of this review:

- minutes or updates from sub-committees of the Board to be circulated between Board meetings; committee Chairs to provide updates at every Board meeting or should significant issues arise
- Board to consider whether monthly briefings between Board meetings on key departmental issues would improve information flows between meetings
- a review of the Supervisory Board Operating Framework by the Board Secretariat
- risk reporting data to be re-evaluated to ensure that it includes a sharper focus on key Arms Length Body risks
- Board to consider scheduling at least two informal meetings a year in addition to a Strategy Awayday
- Board to consider whether routine discussions should be condensed to the first thirty minutes of Board meetings, to allow the discussion of one priority issue for the rest of the meeting
- Board members to be briefed on any high-profile issues as they arise, if possible before media coverage
- proposals to be developed for non-executive directors to be aligned with different Home Office workstreams and to provide a source of external challenge where requested

Concluding Remarks

The Board continues to operate effectively over the last year even though there has been some significant change to the membership of the Board over the past year. Board discussions remain frank and supportive whilst challenging where necessary. I would like to thank the Home Office staff who have provided the Board with the support and timely information required that has helped the Board to operate effectively.

All Board members recognise the value that the Board can bring to the Home Office, and are keen to continue to further improve the contribution that the Board makes.

Val Gooding
Home Office Lead Non-Executive

FOREWORD TO THE ACCOUNTS

These accounts relate to the Home Office for the year ended 31 March 2013. 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. During the year, the Home Office also had responsibility for the UK Border Agency, the Identity & Passport Service and the National Fraud Authority, 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

Other major responsibilities include:

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 also provides passport services to UK nationals at home and to UK nationals abroad.

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).

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 2012-13:

Rt Hon Theresa May MP	Secretary of State for the Home Department
Mark Harper MP	Immigration Minister (from 5 September 2012)
Lord Taylor of Holbeach	Lords Minister and Minister for Criminal Information (from 6 September 2012)
Jeremy Browne MP	Minister of State for Crime Prevention (from 5 September 2012)
Damian Green MP	Minister of State for Policing and Criminal Justice (jointly with Ministry of Justice) (Minister of State for Immigration until 5 September 2012)
James Brokenshire MP	Security Minister (previously Parliamentary Under Secretary of State for Crime and Security)
Lord Henley	Minister of State for Crime Prevention and Anti Social Behaviour Reduction (until 4 September 2012)
Nick Herbert MP	Minister of State for Policing and Criminal Justice (until 4 September 2012)
Lynne Featherstone MP	Parliamentary Under Secretary for Criminal Information (until 4 September 2012)

Role of the Supervisory Board (SB)

The Secretary of State-chaired Supervisory Board (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 sub-committees on Audit and Risk Assurance and Remuneration.

Membership of the Home Office Supervisory Board

The membership of the Supervisory Board during 2012-13 is listed below:

Ministers	
Rt Hon Theresa May MP	Secretary of State for the Home Department
Mark Harper MP	Immigration Minister (from 5 September 2012)
Lord Taylor of Holbeach	Lords Minister and Minister for Criminal Information (from 6 September 2012)
Jeremy Browne MP	Minister of State for Crime Prevention (from 5 September 2012)
Damian Green MP	Minister of State for Policing and Criminal Justice (jointly with Ministry of Justice) (Minister of State for Immigration until 5 September 2012)
James Brokenshire MP	Security Minister (previously Parliamentary Under Secretary of State for Crime and Security)
Lord Henley	Minister of State for Crime Prevention and Anti Social Behaviour Reduction (until 4 September 2012)
Nick Herbert MP	Minister of State for Policing and Criminal Justice (until 4 September 2012)
Lynne Featherstone MP	Parliamentary Under Secretary for Criminal Information (until 4 September 2012)
Officials	
Mark Sedwill	Permanent Secretary (from 1 February 2013)
Helen Kilpatrick	Acting Permanent Secretary (from 17 September 2012 to 31 January 2013), Director General, Finance and Corporate Services
Dame Helen Ghosh	Permanent Secretary (until 28 September 2012)
Mike Anderson	Director General, Strategy, Immigration and International Group
Charles Farr	Director General, Office for Security and Counter-Terrorism
Stephen Rimmer	Director General, Crime and Policing Group
Sir Charles Montgomery	Director General, Border Force (from 19 March 2013)
Tony Smith	Acting Director General, Border Force (from 19 September 2012 to 19 March 2013)
Rob Whiteman	Chief Executive, UK Border Agency
Peter Kane	Acting Director General, Finance and Corporate services (from 10 September 2012 until 1 February 2013)
Brian Moore	Director General, UK Border Force (until 31 August 2012)

Non-Executive Directors

Val Gooding	Chair of Premier Farnell PLC and non-Executive Director of the BBC and Standard Chartered PLC
Philip Augar	Formerly Group Managing Director of Schroders
Dianne Thompson	Chief Executive of Camelot UK Lotteries Limited (until 28 February 2013)
John Allan	Chairman of Dixons Retail PLC

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 meets monthly, is chaired by the Permanent Secretary. Members of the EMB were:

Officials	
Mark Sedwill	Permanent Secretary (from 1 February 2013)
Helen Kilpatrick	Acting Permanent Secretary (from 17 September 2012 to 31 January 2013), Director General, Finance and Corporate Services
Dame Helen Ghosh	Permanent Secretary (until 28 September 2012)
Mike Anderson	Director General, Strategy, Immigration and International Group
Charles Farr	Director General, Office for Security and Counter-Terrorism
Peter Kane	Acting Director General, Finance and Corporate Services (from 10 September 2012 until 31 January 2013)
Stephen Rimmer	Director General, Crime and Policing Group
Sir Charles Montgomery	Director General, Border Force (from 19 March 2013)
Tony Smith	Acting Director General, Border Force (from 19 September 2012 to 19 March 2013)
Brian Moore	Director General, Border Force (until 18 September 2012)
Rob Whiteman	Chief Executive, UK Border Agency
Jonathan Jones	Legal Adviser (from 1 October 2012)
Kevin White	Director General, Human Resources
Simon Wren	Director, Communications (from 16 April 2012)
David Seymour	Legal Adviser (until 28 June 2012)
Yasmin Diamond	Director, Communications (until 9 April 2012)
Non-Executive Directors	
Philip Augar	Formerly Group Managing Director of Schroders

Non Executive directors

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 were as follows:

Non-Executive Director	Start Date	End Date
Val Gooding	4 January 2011	3 January 2014
Philip Augar	22 March 2012	21 February 2015
Dianne Thompson	4 March 2011	28 February 2013
John Allan	4 March 2011	3 March 2014

Appointment of Senior Officials

The Permanent Head of the department was appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service and with the agreement of the Ministerial Head of the department. All Executive Management Board appointments are permanent Civil Service appointments, the terms of which are set out in the standard Senior Civil Service contract. 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).

Further details on remuneration are set out in the Remuneration Report beginning on page 74.

Entities Consolidated

The Home Office departmental accounting boundary encompasses the central government department, three executive agencies and six non-departmental public bodies (NDPBs) and the College of Policing. The executive agencies are the Identity & Passport Service, the UK Border Agency and the National Fraud Authority. The consolidation includes the Criminal Records Bureau up until its closure at the end of November 2012. The NDPBs are the Serious Organised Crime Agency, the National Policing Improvement Agency (which ceased operational activity at the end of September 2012), the Independent Police Complaints Commission, the Security Industry Authority, the Office of the Immigration Services Commissioner and the Disclosure and Barring Service (DBS). The consolidation also includes the activity of the Independent Safeguarding Authority prior to closure at the end of November 2012, and the College of Policing as a *quasi*-NDPB. The accounts of these entities form part of the Home Office's consolidated financial statements. See note 28 to the accounts for further details.

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 helped protect children and other vulnerable people through safer recruitment, by making information from police records and other data sources more readily available to employers. It ceased operational activity at the end of November 2012, and was replaced by the Disclosure and Barring Service (DBS).

UK Border Agency (UKBA)
The UK Border Agency regulated the flow of people and goods into the UK, strengthening our borders before, on, and after entry. (The UKBA moved into the core department on 1 April 2013).

National Fraud Authority (NFA)
The National Fraud Authority works with the counter-fraud community to make fraud more difficult to commit in and against the UK.

Serious Organised Crime Agency (SOCA)
The Serious Organised Crime Agency prevents and detects serious organised crime and contributes to the reduction of such crime in other ways and to the mitigation of its consequences.

National Policing Improvement Agency (NPIA)
The National Policing Improvement Agency's remit was to improve public safety through the provision of critical national services and professional expertise to police forces and authorities. The NPIA ceased operational activity during the year, with responsibilities largely transferring to the core department, the College of Policing and the Serious Organised Crime Agency.

Independent Police Complaints Commission (IPCC)
The Independent Police Complaints Commission's job is to make sure that complaints against the police in England and Wales are dealt with effectively. It sets standards for the way the police handle complaints and, when something has gone wrong, it helps the police learn lessons and improve the way it works.

Security Industry Authority (SIA)
The Security Industry Authority is responsible for regulating the UK private security industry.

Independent Safeguarding Authority (ISA)
It was the role of the Independent Safeguarding Authority to decide, often following an employer's disciplinary process, whether it is appropriate and proportionate to bar a person from working with a vulnerable group or groups because of the ongoing risk of harm they present. It closed on 30 November 2012.

Office of the Immigration Services Commissioner (OISC)
The Office of the Immigration Services Commissioner is responsible for regulating immigration advisers by ensuring they are fit and competent and act in the best interest of their clients.

Disclosure and Barring Service (DBS)
The Disclosure and Barring Service (DBS) was established on 1 December 2012 to assist employers make safer recruitment decisions. It replaced the CRB and ISA.

College of Policing (CoP)
The College of Policing was established as a limited company on 1 December 2012, assuming responsibility for raising the professional status of police officers and police staff. It was classified as an Arms Length Body by the Treasury, and has been consolidated within the departmental boundary as a '*quasi*-NDPB'.

Following a Machinery of Government change, the Government Equalities Office (GEO) and the Commission for Equality and Human Rights (EHRC) moved from the Home Office to the Department for Culture, Media and Sport.

OPERATING AND FINANCIAL REVIEW

Financial Performance

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 include a formal description ("ambit") of the services to be financed. Voted money cannot be used to finance services that do not fall within the ambit.

Outturn

The Summary of Resource Outturn, which is the main parliamentary control schedule, reports the outturn against Estimate (the Estimates Boundary). Additional detailed actual spending during 2012-13 against Estimate sub-heads is reported in the Analysis of Net Resource Outturn by Section. Estimates for each sub-heading are finalised in the Supplementary Estimate with work to formulate these numbers taking place in December each year.

The differences between the various boundaries

Estimate and the Accounts

The Estimate does not include income classified as Income Payable to the Consolidated Fund. It also excludes expense associated with the write-off of Income Payable to the Consolidated Fund related debtor invoices. These are, however, included in the accounts.

Further differences exist between the accounts (and Estimates) and the budgeting boundaries:

The resource budgeting boundary excludes items such as capital grants provided by the Home Office to Local Authorities.

The budgeting boundary includes items which are not reported in the Estimate or accounts, for example, on balance sheet PFIs. Payments to suppliers are classified as resource expenditure for budgetary purposes.

Explanation of Significant Variances between Actual and Estimates

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

The total DEL resource at £8,304 million shows an under spend for 2012-13 against the Supplementary Estimate of £274 million (3%). This is broken down as follows:

- DEL admin under spend of £63 million
- DEL programme under spend of £211 million

Within these figures:

UKBA under spent by £166 million. This is due to lower Asylum support costs as a result of lower than expected numbers, increased overseas and in-country income, lower depreciation charges on Immigration Case Working projects and lower than expected project related spending.

The Office for Security and Counter-Terrorism (OSCT) under spent by £50 million. This reflects some of the savings delivered on Olympics security costs, and underspends across a range of other Programmes.

Border Force had an under spend of £6 million. This is largely due to delays in change projects and shared services costing less than planned.

Central Home Office had an under spend of £24 million. This is largely due to reprofiling a major technology project following a strategic review, services costing less than planned, and savings negotiated on IT and property.

The Identity & Passport Service had an under spend of £48 million. This was due to lower project IT costs (particularly the Application Management System & Critical Legacy Systems for Passports), and increased income due to higher than expected numbers of passport applications, particularly towards the end of the year.

Annually Managed Expenditure (AME), at £1,260 million, shows an under spend of £154 million. This was largely due to reduced Police Pension expenditure.

Capital at £442 million shows an under spend of £19 million. This was in line with expectations.

Cash Requirement

The overall cash requirement at 31 March 2013 was £9.791 billion, compared with a net control total figure of £10.160 billion. This was in line with expectations, reflecting both cash drawn down and in year movements in working capital.

Contingent Liabilities

As required by the FReM, note 24 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

Last year's consolidated accounts included both the Government Equalities Office (GEO) and the Commission for Equalities and Human Rights (EHRC). Following a Machinery of Government change, the GEO and EHRC transferred to the Department for Culture, Media and Sport (DCMS). Under merger accounting rules, this transfer is accounted for as having happened on 1 April 2012, with the prior year figures restated on the same basis. Further explanation can be found at Note 31 to the accounts.

Going Concern

The Consolidated Statement of Financial Position as 31 March 2013 shows taxpayers' equity credit of £131million, (2011-12 £175 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.

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 total notional NAO audit fee for the core department and its agencies was £949,000 (2011-12 consolidated, £1,046,000), of which that for the core department alone was £375,000 (£421,000, 2011-12). The audit fee for the department's non-departmental public bodies was not notional and totalled £539,000 (£391,000, 2011-12). No remuneration has been paid to the NAO during 2012-13 for non-audit work (2011-12 £nil).

In so far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditor is unaware.

Political and Charitable Donations

The Home Office has not made any political or charitable donations during 2012-13.

Future developments

The 2010 Spending Review (SR2010) imposed 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. All departments continue to come under additional budgetary pressures. However, we continue to put in place the systems and controls required to ensure that future departmental expenditure does not exceed control totals. The 2015-16 Spending Review announcement on 26 June confirmed the need for future structural reform.

Events since the Year end

From 1 April 2013, the UK Border Agency ceased to be an executive agency of the Home Office, moving to within the core department. These accounts reflect the organisational structure up to the end of the financial year, when the UKBA was still an executive agency.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) comprises the non-executive chairs of the equivalent Committee of its agencies and two non-executive Home Office Supervisory Board members, together with one independent external member.

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

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

From April 2012 to March 2013, the Committee sat four times. Members reviewed the comprehensiveness of the internal audit coverage in meeting the Supervisory Board and Accounting Officer's needs, and assessed the reliability and integrity of these assurances.

In particular, the Committee gave consideration to the:

- activity and results of both internal and external audit, including assessment of the adequacy of management response to issues identified by that activity
- assurances relating to the corporate Home Office Risk Management policies and processes
- high level assurance framework spanning the bodies and units within the activities of the Internal Audit Unit, and
- the Home Office's annual accounts including consolidation of NDPB's and agencies

Following each meeting, the Chair updates the Supervisory Board on the work of the Committee and submits an annual report which includes an assessment of the effectiveness of the department's control framework.

Public Bodies

The Home Office currently sponsors 16 Non-Departmental Public Bodies (NDPBs) and 12 other public bodies and statutory office holders. This does not include Executive Agencies which are reported on separately. 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 the Home Office public bodies can be found at https://www.gov.uk/government/organisations#home-office.During the year the landscape of Home Office public bodies has undergone significant change. The Criminal Records Bureau (an Executive Agency) merged with the Independent Safeguarding Authority to create the Disclosure and Barring Service, an Executive NDPB. The National Policing Improvement Agency was closed and legislation to create the National Crime Agency is being considered by Parliament. Under EU Directive 2010/63, the Animals in Science Committee (ASC) has replaced the Animal Procedures Committee. Details of changes are reflected on the Gov.UK website.

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. Looking ahead, the department is prepared to comply with the new Code of Practice which will be launched by the Commissioner on 1 April 2012. We will continue to adhere to the principles laid out by the Commissioner.

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.

Risk Management

The process of risk management across the department is explained within the Governance Statement.

Health and Safety

Within this reporting period the Home Office was served a Crown Censure for breach of legislation at Robin Hood Airport. From this censure, further control measures have been implemented to mitigate against the risks identified through the censure process. We have introduced on-line Display Screen Equipment (DSE) self assessment and appointed in house trained DSE assessors, ensuring early interventions are undertaken regarding any health issues identified. The on-line self assessment has been further developed to include primary control points at front line border controls. This year also launched an in house developed Fire Marshal e-learning course accessible throughout the business.

Information Assurance

The Home Office maintains a very strong emphasis on managing information risk. The risk of data loss is on our HR and Finance & Corporate Services directorate risk registers and is regularly reviewed. We continue to have a sustained programme of activity in place to reduce information risks and improve the way the department uses and protects information against loss, corruption and unauthorised disclosure or destruction.

Wider Information Management

During 2012-13, we collated six-monthly reports on progress against the Information Management Strategy implementation plan, which covers a wider range of information management issues than just information assurance. We have also developed and successfully piloted, a new Information Management Maturity Model (I3M), which has already provided a clear picture of the level of IM capability in HQ, IPS and the UKBA. It will be rolled out during 2013-14 and promises to deliver clarity on the standards of information management across the Home Office group and provide both the stimulus and action plans for improving those standards.

The I3M model measures performance against the seven cross-government Information Principles. The National Archives (TNA) has been closely involved in the development of the Model and is providing external "critical friend" oversight of the process. High-Level governance is provided via the processes established for the Government ICT Strategy and the model will also continue its close connection with the Information Assurance Maturity Model (IAMM), following a similar yearly cycle and contributing to the Security Risk Management Overview.

Information Assurance Maturity Model (IAMM)

In May 2012, the department was assessed against the Information Assurance Maturity Model (IAMM). The IAMM provides a set of key measures in the form of "Compliance Milestones" for measuring progress of the culture change work which covers the Home Office Headquarters, executive agencies, NDPBs and third party suppliers. The results from the 2012 assessment confirmed that we have maintained our compliance against Level 3 of the maturity model.

In order to maintain this compliance and prepare for future improvement, the department will be assessed in May 2013. The results of this exercise are expected to show consolidation of our Level 3 compliance, represented by embedding good practice throughout the Home Office and third party suppliers.

Training Education and Awareness

All Home Office Headquarter staff have been required to undertake annual Protecting Information Level 1 e-learning training.

A refresh of the Home Office Corporate Information Asset Register (IAR) is underway and will be concluded by 31 May 2013. All Information Asset Owners are fully aware of their responsibilities and have undertaken and passed Level 3 Protecting Information e-learning and refresher training.

Information Asset Officers (IAO) workshops and training for the Home Office Group are being planned for 2013-14. These workshops will both educate new IAOs and provide a refresher for those already in place. In addition all, IAOs will be required to successfully complete Levels 1 and 3 of the "Protecting Information" e-learning training.

Information Management

Table 1: SUMMARY OF PROTECTED PERSONAL DATA INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2012-13
A total of three incidents have been formally reported to the Information Commissioner's Office during 2012-13.

Table 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA INCIDENTS RECORDED IN 2012-13		
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.	**2**
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.	**0**
IV	Unauthorised disclosure.	**4**
V	Other	**5**

Table 3: SUMMARY OF LOST/STOLEN BLACKBERRIES, MOBILE PHONES, LAPTOPS AND REMOVABLE MEDIA FOR 2012	TOTAL
Lost Blackberries / Mobile Phones	**46**
Stolen Blackberries / Mobile Phones	**13**
Lost Laptops	**3**
Stolen Laptops	**7**
Lost Removable Media	**0**
Stolen Removable Media	**0**
Recovered Blackberries / Mobile Phones	**1**
Recovered Laptops	**0**

Notes:
1. For the purpose of reporting, “Home Office Group” includes core Home Office, UK Border Agency, Identity & Passport Service (IPS), National Fraud Authority (NFA) and excludes Non-Departmental Public Bodies (NDPBs) and other Arm’s Length Bodies (ALBs).
2. Each year’s figures represent thefts, losses and recoveries reported between 1 January and 31 December
3. Examples of removable media include CDs, DVDs, memory cards, USB memory sticks, external hard disk drives and tapes

It has been departmental policy to encrypt all portable systems and removable media holding sensitive data since 2008. All laptops included in the above figures were compliant with this policy.

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

The rolling year average working days lost to sick absence for the Home Office as at 31 March 2013 is 7.52 days (7.88 days in 2011-12). This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.

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).

Direct recruits from within the police service will be members of the Police Pension scheme. The Police Pension is an unfunded defined benefit pension scheme, which is administered at police force level. Employer contributions are paid by police authorities (including SOCA and NPIA), and employee contributions by police officers, to meet the actuarially assessed cost of the scheme. Pension benefits in payment are funded by a pensions account in each police force (including SOCA and NPIA), offset by the employee and employer contributions paid in respect of current contributing members. The pensions account in each force is balanced on an annual basis, with any deficit being funded by top-up grant from the exchequer, and any surplus recovered, by central government.

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 signed up to the Confederation of British Industry's (CBI) prompt payment code and BS7890, the British Standard for payment. Through the adoption of measured Service Improvement, accurate and timely management information and effective Business engagement, we continue to maintain our prompt payment performance throughout the year. We aim to pay all valid invoices within five days of receipt of the compliant invoice.

Estates Strategy

The department owns limited freehold property. Most of our property assets are leasehold. Our Estate Strategy supports business needs. We are improving our use of buildings, surrendering leases, consolidating the number of buildings we use and using them more efficiently and effectively by introducing flexible working and targeting 8 sq. m. of office space per full time equivalent for major refurbishments and new acquisitions. We are working with the Government Property Unit on the release of surplus leasehold or freehold sites

We have already completed major consolidations in Croydon, Liverpool and Sheffield and we are now consolidating our use of buildings in Greater London. However, we purchased two freehold properties (Aragon Court and Vulcan House) to yield future costs savings.

We do not routinely obtain alternative use valuations for freehold properties but have instead separately examined the redevelopment potential and existing viability of the larger two freehold properties for which valuations were obtained in 2011. The property analysis found that the two properties had limited redevelopment potential.

Environmental Issues

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

A full Sustainability Report for the Home Office has been included in Chapter 7 of the Annual Report and Accounts. This 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.

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.

Ministers

The Ministers responsible for the department during 2012-13 are reported in the foreword to the accounts in this document on page 62.

Membership of the Home Office Supervisory Board

The membership of the Supervisory Board during 2012-13 is reported in the foreword to the accounts in this document on page 63.

Executive Management Board (EMB)
The membership of the Executive Management Board during 2012-13 is reported in the foreword to the accounts in this document on page 64.

Non Executive directors
The information details relating to the non-executive directors are reported in the foreword to the accounts in this document on page 64.

Remuneration Committees

The Home Office Remuneration Committee work to Cabinet Office guidelines to determine the amount of non-consolidated performance-related pay for senior civil servants (SCS) within the Home Office. To assess the 2011-12 performance year the committees comprised:

Pay Band 3 Remuneration Committee
Dame Helen Ghosh (Chair), Philip Augar, Sally Hulks
Pay Band 2 Remuneration Committee
Dame Helen Ghosh (Chair), Kevin White, Helen Kilpatrick, Charles Farr, Stephen Rimmer, Rob Whiteman, Mike Anderson, and David Seymour
Pay Band 1 Remuneration Committee
Dame Helen Ghosh (Chair), Kevin White, Helen Kilpatrick, Simon Wren, Charles Farr, Stephen Rimmer, Rob Whiteman, Mike Anderson, and David Seymour

The assessment and review of performance for senior civil servants is based on individual performance. Individuals were ranked in three performance groups in each pay band

Group 1 – top 25% of performers
Group 2 – achieving 65% of performers
Group 3 – bottom 10% of performers

For the 2011-12 performance year, only Group 1 was eligible for a non-consolidated performance payment.

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.

For the 2011-12 performance year Cabinet Office guidelines allowed for up to 5% of the SCS paybill to be used for these payments. The Home Office paid out 1.2% of the SCS paybill which equates to £280,000.

Bonus payments for the 2011-12 performance year were paid in July 2012. These were up to £10,000 (Pay Band 3); £7,000 (Pay Band 2) and £5,000 (Pay Band 1).

The assessment and review of performance for the 2012-13 performance year will be undertaken shortly.

Remuneration (including salary) and pension entitlements

The following sections provided details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the department.

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	2012-13		2011-12	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Rt Hon Theresa May MP Home Secretary	68,827	-	68,827	-
Mark Harper MP [1] *(from 5 September 2012)*	18,885 (33,002)	-	-	-
Lord Taylor of Holbeach [2] *(from 6 September 2012*	59,835 *(105,076)*	4,200	-	-
Jeremy Browne MP *(from 5 September 2012)*	18,885 (33,002)	-	-	-
Damian Green MP	33,002	-	33,002	-
James Brokenshire MP	23,697	-	23,697	-
Lord Henley [2, 3] *(until 4 September 2012)*	69,027 *(115,257)*	-	62,111 (115,257)	-
Nick Herbert MP [3] *(from 13 May 2010 until 4 September 2012)*	22,369 (33,002)	-	33,002	-
Lynne Featherstone MP *(until 4 September 2012)*	10,137 (23,697)	-	23,697	-

[1] Included in Mark Harper MP Home Office salary is £1,711 apportionment of September pay, which was paid by the Cabinet Office.
[2] Lord Henley and Lord Taylor of Holbeach sit in the House of Lords and are not in receipt of an MP's salary; therefore, their full ministerial salary is reported here. They both received the Lords nightly allowance of £36,366 in 2012-13 inclusive in the salary.
[3] Lord Henley and Nick Herbert MP both received compensation in lieu of notice payment of £19,723 and £8,251 respectively.

The salary shown for 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	2012-13			2011-12		
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Mark Sedwill *Permanent Secretary (from 1 February 2013)*	30-35 (180-185)	-	-	-	-	-

Officials	2012-13			2011-12		
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Helen Kilpatrick *Acting Permanent Secretary (from 17 September 2012 until 31 January 2013)* *Director General, Finance and Corporate Services*	210-215	5-10	-	210-215	10-15	-
Dame Helen Ghosh *Permanent Secretary (from 1 January 2011 until 28 September 2012)*	85-90 (180-185)	-	-	180-185	-	-
Peter Kane Acting Director General, Finance and Corporate Services (*from 10 September 2012 until 31 January 2013)*	55-60 (140-145)	-	-	-	-	-
Mike Anderson[4] *Director General, Strategy, Immigration and International Group*	135-140 (130-135)	-	-	95-100 (130-135)	-	-
Charles Farr *Director General, Office for Security and Counter-Terrorism*	140-145	5-10	-	140-145	5-10	-
Stephen Rimmer[1] *Director General, Crime and Policing Group*	125-130	-	-	125-130	-	-
Sir Charles Montgomery Director General, Border Force (*from 19 March 2013)*	0-5 (140-145)	-	-	-	-	-
Tony Smith[2] Acting Director General, Border Force *(from 19 September 2012 until 19 March 2013)*	80-85 (120-125)	-	-	-	-	-
Brian Moore[3] Interim Director General, Border Force (*from 1 March to 18 September 2012*)	95-100 (135-140)	-	-	-	-	-
Rob Whiteman *Chief Executive, UK Border Agency*	175-180	-	-	85-90 (175-180)	-	-
Jonathan Jones Legal Advisor (*Board member from 1 October 2012)*	65-70 (130-135)	-	-	-	-	-

Officials	2012-13			2011-12		
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Kevin White *Director General, Human Resources*	140-145	-	-	140-145	-	-
Simon Wren *Director, Communications (from 16 April 2012)*	100-105 (105-110)	-	-	-	-	-
David Seymour *Legal Advisor (Board Member From 10 January 2011 until 28 June 2012)*	35-40 (145-150)	-	-	145-150	-	-
Yasmin Diamond[4] *Director, Communications (until 9 April 2012)*	20-25 (125-130)	-	-	130-135	5-10	400

1. Stephen Rimmer has declined payment of both the bonuses he was awarded in respect of performance year 2011-12 and 2012-13.
2. Tony Smith's salary includes a payment of £22,526 as compensation in lieu of notice on leaving Home Office.
3. Brian Moore was on secondment from Police & Crime Commissioner for Wiltshire and the salary reflects the invoice value for the period. No further information will be disclosed on his pension details.
4. Mike Anderson and Yasmin Diamond salaries include a payment of £4,732 and £8,805 respectively for excess leave.

Non-Executive Directors	2012-13		2011-12	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Dianne Thompson *(from 4 March 2011 until 28 February 2013)*	10-15 (15-20)	-	15-20	-
Val Gooding *(From 4 January 2011)*	20-25	-	20-25	-
John Allan *(from 4 March 2011)*	15-20	-	15-20	-
Philip Augar[1] *(From 22 March 2012)*	*15-20*	-	-	-

1. Philip Augur waived his salary in 2011-12.

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.

Remuneration ratio

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Home Office in the financial year 2012-13 was £220,000 - £225,000 (2011-12, £220,000 - £225,000). This was 6.8 times (2011-12, 7.6 times) the median remuneration of the workforce, which was £32,799 (2011-12, £29,244).

In 2012-13, 0 (2011-12, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £10,000 - £15,000 to £220,000 - £225,000 (2011-12, £10,000 - £15,000 to £220,000 - £225,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The following table shows the median earnings of the department's workforce and the ratio between this and the earning of the highest paid director.

	2012-13	2011-12
Band of Highest Paid Director's Total Remuneration (£'000)	220-225	220-225
Median Total (£)	32,799	29,224
Remuneration Ratio	6.8	7.6*

The pay multiple has decreased due to the increase in the median salary as a result of both changes in the grade profile of the Home Office workforce and the proportion of allowances paid to them.

* The remuneration Ratio for 2011-12 published in last year's Annual Report and Accounts was 7.4. This figure was calculated based on salary only (it excluded benefit in kind and non-consolidated payment). The Remuneration Ratio now includes salary, benefits in kind and non-consolidated payment in this year's report to be consistent with information on the remuneration report.

Salary

'Salary' includes gross salary; 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 accrued 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) 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.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonus payments disclosed in this report for 2012-13 are bonus payments for the 2011-12 performance year which were paid in July 2012. Payments relating to 2012-13 are yet to be finalised.

Pension Benefits

Ministers	Accrued pension at age 65 as at 31 March 2013	Real increase in pension at age 65	CETV at 31 March 2013	CETV at 31 March 2012	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Theresa May MP Home Secretary	0-5	0-2.5	68	41	15
Mark Harper MP *(from 5 September 2012)*	0-5	0-2.5	22	17	2
Lord Taylor of Holbeach[1] *(from 6 September 2012*	-	-	-	-	-
Jeremy Browne MP *(from 5 September 2012)*	0-5	0-2.5	27	23	2
Damian Green MP	0-5	0-2.5	41	27	8
James Brokenshire MP	0-5	0-2.5	22	15	3
Lord Henley *(until 4 September 2012)*	5-10	0-2.5	131	117	8
Nick Herbert MP *(until 4 September 2012)*	0-5	0-2.5	27	22	2
Lynne Featherstone MP *(until 4 September 2012)*	0-5	0-2.5	26	22	3

[1] Lord Taylor of Holbeach opted out of the ministerial section of the Parliamentary Contribution Pension Fund

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 re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members pay contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates are planned to increase in April 2014, subject to consultation.

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.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

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 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 2012 represents the value as at their start date and the CETV at 31 March 2013 represents the value as at their end date.

Officials	Accrued pension at pension age as at 31 March 2013 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase / (decrease) in CETV[1]	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Mark Sedwill *Permanent Secretary (from 1 February 2013)*	55-60	0-2.5	772	766	2	-
Helen Kilpatrick[2] *Acting Permanent Secretary (from 17 September 2012 until 31 January 2013) Director General, Finance and Corporate Services*	85-90	5-7.5	1,436	1,283	75	-
Dame Helen Ghosh[1] *Permanent Secretary (from 1 January 2011 until 28 September 2012)*	65-70 plus lump sum 195-200	(0-2.5) plus lump sum of (0-2.5)	1,336	1,325	(7)	-
Peter Kane Acting Director General, Finance and Corporate Services (*from 10 September 2012 until 31 January 2013)*	50-55 plus lump sum 80-85	0-2.5 plus lump sum of (0-2.5)	959	920	3	-
Mike Anderson *Director General, Strategy, Immigration and International Group*	20-25	0-2.5	316	269	26	-
Charles Farr *Director General, Office for Security and Counter-Terrorism*	60-65 plus lump sum 185-190	2.5-5 plus lump sum of 7.5-10	1,165	1,060	43	-
Stephen Rimmer *Director General, Crime and Policing Group*	45-50 plus lump sum 135-140	0-2.5 plus lump sum 0-2.5	787	738	6	-
Sir Charles Montgomery Director General, Border Force (*from 19 March 2013)*	-	-	-	-	-	-

Officials	Accrued pension at pension age as at 31 March 2013 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase / (decrease) in CETV[1]	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Tony Smith[4] Acting Director General, Border Force *(from 19 September 2012 until 19 March 2013)*	50-55 plus lump sum 160-165	5-7.5 plus lump sum 17.5-20	1,221	1,044	131	-
Rob Whiteman[2] *Chief Executive, UK Border Agency*	5-10	2.5-5	76	21	43	-
Jonathan Jones Legal Advisor (*Board member from 1 October 2012)*	35-40 plus lump sum 115-120	0-2.5 plus lump sum 0-2.5	674	660	4	-
Kevin White[1, 3] *Director General, Human Resources*	30-35 plus lump sum 100-105	0-2.5 plus lump sum 0-2.5	737	729	(0)	-
Simon Wren Director, Communications (from 16 April 2012)	35-40 plus lump sum 110-115	0-2.5 plus lump sum 0-2.5	587	551	4	-
David Seymour *Legal Advisor* *(Board Member From 10 January 2011 until 28 June 2012)*	65-70 plus lump sum 195-200	0-2.5 plus lump sum 0-2.5	1,493	1,483	1	-
Yasmin Diamond[3] *Director, Communications (until 9 April 2012)*	20-25 plus lump sum 70-75	0-2.5 plus lump sum 0-2.5	359	358	0	-

[1] Where this figure is negative, taking account of inflation, the CETV funded by the employer has decreased in real terms.
[2] New factors are used in the calculator for the CETV values at the start and end of period. This means that the CETV value shown for the start of the period will not match the CETV value for the end of the period in last year's disclosure exercise.
[3] Where this figure is zero, the real increase is less than one thousand
[4] A compensation lump sum of £95,017 was awarded during the year.

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 Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium, classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2013. Benefits in **classic** accrue at the rate of 1/80th 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 1/60th 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 uprated in line with Pensions Increase legislation. 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 http://www.civilservice.gov.uk/pensions

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. CETV's are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 2012 represents the value as at their start date and the CETV at 31 March 2013 represents the value as at their end date.

Mark Sedwill
Accounting Officer

28 June 2013

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Home Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental public bodies designated by order made under the GRAA by Statutory Instrument 2012 No.717 (together known as the 'departmental group' consisting of the department and sponsored bodies listed at note 28 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows of the departmental group for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by Treasury, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non departmental public bodies
- 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 and
- prepare the accounts on a going concern basis

HM Treasury has appointed the Permanent Secretary of the department as Accounting Officer of the Home Office.

The Accounting Officer of the department has also appointed the Chief Executives of its sponsored Non-Departmental Public Bodies as Accounting Officers of those bodies. The Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental public body for which the Accounting Officer is responsible, are set out in *Managing Public Money* published by HM Treasury.

Mark Sedwill
Accounting Officer
28 June 2013

Statement of Corporate Governance

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 delegate my responsibility as Accounting Officer to Accounting Officers of the department's agencies, Non Departmental Public Bodies (NDPBs) and other public bodies. My relationship with 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 produce their own Governance Statement which is published in their Annual Report and Accounts.

The systems in place are designed to manage risk to a high level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide high and not absolute assurance of effectiveness.

This Governance Statement covers the year ending March 2013 but will remain open until the Home Office Annual Report and Accounts are signed.

Governance, Control and Risk Management Framework

We continuously review the effectiveness of the department's governance, control and risk management framework and this is provided through our corporate governance structures and key controls. The main elements of the governance structure are:

- the Home Office Supervisory Board (SB), which is responsible for setting the department's strategic direction. This has been delivered through a series of standing agenda items, including corporate reporting (performance, risk and resource); in-depth discussion of particular risks from the Corporate Risk Register; updates on major programmes and projects; and updates from the sub-committees on Audit and Risk Assurance and Nominations and Governance. The SB met on five occasions between April 2012 and March 2013. Attendance at those meetings is outlined in the annex following this Governance Statement

- the Home Office Executive Management Board (EMB), which is responsible for driving the development of the department's leadership and wider capability. It also discusses and challenges the development of the Home Office's key policies and programmes and ensures that all parts of the organisation are working together effectively. This has been delivered through a wide ranging programme of discussions at monthly board meetings, led by individual board members. The EMB met on 10 occasions between April 2012 and March 2013. Attendance at those meetings is outlined in the annex following this Governance Statement. It is anticipated that, in the next financial year, the Executive Management Board will meet on a more frequent basis. I have also recently refocused the work of the Executive Management Board. EMB will meet every three weeks out of four focusing in turn on the key priority areas of the Home Office that cut across separate managerial responsibilities in the department

- the Home Office Audit and Risk Assurance Committee (ARAC), which provides independent advice to the Accounting Officer and SB members on the adequacy of arrangements for corporate governance, internal control and risk management. The ARAC met on four occasions between April 2012 and March 2013. Attendance at those meetings is outlined in the annex following this Governance Statement

- the Home Office Risk Committee (RC), which provides the EMB with advice on the top risks that it should consider for escalation to the corporate risk register. The RC is a sub-committee of the EMB

The main governance, control and risk management controls are highlighted below:

- the Group Investment Board (GIB), which approves and monitors at key stages, projects above threshold criteria based on priority, risk, value, complexity and sensitivity

- the Internal Audit Unit (IAU), who complete a risk based programme of audits annually and provide independent advice to the ARAC
- the Senior Information Risk Owner (SIRO), who provides an assessment of the department's information risk exposure and provides assurance on this and
- the application of the Home Office Assurance Framework. This is designed to supplement risk management arrangements. The framework describes 'what good control looks like' in the context of the Home Office business and it describes the benchmark standards that management should follow

Home Office Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) comprises the non-executive chair of the equivalent Committee of the Identity and Passport Agency (during the 2012-13 year the non-executive Chair of the UKBA was also included), the chair of the Criminal Records Bureau, and two non-executive Home Office Supervisory Board members, together with one independent external member.

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

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

From April 2012 to March 2013, the Committee met four times. Members reviewed the comprehensiveness of the internal audit coverage in meeting the Supervisory Board and Accounting Officer's needs, and assessed the reliability and integrity of these assurances.

In particular, the Committee considered

- the effectiveness of the UKBA/Border Force split
- assurances relating to the corporate Home Office Risk Management policies and processes
- programme and project resource capacity and capability
- integration of administrative and operational roles from National Policing Improvement Agency to the Home Office
- the business case for the formation of the Disclosure and Barring Service (DBS)
- high level assurance framework spanning the bodies and units within the activities of the Internal Audit Unit (IAU)
- the reporting of departmental provisions and contingent liabilities to ensure these are effectively managed
- following each meeting, the Chair updates the Supervisory Board on the work of the Committee and submits an annual report which includes an assessment of the effectiveness of the department's control framework

Nominations and Governance Committee

The Nominations and Governance Committee (NGC) comprises two non-executive Home Office Supervisory Board members one of whom is the chair, the Permanent Secretary, the Director General of Human Resources and the Director General and Finance Director of Financial and Corporate Services Group.

The Committee supports the Supervisory Board in its responsibilities in relation to identifying and developing leadership and high potential; succession planning for senior/pivotal roles; and governance arrangements.

Risk Management

Risk management remains one of the critical processes in the Home Office which we have continued to strengthen, by further embedding a risk management culture across the department. The level of 'risk maturity' (measuring capability to manage risk) has increased this year and is reviewed every two months. We have ensured clear ownership and accountability throughout the risk management process. Each business area is represented at the Risk Committee, which is a sub-board of the Home Office Executive Management Board (EMB). This approach confirms responsibility for individual risks, and ensures that mitigating actions are challenged and effective.

Our focus this year has been the identification and effective management of key threats to the public, such as with high profile events including the delivery of a safe, secure and successful Olympics. At the senior level this culminates in the Home Office Risk Committee advising the Home Office EMB of emerging risks so they can review and consider the actions being taken to counter them. They regularly review the Corporate Risk Register as part of this process.

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, as 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, Non-Departmental Public Body and unit/project levels. Our approach to risk appetite is embedded within our risk processes and is overseen and moderated by the Risk Committee when it reviews our top level risks and advises the EMB on the current level of risk exposure.

To assure the risk process, the Home Office Central Risk Team collaborates closely with the Home Office Internal Audit Unit (IAU). IAU undertakes audits to provide assurance 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.

Governance Compliance

Government policy on departmental governance is outlined in Corporate Governance in Central Departments: Code of Good Practice (Cabinet Office, July 2011). This Code operates on a ‘comply or explain’ basis, whereby departments are asked to disclose any element of the Code with which they are not fully compliant, explaining their rationale and any alternative measures which have been put in place to meet the objectives of the Code.

The Home Office meets nearly all of the provisions outlined in the Code through the operation of the Home Office Supervisory Board, which operates by following the enhanced departmental board structure outlined in the Code. However, there are two areas (board compliance and Chief Internal Auditor (CIA) attendance at SB meetings) where the code is not completely met. In relation to board compliance, the Supervisory Board is expected to review the Supervisory Board Operating Framework in June 2013, a few months after the two year period in which it should be reviewed in order to fully comply with the code. All other provisions of this section have been met. Although the Chief Internal Auditor (CIA) does not receive an invitation to attend the Supervisory Board, the CIA does have the facility to provide updates and briefings to the Executive Management Board as well as routine sight of the Board’s agendas and papers. The CIA also has a programme of one to one sessions with the Permanent Secretary.

Action has been taken to rectify the areas of partial compliance last year, including publishing the Audit and Risk Assurance Committee’s Terms of Reference on the Home Office website and a meeting between the Non-Executive Board Members and the Secretary of State in October 2012, to facilitate the requirement for Non-Executive Board Members to meet the Secretary of State alone from time to time.

The Supervisory Board is chaired by the Home Secretary. Its membership is made up of the six Home Office ministers, the Permanent Secretary, five other senior officials and, currently, three Non-Executive Directors. One Non-Executive Director has resigned; the recruitment process to replace this Non-Executive Director is underway. This Board sets the strategic direction of the Home Office and has oversight of delivery of the departmental Business Plan. Through its operation, the Board assures sound financial management; sets the department’s risk appetite and ensures appropriate controls are in place to manage risk; has oversight of the performance of the department’s sponsored bodies; and ensures the department has the capacity to deliver against current and future needs. This delivery is ensured via standing agenda items (discussed at the bi-monthly meetings) and includes corporate reporting of performance, risk and resource; analysis of significant risks chosen as high priority from the Corporate Risk Register; updates on major programmes and projects; and updates from the sub-committees on Audit and Risk and Nominations and Governance.

Evaluation of Board Effectiveness

An evaluation of board effectiveness has been conducted in consultation with Board Members. This is reported in the Lead Non-Executive's Statement which is reported within the Annual Report and Accounts.

Significant in-year Risks and Issues

The Home Office's priorities are to:

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

Moving forward into 2013-14 these priorities will be updated to become:

- cut crime
- reduce immigration
- prevent terrorism
- promote growth by keeping the UK safe

The nature of the department's business means that we have to manage a range of significant risks across our operational, policy and enabling functions. The key top-level risks to the department are held on the Home Office Corporate Risk Register which is updated at least bi-monthly. The main corporate risks are listed below:

- public concern around the failure to detain or remove foreign national offenders
- failure to prevent a terrorist attack
- failure to detect and counter serious crime and violent extremist attack
- failure to reduce net migration
- weaknesses or vulnerabilities in our border control systems or processes
- lack of join-up and consistency in sharing criminality information
- major IT incident or underperforming IT service delivery
- failure to secure a sustainable budget for the Home Office and police

All the current corporate risks have full mitigation strategies and contingency plans in place, as required by the Home Office Risk Management Policy and Guidance.
.
The main, high-level issues that have occurred during the period are outlined below.

<u>Olympics related</u>

A major risk was the delivery of a safe and secure Olympic Games in 2012. The delivery relied on the counter-terrorist capabilities developed as part of the broader CONTEST strategy. The Internal Audit Unit undertook an independent review which concluded that the risk management, governance and assurance functions of the Olympics programme were sufficiently mature and operating consistently and effectively. The Olympics were safe and secure, although there was a failure to deliver sufficient security cleared staff by G4S.

Border Force faced a considerable challenge ensuring that the Primary Control Point (PCP) was fully resourced and border security was maintained. The significant staff reductions before March 2012 meant that, with the requirement to complete full checks, Border Force could not operate the PCP effectively without reliance on contingency resources from the wider Home Office and other government departments. Improved resource management in the future will lessen the risk.

Provisions had been put in place to provide extra support to the PCP during the Olympic period (22 July – 4 September 2012). However this was extended to cover both the wider summer and autumn pressure periods providing support nationally including at key ports such as Heathrow and those in the South East. Significant management time was also required to ensure that Border Force continued to maintain the security of the Border.

Border Force is still not self sufficient in workforce terms and this remains a top priority. A major recruitment and training campaign commenced in July 2012. Modular training pathways have been developed to produce multi-skilled Border Force Officers and Assistant Officers. These pathways are being externally accredited by Skills for Justice (the Justice Sector Skills Council). A Learning and Development Accreditation Unit will be established to enable existing staff to be professionally benchmarked against the same standards with minimal bureaucracy. The recruitment of new staff to backfill is underpinned by an established workforce approvals process. This ensures that there is the necessary head count cover as well as ensuring the posts are affordable in budgetary terms.

UK Border Agency

UK Border Agency continued to undergo significant change during the year. The changes were implemented to ensure the organisation retained the capability and aptitude to better perform against its objectives. However, further change will need to be implemented in 2013-14, as UKBA was incorporated into the core department from 1 April 2013.

During the year an issue emerged within UK Border Agency in relation to the tracing of temporary migrants, who were seeking to extend their stay or regularise their position. The numbers exceeded forecasts, so case-working capacity was bolstered and processes reviewed and improved. The size of the Migration Refusal Pool (MRP) increased in the year. This is the group of immigration applicants where analysis suggests that individual applications for in-country extensions of leave in the UK have been refused, but where it has not been confirmed that they have actually left the country. In December 2012, the UKBA Chief Executive reported to the Home Affairs Select Committee that, up to the end of September 2012, there were an estimated 181,541 cases within the MRP. In October 2012, UKBA signed a contract with Capita to contact up to 150,000 of these cases. Capita are contacting foreign nationals who entered the UK on valid visas and have subsequently been refused an extension of leave to remain, but evidence of their departure has not been confirmed.

The UK Border Agency manages funds allocated to the UK by the European Commission under three funding schemes – the European Return Fund (RF), the European Integration Fund (EIF) and the European Refugee Fund (ERF). The UKBA EU Funding team invite applications from internal and external bidders to oversee these projects. During the year, EU audits confirmed a lack of evidence to support some of the work undertaken. This in turn could lead to a cost to the Exchequer of around £8.6 million. The lessons learned from this year's audit will be applied to the EU programme audit.

Managing Change

Following a major transition programme the National Policing Improvement Agency (NPIA) operationally closed in December 2012. The NPIA's continuing functions have been transferred to successor bodies. The transfers led to some challenges for monthly financial reporting as a result of delays in agreeing budget transfers with successor bodies which impacted on the ability to update the affected budget delegation letters immediately and also the asset and liabilities at the time of operational transfer. The early disbanding of the transformation project team meant that it was resource intensive to resolve the outstanding queries. However, there have been no breaches of control as a result and the budgets have been fully agreed and reconciled.

The College of Policing was legally incorporated as a company limited by guarantee under the name of College of Policing Limited. The College is being established in two phases. The interim College came into existence on 1 December 2012. We are committed to establishing the College in Statute as soon as Parliamentary time allows. The College of Policing was established as a new Arms Length Body of Crime and Policing Group (CPG) and currently has financial systems which need strengthening and staffing issues that need to be addressed. CPG and the Accounting and Finance Unit have recognised this and are working to support them in the development of these, including through the deployment of flexible finance resource.

The merger of the Criminal Records Bureau and the Independent Safeguarding Authority that formed the Disclosure and Barring Service has not been a smooth transition. An increased level of business risk surrounding the service contract transition has been recognised and actions are being put in place to address them.

National Audit Office reports

In July 2012 the NAO published two reports. One was a review of the data systems in the Home Office and the second was on the progress in cutting costs and improving performance in the UKBA and Border Force.

The review of the data systems was on a sample of the data systems underpinning the input and impact indicators in the Home Office's Business Plan, Common Areas of Spend and wider management information. Of the samples chosen, four estates and workforce indicators (contingent labour; total cost of office estate; cost of office estate per full-time equivalent; and the cost of office estate per square metre) were said to have some weaknesses which the department was addressing. Also, there were three business plan indicators (cost per decision for all permanent and temporary migration applications; crime rates (violent and property crime reported to the police); and percentage of migration applications decided within target) which were adequate where some improvements could be made and two business plan indicators (cost of producing and issuing a passport; and percentage of passport applications processed within target) that were fit for purpose and cost-effectively run.

The report on the progress in cutting costs in the UKBA and Border Force confirmed that both organisations had achieved cost reduction and performance improvement and that they deserved credit for planning ambitious transformation initiatives in caseworking and in workforce practices at the border, as well as a range of cost reduction measures in contracting and central services. However, insufficiently coherent planning, poor data and delayed delivery of key projects hampered progress.

The Home Office provides leadership and support to help police forces improve procurement to make the savings needed following the 2010 Spending Review. It is also responsible for putting in place a system of assurance to ensure value for money of police expenditure as set out in its Accountability System Statement for Policing and Crime Reduction. On 26 March 2013, the NAO published a report for the Home Office on police procurement. Among the recommendations issued by the NAO was that the department should review and map out the current governance structure for all police expenditure. The report highlighted the need for the department to consider how best to manage the risks implicit in operating a light-touch oversight regime. It identified the need for better understanding of police procurement activity and clarity about how directives will be enforced.

The NAO concluded that the HO financial management provides value for money and is broadly at the required level for our business needs (Financial Management in the Home Office – a report by the Comptroller and Auditor General issued 26 April 2012). However, the report highlighted insufficient access to finance skills as risks to the successful delivery of the department's change programmes. During 2012-13, a flexible finance resourcing team has been established. The team has provided effective and practical support to a number of change initiatives since its establishment.

Financial Management

Financial management continues to be implemented in accordance with HM Treasury principles, including ensuring regularity, propriety and value for money. Controls are in place to monitor Home Office expenditure/forecasts against key HM Treasury control totals and mechanisms are in place to address any risks of breaching such control totals.

This year the central Home Office Financial Reporting Team prepared the accounts of all the agencies and also the Disclosure and Barring Service. Each of those bodies has access to a dedicated member of the core HO accounts production team. This has assisted in the improved two-way discussions that have enabled greater understanding of the work in each of the areas covered. This has ensured a clear thread from the core to its agencies that assists with the speedier production of the consolidated accounts.

Following last year's assessment against the NAO financial management maturity model, we have begun to embed the Financial Improvement Programme. We have started by ensuring that there is the right expertise in all areas of the department. To this end we have started a programme of flexible resourcing where a pool of qualified accountants and experienced finance staff are available to assist projects elsewhere in the department.

We are liaising closely with the Treasury on their Financial Transformation Programme, and sharing best practice with other government departments, to ensure we benefit from our collective experience and expertise. Sharing best practice across government will help to get transformation of finance right, and ensure the finance community can continue to provide the right advice and support deficit reduction.

Managing Risk of Financial Loss

The Home Office has implemented Managing Risk of Financial Loss, a cross government initiative to encourage departments to embed a systematic approach to assessing the risk of financial loss arising from the operation of financial processes. We set up a central team in the Performance and Finance Directorate, and put in place a stakeholder network to share best practice. We took a risk based approach and ensured that assessments were proportionate to the size of each organisation and drew on pre-existing mechanisms and tools (e.g. the risk framework) so that we joined up, to limit duplication and remain light touch. This project has now been subsumed into 'business as usual' financial management across the department. However, we continue to monitor and review financial processes following the move to the Government Procurement Service.

Resources made available to locally governed organisations

A large proportion of Home Office funding is directed through grants to local delivery organisations.

Assurance is gained about probity in the use of public funds through validation of grant payments. Evidence is collated throughout the financial year to provide assurance to the Accounting Officer by the grant holding unit. The financial policy on grants ensures that legislation is in place and is supported by evidence to justify the grant funding from each grant holding unit.

The Accounting Officer encourages value for money in the local use of grants by ensuring that the grant funding links to the delivery of Home Office aims and objectives, with the use of appropriate legislation. Each request must demonstrate value for money, including evidence on how value for money will be achieved and measured. Grants payments are made in accordance with the Home Office regularity and propriety policy as well as HM Treasury guidance on *Managing Public Money*.

A provision for grant payments is included in the Home Office's Supply/Main Estimate for each financial year and subsequent years for multiple years grant agreements. The Home Office ensures that grant agreements are signed by the budget holder, in accordance with the Home Office delegated letter of authority.

The Accounting Officer utilises disaggregated information about performance to improve decision making in respect of grant funding allocations, based on evidence gathered on actual activities, outcomes (short/long term) and lessons learnt from grant holding units.

Grant funding allocated to Police and Crime Commissioners (PCC) contributes to the delivery of The Home Office Vision statement and Coalition Priorities, as outlined in The Home Office Business Plan 2012-15. Police and Crime Commissioners are accountable for the grant funding, which would be granted to enhance their policing capabilities and operational policing activities to comply with the Police Act 1996. Police and Crime Commissioners are subject to external audit and auditors are required to express an opinion on the arrangements made by each PCC to secure economy, efficiency and effectiveness in its use of the grant funding.

<u>Accountability System Statement for Policing and Crime Reduction</u>

Accountability System Statements are a formal statement to Parliament by departmental Accounting Officers whose Vote includes provision for locally-delivered public services. The statement enables the Accounting Officer to show Parliament the approach followed, within their part of the public sector, to assuring regularity, propriety and value for money. The Public Accounts Committee uses Accountability System Statements to inform parliamentary scrutiny of the adequacy of systems, supported by the National Audit Office.

Using guidance from the Department for Communities and Local Government, whose accountability arrangements in local government are very similar, the Accounting Officer has published a statement that describes the approach followed to ensure regularity, propriety and value for money of funding provided to the police.

The statement describes how the Accounting Officer is accountable for the allocation of grants to Local Policing Bodies so that they fulfil their statutory responsibilities, as intended by Parliament, to secure an efficient and effective police force whilst acting with regularity, propriety and securing value for money. It describes further that the Accounting Officer is accountable for the health and effectiveness of the overall system, drawing on information, including reports by regulatory bodies, in order to advise Ministers on any changes that need to be made.

The statement describes how the key components of the system, including Police and Crime Commissioners; Police and Crime Panels; Chief Constables; regulatory and inspection bodies and the public, work together to provide a framework of assurance.

In addition, the statement sets out the legislation and guidance which underpins the system and signposts changes that are expected to be made during the year. It also describes the sources of information, published locally as well as by independent sources, which allow judgements to be made about the efficiency and effectiveness of policing and crime reduction.

The department's accountability system statement can be accessed through the following link: https://www.gov.uk/government/publications/accountability-system-statement-for-policing-and-crime-reduction

Transparency

The Home Office continues to meet all its core commitments in support of the transparency programme on time and to quality during 2012-13. Details of our key commitments to opening up government data, and our other work on transparency, were published in our Open Data Strategy in June 2012. This is currently being refreshed, and an updated Open Data Strategy for the Home Office will be published in April 2013.

The Home Office contributes to the quarterly Written Ministerial Statements laid by Cabinet Office before Parliament, the first of which was laid in December 2012. These summarise the progress being made by departments with regard to their work on Transparency. Although the Home Office has performed well in meeting its core commitments, we have experienced delays in meeting some of the specific commitments included in our Open Data Strategy for 2012-13, particularly those relating to the cost and disruption of serious organised crime. Work is ongoing to publish this data during 2013-14.

The Permanent Secretary attended the Public Accounts Committee (PAC) hearing in May 2012, following publication of the NAO report on Transparency earlier that year. Although the PAC were concerned that insufficient work was being done to understand and communicate the benefits of transparency across government, the Home Office work in this regard in relation to Police.uk was seen as a positive example.

Our Transparency Minister, Lord Taylor of Holbeach, provides the leadership and strategic direction for our work on transparency, whilst more routine governance of this area resides with our SIROs for both the core Home Office and our arm's length bodies, who combine their SIRO role with that of Transparency Champion. This ensures that an appropriate balance between the twin considerations of information assurance and transparency is maintained, and transparency is a regular agenda item at SIRO meetings. We also benefit from external support and challenge from the joint Crime and Justice Transparency Sector panel which is run jointly with the Ministry of Justice, and is chaired by Dr Kieron O'Hara from the University of Southampton.

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 within declining budgets, challenging areas of the business to meet the current and future pressures and to build on the efficiency gains that have been made to date.

There were problems early in the year with long queues at Border Control and also a failure to deliver sufficient security cleared staff by G4S. Lessons have been learned from the outcome of these events with changes made to address their causes. However, the delivery of a safe and secure 2012 Olympics was a major success.

We are successfully delivering a number of key programmes, such as the establishment of the National Crime Agency. We have created the College of Policing and the Disclosure and Barring Service during the year and moved towards the phasing out of the National Policing Improvement Agency. The department continues to undergo significant organisational change, including the move of the UKBA to within the core department from 1 April 2013. This change in the department's structure was necessary because the agency had not been performing well enough. There had been high profile events that led to this decision including the report by the Independent Chief Inspector of Borders and Immigration, John Vine, that found a backlog of 14,000 cases (some of which had dated back to 2003) where the UKBA failed to deal with requests to reconsider decisions after an initial rejection. The move to bring the different work streams that formed the UKBA into the main department is part of a series of managerial reforms that aim to bring greater coherence to the Home Office's operations, policy and corporate services.

Mark Sedwill
Accounting Officer
28 June 2013

Annex A

Attendance at Supervisory Board Meetings

Name	Role	Meetings Attended
Theresa May	Home Secretary	5
Mark Harper (from 5 September 2012)	Immigration Minister	2
Lord Taylor of Holbeach (from 6 September 2012)	Lords Minister and Minister for Criminal Information	2
Jeremy Browne (from 5 September 2012)	Minister of State for Crime Prevention	2
Damian Green (until 4 September 2012)	Immigration Minister	3
Damian Green (from 5 September 2012)	Minister of State for Policing and Criminal Justice (jointly with Ministry of Justice)	-
James Brokenshire	Security Minister	4
Lord Henley (until 4 September 2012)	Minister of State for Crime Prevention and Anti-Social Behaviour Reduction	1
Lynne Featherstone (until 4 September 2012)	Parliamentary Under Secretary for Equalities and Criminal Information	1
Nick Herbert (until 4 September 2012)	Minister of State for Policing and Criminal Justice (jointly with Ministry of Justice)	2
Dame Helen Ghosh (until 28 September 2012)	Permanent Secretary	2
Helen Kilpatrick (from 28 September 2012 until 1 February 2013)	Acting Permanent Secretary	3
Mark Sedwill (From 1 February 2013)	Permanent Secretary	
Helen Kilpatrick (from 1 April 2012 until 27 September 2012 and from 1 February 2013)	Director General, Finance and Corporate Services	2
Mike Anderson	Director General of the Strategy, Immigration and International Group	5
Charles Farr	Director General, Office for Security and Counter-Terrorism	4
Peter Kane (from 10 September 2012 until 1 February 2013)	Acting Director General, Finance and Corporate Services	3
Stephen Rimmer	Director General, Crime and Policing Group	5
Brian Moore (until 31 August 2012)	Director General, UK Border Force	2
Tony Smith (since 19 September 2012)	Acting Director General, Border Force	3
Rob Whiteman	Chief Executive, UK Border Agency	5
Philip Augar	Non-executive board member	4
Val Gooding	Non-executive board member	5
Dianne Thompson	Non-executive board member	3
John Allan	Non-executive board member	5

Attendance at Executive Management Board meetings

Name	Role	Meetings Attended
Dame Helen Ghosh (until 28 September 2012)	Permanent Secretary	4
Helen Kilpatrick (between 28 September 2012 until 1 February 2013)	Acting Permanent Secretary	3
Mark Sedwill (From 1 February 2013)	Permanent Secretary	3
Helen Kilpatrick (from 1 April 2012 until 27 September 2012 and from 1 February until present)	Director General, Finance and Corporate Services	7
Mike Anderson	Director General of the Strategy, Immigration and International Group	9
Charles Farr	Director General, Office for Security and Counter-Terrorism	10
Peter Kane (from 10 September 2012 until 1 February 2013)	Acting Director General, Finance and Corporate Services	3
Stephen Rimmer	Director General, Crime and Policing Group	10
Tony Smith (since 19 September 2012)	Acting Director General, Border Force	5
Brian Moore (until 18 September 2012)	Director General, UK Border Force	3
Rob Whiteman	Chief Executive, UK Border Agency	10
Jonathan Jones (since 1 October 2012)	Legal Advisor	6
David Seymour (until 28 June 2012)	Legal Advisor	-
Kevin White	Director General, Human Resources	9
Simon Wren	Director, Communications	8
Philip Augar	Non-executive board member	7
Sir Charles Montgomery (From 19 March 2013)	Director General, Border Force	1

Attendance at Audit and Risk Assurance Committee meetings

Name	Role	Meetings Attended
John Allan	Chair	3
Val Gooding	Deputy Chairperson	4
Peter Conway	Independent Member	3
Mike Hawker (until 1 October)	Audit Chair of UKBA	2
Anne Tutt	Audit Chair of IPS	4
Charlie Pienkowski (until 31 October)	Audit Chair of CRB	2
Katherine Kerswell (From 2 October)	Audit Chair of UKBA	1

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 and of its Departmental Group for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2012. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply 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 and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; 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.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity
In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2013 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 and the Departmental Group's affairs as at 31 March 2013 and of the Department's net operating cost and Departmental Group's net operating cost 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 30 which 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 Foreword to the accounts and Remuneration Report and the Sustainability Report 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement 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

Date 2 July 2013

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF PARLIAMENTARY SUPPLY

Summary of Resource and Capital Outturn 2012-13

£000								2012-13	2011-12
				Estimate			Outturn	Voted outturn compared with Estimate: saving/ (excess)	Outturn Restated Total
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total		
Departmental Expenditure Limit									
- Resource	2	**8,577,406**	-	8,577,406	**8,303,748**	-	8,303,748	**273,658**	8,835,170
- Capital	2	**461,467**	-	461,467	**442,109**	-	442,109	**19,358**	487,507
Annually Managed Expenditure									
- Resource	2	**1,414,118**	-	1,414,118	**1,260,214**	-	1,260,214	**153,904**	1,060,092
- Capital	2	**-**	-	-	**-**	-	-	**-**	-
Total Budget		**10,452,991**	-	10,452,991	**10,006,071**	-	10,006,071	**446,920**	10,382,769
Non-Budget									
- Resource		-	-	-	-	-	-	-	-
Total		**10,452,991**	**-**	**10,452,991**	**10,006,071**	**-**	**10,006,071**	**446,920**	**10,382,769**
Total Resource		9,991,524	-	9,991,524	9,563,962	-	9,563,962	427,562	9,895,262
Total Capital		461,467	-	461,467	442,109	-	442,109	19,358	487,507
Total		**10,452,991**	**-**	**10,452,991**	**10,006,071**	**-**	**10,006,071**	**446,920**	**10,382,769**

Net Cash Requirement 2012-13

		2012-13		2012-13	2011-12
	Note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
Net Cash Requirement	4	**10,160,441**	**9,790,866**	**369,575**	**9,991,249**

Administration Costs 2012-13		2012-13	2012-13	2011-12
		Estimate	**Outturn**	**Outturn**
	3.2	540,796	**477,448**	548,558

Explanations to variances between Estimates and Outturn are given in the foreword to the accounts.
The notes on pages 105 to 171 form part of these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2013

		2012-13 £000			Restated 2011-12 £000		
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Administration Costs:							
Staff costs	7	169,816	257,428	303,658	164,224	261,806	312,699
Other costs	8	168,199	241,061	280,491	156,401	222,850	269,601
Income	10	(34,821)	(83,694)	(92,417)	(34,768)	(79,619)	(83,530)
Programme Costs:							
Staff costs	7	381,443	864,545	1,163,099	358,226	844,488	1,165,206
Other costs	9	8,316,360	9,707,062	10,095,532	8,125,151	9,455,683	10,002,866
Income	10	(421,635)	(1,939,999)	(2,058,600)	(229,375)	(1,624,853)	(1,734,010)
Grant in Aid to NDPBs		551,653	555,641	-	804,422	808,103	-
Net Operating Costs for the year ended 31 March 2013		9,131,015	9,602,044	9,691,763	9,344,281	9,888,458	9,932,832
Total expenditure		9,587,471	11,625,737	11,842,780	9,608,424	11,592,930	11,750,372
Total income		(456,456)	(2,023,693)	(2,151,017)	(264,143)	(1,704,472)	(1,817,540)
Net Operating Costs for the year ended 31 March 2013		9,131,015	9,602,044	9,691,763	9,344,281	9,888,458	9,932,832

All activities are continuing operations.
The 2011-12 results have been restated to remove the Government Equalities Office and the Equalities and Human Rights Commission.

OTHER COMPREHENSIVE NET EXPENDITURE

		2012-13 £000			Restated 2011-12 £000		
	Note	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group
Net (gain)/loss on:							
- revaluation of property plant & equipment		(11,170)	(20,869)	(19,536)	(13,811)	(23,241)	(27,502)
- Intangibles		(9,501)	(22,806)	(25,843)	(698)	(2,925)	(2,925)
- revaluation of available for sale financial assets		-	-	-	-	-	-
Pensions – Actuarial (gains)/losses		-	-	10,937	-	-	(7,326)
Total comprehensive expenditure for the year ended 31 March 2013		9,110,344	9,558,369	9,657,321	9,329,772	9,862,292	9,895,079

The notes on pages 105 to 171 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Note	31 March 2013 £000 Core Department	31 March 2013 £000 Core Department & Agencies	31 March 2013 £000 Departmental Group	Restated 31 March 2012 £000 Core Department	Restated 31 March 2012 £000 Core Department & Agencies	Restated 31 March 2012 £000 Departmental Group	Restated 31 March 2011 £000 Core Department	Restated 31 March 2011 £000 Core Department & Agencies	Restated 31 March 2011 £000 Departmental Group
Non-current assets:										
Property, plant and equipment	12	646,982	1,157,060	1,311,897	407,078	927,291	1,300,817	422,218	940,547	1,348,236
Intangible assets	13	123,312	506,097	568,267	58,568	398,452	544,626	33,148	283,437	439,192
Investments	15	-	-	510	1	1	468	1	1	428
Trade receivables and other non-current assets	18	-	1,049	3,211	-	-	3,670	-	-	4,990
Total non-current assets		770,294	1,664,206	1,883,885	465,647	1,325,744	1,849,581	455,367	1,223,985	1,792,846
Current assets:										
Assets classified as held for sale	11	-	-	-	-	-	-	-	45	45
Inventories	17	-	12,343	12,343	-	8,307	8,307	-	7,558	7,558
Trade and other receivables	18	249,405	348,381	376,542	201,445	355,723	386,122	211,319	316,170	372,167
Cash and cash equivalents	19	32,962	46,183	95,715	53,100	53,722	132,529	121,116	200,402	246,603
Total current assets		282,367	406,907	484,600	254,545	417,752	526,958	332,435	524,175	626,373
Total assets		**1,052,661**	**2,071,113**	**2,368,485**	**720,192**	**1,743,496**	**2,376,539**	**787,802**	**1,748,160**	**2,419,219**
Current liabilities:										
Provisions	21	11,295	41,592	44,544	62,237	93,191	99,289	80,470	119,816	124,884
Trade and other payables	20	956,869	1,369,913	1,454,220	989,472	1,433,599	1,517,536	1,058,938	1,392,083	1,501,309
Total current liabilities		968,164	1,411,505	1,498,764	1,051,709	1,526,790	1,616,825	1,139,408	1,511,899	1,626,193
Non-current assets plus/less net current assets/ liabilities		**84,497**	**659,608**	**869,721**	**(331,517)**	**216,706**	**759,714**	**(351,606)**	**236,261**	**793,026**
Non-current liabilities:										
Other payables	20	230,301	296,777	302,969	222,348	290,709	309,505	223,988	301,171	322,200
Provisions	21	79,601	141,691	160,307	36,533	87,106	111,331	20,778	70,565	94,076
Pensions Liability		-	-	537,198	-	-	514,291	-	-	501,362
Total non-current liabilities		309,902	438,468	1,000,474	258,881	377,815	935,127	244,766	371,736	917,638
Assets less liabilities		**(225,405)**	**221,140**	**(130,753)**	**(590,398)**	**(161,109)**	**(175,413)**	**(596,372)**	**(135,475)**	**(124,612)**
Taxpayers' equity and other reserves:										
General fund		(305,414)	45,896	86,812	(635,990)	(287,785)	60,899	(633,354)	(247,327)	137,965
Revaluation reserve		80,009	175,244	186,717	45,592	126,676	156,978	36,982	111,852	137,959
Pensions Reserve		-	-	(404,282)	-	-	(393,290)	-	-	(400,536)
Total equity		**(225,405)**	**221,140**	**(130,753)**	**(590,398)**	**(161,109)**	**(175,413)**	**(596,372)**	**(135,475)**	**(124,612)**

The notes on pages 105 to 171 form part of these accounts.

Mark Sedwill
Accounting Officer
28 June 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2013

	Note	2012-13 Core Department & Agencies £000	2012-13 Departmental Group £000	Restated 2011-12 Core Department & Agencies £000	Restated 2011-12 Departmental Group £000
Cash flows from operating activities					
Net operating cost		(9,602,044)	(9,691,763)	(9,888,458)	(9,932,832)
Adjustments for non-cash transactions		281,615	394,090	319,961	434,851
(Increase)/decrease in trade and other receivables	18	6,293	10,039	(39,553)	(12,635)
less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(9,508)	(9,532)	21,458	21,510
(Increase)/decrease in inventories	17	(4,036)	(4,036)	(749)	(749)
Increase/(decrease) in trade payables	20	(57,618)	(69,852)	32,334	4,812
less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		23,110	33,106	161,242	160,173
Use of provisions	21	(44,065)	(48,776)	(93,496)	(98,574)
Reduction in pension liability		-	11,915	-	20,255
Net cash outflow from operating activities		(9,406,253)	(9,374,809)	(9,487,261)	(9,403,189)
Cash flows from investing activities					
Purchase of property, plant and equipment		(107,990)	(138,170)	(69,275)	(108,105)
Purchase of intangible assets		(146,710)	(163,448)	(160,898)	(184,523)
Proceeds of disposal of property, plant and equipment		(6)	348	2,946	4,416
Proceeds of disposal of intangibles		56	33	262	478
Proceeds of disposal of assets held for sale		-	-	45	45
Payments to acquire investments		-	(43)	-	-
Receipts from sale of investments		-	-	-	-
Loans to other bodies		-	-	-	-
(Repayments) from other bodies		-	-	-	-
Net cash outflow from investing activities		(254,650)	(301,280)	(226,920)	(287,689)
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		9,804,320	9,804,320	9,811,879	9,811,879
From the Consolidated Fund (Supply) – prior year		26,659	26,659	-	-
From the Consolidated Fund (non-Supply)		-	-	-	-
ARIS funding		-	-	-	8,725
Capital element of payments in respect of finance leases and on balance sheet (SoFP) PFI contracts		(63,085)	(73,323)	(89,107)	(88,520)
Net financing		9,767,894	9,757,656	9,722,772	9,732,084
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		106,991	81,567	8,591	41,206
Payments of amounts due to the Consolidated Fund		(114,530)	(118,381)	(153,991)	(154,000)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**(7,539)**	**(36,814)**	**(145,400)**	**(112,794)**
Cash and cash equivalents at the beginning of the period		53,722	132,529	199,122	245,323
Cash and cash equivalents at the end of the period		46,183	95,715	53,722	132,529

The notes on pages 105 to 171 form part of these accounts.

(*) Included within the non-cash transaction adjustment are adjustments for opening balance differences and asset transfers of £25,355k (departmental group) and £53,714k (core department and agencies).

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2013

	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2011	137,965	137,959	(400,536)	(124,612)
Changes in accounting policy	1,166	579	-	1,745
Restated balance at 1 April 2011	139,131	138,538	(400,536)	(122,867)
Net Parliamentary Funding – drawn down	9,811,879	-	-	9,811,879
Net Parliamentary Funding – deemed	109,241	-	-	109,241
ARIS funding	8,725	-	-	8,725
Supply payable/(receivable) adjustment	26,660	-	-	26,660
Amounts payable to the Consolidated Fund	(112,766)	-	-	(112,766)
Comprehensive Net Expenditure for the year	(9,932,832)	-	-	(9,932,832)
Non-Cash Adjustments:				
Net gain/(loss) on revaluation of property, plant and equipment	-	27,502	-	27,502
Net gain/(loss) on revaluation of intangible assets	-	2,925	-	2,925
Net gain/(loss) on revaluation of investments	-	-	-	-
Movements in Reserves:				
Non-cash charges – auditor's remuneration	1,046	-	-	1,046
Notional charges and income	328	-	-	328
External transfers	(910)	141	-	(769)
Actuarial gain/loss in year	-	-	7,326	7,326
Release of reserves to the Statement of Comprehensive Net Expenditure	(710)	-	-	(710)
Other – ABIOS and Omnibase revaluations	(1,529)	-	-	(1,529)
Other – DBS VAT adjustment	428	-	-	428
Transfers between reserves	12,208	(12,128)	(80)	-
Balance at 31 March 2012	60,899	156,978	(393,290)	(175,413)

	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2012	60,899	156,978	(393,290)	(175,413)
Border Force opening adjustment	(11,737)	-	-	(11,737)
Restated balance at 1 April 2012	49,162	156,978	(393,290)	(187,150)
Net Parliamentary Funding – drawn down	9,804,320	-	-	9,804,320
Net Parliamentary Funding – deemed	-	-	-	-
Supply payable/(receivable) adjustment	(13,454)	-	-	(13,454)
Amounts payable to the Consolidated Fund	(88,923)	-	-	(88,923)
Comprehensive Net Expenditure for the year	(9,691,763)	-	-	(9,691,763)
Non-Cash Adjustments:				
Net gain/(loss) on revaluation of property, plant and equipment	-	19,536	-	19,536
Net gain/(loss) on revaluation of intangible assets	-	25,843	-	25,843
Net gain/(loss) on revaluation of investments	-	-	-	-
Movements in Reserves:				
Non-cash charges – auditor's remuneration	949	-	-	949
Notional charges and income	-	-	-	-
External transfers	13,495	(509)	(3)	12,983
Actuarial gain/loss in year	-	-	(10,937)	(10,937)
Release of reserves to the Statement of Comprehensive Net Expenditure	-	-	-	-
Other – Consolidated Fund payable adjustment	(2,157)	-	-	(2,157)
Transfers between reserves	15,183	(15,131)	(52)	-
Balance at 31 March 2013	86,812	186,717	(404,282)	(130,753)
Of which:				
Core department	(305,414)	80,009	-	(225,405)
Agencies	351,310	95,235	-	446,545
NDPBs	40,916	11,473	(404,282)	(351,893)
	86,812	186,717	(404,282)	(130,753)

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY (CORE DEPARTMENT AND AGENCIES)

for the year ended 31 March 2013

	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2011	(247,327)	111,852	-	(135,475)
Changes in accounting policy	1,166	579	-	1,745
Restated balance at 1 April 2011	(246,161)	112,431	-	(133,730)
Net Parliamentary Funding – drawn down	9,811,879	-	-	9,811,879
Net Parliamentary Funding – deemed	109,241	-	-	109,241
Supply payable/(receivable) adjustment	26,660	-	-	26,660
Amounts payable to the Consolidated Fund	(112,757)	-	-	(112,757)
Comprehensive Net Expenditure for the year	(9,888,458)	-	-	(9,888,458)
Non-Cash Adjustments:				
Net gain/(loss) on revaluation of property, plant and equipment	-	23,241	-	23,241
Net gain/(loss) on revaluation of intangible assets	-	2,925	-	2,925
Movements in Reserves:				
Non-cash charges – auditor's remuneration	1,046	-	-	1,046
Notional charges and income	325	-	-	325
External transfers	(591)	207	-	(384)
Release of reserves to the Statement of Comprehensive Net Expenditure	2	-	-	2
Other – ABIOS and Omnibase revaluations	(1,527)	-	-	(1,527)
VAT movement	428	-	-	428
Removal of CFER write off	-	-	-	-
Transfers between reserves	12,128	(12,128)	-	-
Balance at 31 March 2012	(287,785)	126,676	-	(161,109)

	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2012	(287,785)	126,676	-	(161,109)
Border Force opening adjustment	(11,737)	-	-	(11,737)
Restated balance at 1 April 2012	(299,522)	126,676	-	(172,846)
Net Parliamentary Funding – drawn down	9,804,320	-	-	9,804,320
Net Parliamentary Funding – deemed	-	-	-	-
Supply payable/(receivable) adjustment	(13,454)	-	-	(13,454)
Amounts payable to the Consolidated Fund	(85,065)	-	-	(85,065)
Comprehensive Net Expenditure for the year	(9,602,044)	-	-	(9,602,044)
Non-Cash Adjustments:				
Net gain/(loss) on revaluation of property, plant and equipment	-	20,869	-	20,869
Net gain/(loss) on revaluation of intangible assets	-	22,806	-	22,806
Net gain/(loss) on revaluation of investments	-	-	-	-
Movements in Reserves:				
Non-cash charges – auditor's remuneration	949	-	-	949
Notional charges and income	-	-	-	-
Change in accounting policy	-	-	-	-
External transfers	227,816	19,946	-	247,762
Non retainable element of bad debt write off	-	-	-	-
Consolidated Fund payable adjustment	(2,157)	-	-	(2,157)
Transfers between reserves	15,053	(15,053)	-	-
Balance at 31 March 2013	45,896	175,244	-	221,140

The notes on pages 105 to 171 form part of these accounts.

Notes to the departmental accounts for the period ending 31 March 2013

1. Statement of accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the 2012-13 *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 2013 shows taxpayers' equity of (£104) 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. 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 Restatement of 2011-12 Results

The results for 2011-12 have been restated to exclude the financial data of both the Equality and Human Rights Commission (EHRC) and the Government Equalities Office (GEO) under a Machinery of Government change. Following a change in Ministerial responsibilities, the EHRC and GEO transferred to the Department for Culture Media and Sport (DCMS) on 1 April 2012 under merger accounting rules.

1.3 Changes within the departmental boundary

The department underwent significant organisation change during the year. This included:

a) the creation of the Disclosure and Barring Service (DBS) from the merger of the former executive agency the Criminal Records Bureau (CRB) and the Non Departmental Public Body the Independent Safeguarding Authority (ISA). The DBS was created on 1 December 2012. The creation of the DBS and winding up of the CRB and ISA has been accounted for under absorption accounting principles; and

b) the creation of College of Policing (CoP) which commenced operations on 3 December 2012. The CoP was created by a transfer of responsibilities, staff and assets from the National Policing Improvement Agency (NPIA). It was established as a company limited by guarantee, and, in its interim state, is consolidated within the department's accounts as a quasi-NDPB. The winding up of the NPIA continued during the year, with other transfers of responsibilities to the core department. The NPIA is expected to be formally wound up during 2013-14.

1.4 Basis of consolidation

These accounts include the non-agency parts of the department (the core department) and its executive agencies: UK Border Agency (UKBA), the Identity & Passport Service (IPS), the National Fraud Authority (NFA) and the former Criminal Records Bureau (CRB). In addition, the Executive Non-Departmental Public Bodies (NDPBs) of the Home Office are also consolidated in these accounts. The NDPBs consolidated within the departmental boundary are: Independent Police Complaints Commission (IPCC), the former Independent Safeguarding Authority (ISA), National Policing Improvement Agency (NPIA), Office of the Immigration Services Commissioner (OISC), Security Industry Authority (SIA), Serious Organised Crime Agency (SOCA) and Disclosure and Barring Service (DBS).

The executive agencies and non-departmental public bodies also produce and publish their own Annual Reports and Accounts. Transactions between entities included in the consolidated accounts are eliminated.

1.5 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
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
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
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.

1.6 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.

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.

1.7 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. The capitalisation threshold for expenditure on property, plant and equipment is £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. Valuations are undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Evaluation Manual. 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
Improvements to leasehold buildings	- duration of lease or anticipated useful life
Plant and equipment	- 2 to 15 years
Computers	- 2 to 15 years
Vehicles	- 3 to 7 years
Furniture and fittings	- 3 to 10 years

Assets in the course of construction are not depreciated until the point at which they are ready to be 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.

1.8 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 period 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 fifteen 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 13 to the accounts refers 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.

Assets in the course of construction are not amortised until the point at which they are ready to be brought into use.

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

1.9 Third party assets

The department holds funds on behalf of third parties. Such funds include citizenship ceremony fees, proceeds of crime and bail bonds. These funds are not recognised in the financial statements as the department has no beneficial interest in them. Details of the assets held on behalf of third parties are given in Note 27 to the accounts.

1.10 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.

1.11 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 1.10 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 period end, 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 1.7 above) and intangible assets (section 1.8 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.

1.12 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.

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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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

- licence fee income for the Security Industry Authority is recognised at the point when an application is accepted. At this point, the fee paid becomes non-refundable and the SIA is committed to paying the managed service provider for processing the application

- application fee income for the Security Industry Authority is recognised at the point when a decision is made on the status of that application. Annual registration is charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the period covered by the registration

- income for the Disclosure and Barring Service 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 DBS recognises income on completion of the DBS 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.

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

1.18 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 period 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.

1.19 Pensions

Principal Civil Service Pension Scheme:
Past and present employees are ordinarily covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). 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. 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.

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. As a result the scheme is accounted for as a defined contribution scheme and the department recognises the contributions payable for the year. 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 2012-13, 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 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Employer contributions to the PCSPS are charged to the Statement of Comprehensive Net Expenditure as incurred at the relevant percentage of employees' pensionable pay.

Partnership and Stakeholder Schemes:
Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account). 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).

Local Government Pension Scheme:
The Local Government Pension Scheme (LGPS) is a multi-employer defined benefit scheme and eligible ex-SOCA employees participate in a fund managed by the London Pensions Fund Authority (LPFA). These accounts provide for the full value of the expected future pension liabilities to the officers. Employer contributions to the LGPS Scheme are charged to the Statement of Comprehensive Net Expenditure as incurred at the relevant percentage of employees' pensionable pay as specified by the pension scheme administrators. Valuation of the scheme's net assets/liabilities is shown on the Statement of Financial Position.

Police Pension Scheme:
The core department (formerly NPIA) operates a defined benefit Police Pension Scheme for direct recruits from within the police service, identical to the Police Pension Scheme 1987. SOCA also operates the defined benefit Police Pension Scheme for former police officers. The cost of providing unfunded pension benefits is charged to Net Expenditure over the qualifying service life of the officer. The qualifying service for these pension benefits includes prior service with a police force in addition to service with SOCA or NPIA, although no funding is received from the officer's previous employer in relation to this past service.

These accounts provide for the full value of the expected future pensions liabilities of these officers and include a provision for future injury awards. The annual charge to the Statement of Comprehensive Net Expenditure is calculated so that the Statement of Financial Position provision reflects the proportion of the future pension liability relevant to accumulated qualifying service at the Statement of Financial Position date. The value of the scheme's liabilities has been calculated by the Government Actuary's Department.

Broadly By Analogy:
The NPIA and IPCC also operate a Broadly By Analogy (BBA) pension scheme, a pension arrangement entitling the recipient to benefits similar to those provided by the PCSPS scheme. The Chairman for NPIA and former Chairs of legacy Commissions, and some former members of the Police Complaints Authority within IPCC, are provided pensions under this arrangement. The BBA pensions are unfunded, with benefits being paid as they fall due. Liabilities for the scheme rest with NPIA and IPCC, and provision for these liabilities is reflected in the Statement of Financial Position. The annual cost of the associated pension contribution is recognised in the Statement of Comprehensive Net Expenditure, and amounts relating to changes in the actuarial valuation of scheme liabilities are adjusted via the Statement of Changes in Taxpayers' Equity. The scheme liabilities have been calculated by the Government Actuary's Department.

1.20 Home Office grants

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

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 2012-13, 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.

The Home Office also provides Police revenue grant funding to the Police and Crime Commissioners (PCCs). The National Policing Improvement Agency (NPIA) was funded in the financial year 2012-13 by taking a top-slice from the total funds available to provide for policing including grants to police authorities.

1.21 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.

1.22 Corporation Tax

Home Office Executive NDPBs are corporate bodies and are subject to Corporation Tax under the Income and Corporation Taxes Act. The NDPBs are all registered for Corporation tax and are liable to account for corporation tax on all non statutory activities, bank interest received and property income.

1.23 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 using merger accounting in accordance with the FReM. See note 1.2 above. Following a change in Ministerial responsibilities, the Equalities and Human Rights Commission and Government Equalities Office transferred to the Department for Culture Media and Sport (DCMS) on 1 April 2012 under merger accounting rules. The prior year comparator has been revised to exclude the EHRC and GEO numbers.

1.24 Segmental Reporting

IFRS 8 – *Operating Segments* has been applied in full without interpretation or adaption in line with HM Treasury guidance. Financial information for operating segments for a minimum of 75% of comprehensive net expenditure has been disclosed in a note to the accounts. Segmental information is included in Note 6 to these accounts.

1.25 Intra-Government balances

Core and agency 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.

NDPB Intra-Government balances are obtained from their accounting systems.

1.26 Deferred Income

Income is recognised at the point at which any conditions attached to the grant have been met or, if there were no such conditions, on receipt. The grants, or elements of them, are shown as deferred income if at the year-end monies have been received, but where the conditions relating to the grant have not yet been met.

We also include deferred application fees from the Disclosure and Barring Service as deferred income.

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

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

IAS 1 – Presentation of financial statements (Other Comprehensive Income) is effective from 1 July 2012. This amendment requires items of Other Comprehensive Income (OCI) to be grouped on the basis of whether they might at some point be reclassified (‘recycled’) from OCI to profit (e.g. cash flow hedges) or where they will not (e.g. gains on property revaluation). This will be effective in 2013-14 and it will make it clearer to users what the potential effect on profit or loss will be in future periods, notably in light of improved disclosure of financial instruments and pensions, and where there will be no impact.

IAS 19 – Post-employment benefits (pensions) is effective from 1 January 2013. It introduces a number of changes including: Recognition – the elimination of the option to defer the recognition of gains and losses resulting from defined benefit plans (the ‘corridor approach’);

Presentation – the elimination of options for the presentation of gains and losses relating to those plans; and Disclosures – the improvement of disclosure requirements that will better show the characteristics of defined benefit plans and the risks arising from those plans.

It also modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits. Due to the corridor approach not being permitted by the FReM, the main impact of the change will not be relevant.

IFRS9 – Financial Instruments was issued in November 2009 and will become effective from January 2015. This IFRS has three phases. Phase 1 addresses classification and measurement issues. Phase 2 addresses impairments – in particular how impairments of financial assets should be calculated and recorded. Phase 3 addresses hedge accounting. IAS 39 previously contained guidance on Hedge Accounting – this will be updated with more detailed guidance and principles on hedge accounting, including guidance on accounting for certain hedging relationships. There are likely to be elements of the final proposals that will require further review by HM Treasury and the other relevant authorities before due process and consultation. However, this due process cannot commence until a final IFRS has been issued. The Home Office will apply the new standard in line with the FReM advice. Until this advice is received, the impact of applying this standard is not known.

IFRS 10 – Consolidated Financial Statements; IFRS 11 – Joint Arrangements; IFRS 12 -Disclosure of Interests in Other Entities; IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures were all effective form 1 January 2013, with EU adoption from 1 January 2014. The IASB have issued new and amended standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities: IFRS 10 definition of control (investor power and ability to direct activities of an investee) requires more judgement, notably of agency-principal relationships. Clarity on investor exposure or rights to variable returns (e.g. cost savings) may result in new consolidations, notably asset and fund managers. IFRS 11 provides a principles-based definition of joint arrangements (joint operations or joints ventures) based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted (only equity accounting). IFRS 12 requires more disclosure of the financial effects on, and risks to, the consolidating entity. All of these are still subject to consultation at the Treasury and until we receive guidance on how these updates can be applied via the FReM, the impact of applying these standards is not known.

IFRS 13 – Fair Value Measurement was issued on 1 January 2013 but has yet to be adopted by the EU. IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS. Guidance on how this should be applied across government has yet to be issued by the Treasury. Until guidance on its adoption is issued by HMT in the FReM, we are unable to provide an assessment on the impact of adopting this Standard.

IAS 1 – Presentation of Financial Statements. This is part of the annual improvements from 2009-11 to be effective on or after 1 January 2013. This will be effective next year and represents the clarification of the requirements for comparative information. This clarification does not alter our minimum reporting requirements and so will not impact.

IAS 34 – Interim Financial Reporting will be effective in 2013-14. It relates to interim financial reporting and segmental information for total assets and liabilities.

1.28 Taxpayers' Equity

The General Fund shows the balance of accumulated surpluses or deficits in income and funding over expenditure.

The Revaluation Reserve shows the accumulated revaluation surplus on property, plant and equipment and intangible assets net of the realised element of this surplus, in line with Modified Historic Cost Accounting (MHCA).

The Pensions reserve represents the accumulated surplus or deficit on Home Office pension schemes. See 1.19 for more information on these schemes.

2. Net outturn

2.1 Analysis of net resource outturn by section

										2012-13	Restated 2011-12
							Outturn			Estimate	Outturn
	Administration			Programme							
	Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit											
Voted:											
A – Crime and Policing Group	41,479	(2,744)	38,735	5,297,924	(151,997)	5,145,927	5,184,662	5,137,029	(47,633)	-	5,536,331
B – Office for Security and Counter-Terrorism	48,549	(105)	48,444	1,116,114	(193,650)	922,464	970,908	1,020,600	49,692	49,692	880,553
C – UK Border Agency	108,627	(1,717)	106,910	1,441,457	(939,716)	501,741	608,651	775,257	166,606	100,108	1,311,786
D – Criminal Records Bureau	4,213	(4,242)	(29)	60,277	(75,031)	(14,754)	(14,783)	64,590	79,373	33,573	270
E – Identity and Passport Service	43,717	(40,254)	3,463	341,957	(415,256)	(73,299)	(69,836)	(21,600)	48,236	48,256	(43,245)
F – Central Home Office	211,588	(30,858)	180,730	226,057	(56,630)	169,427	350,157	286,645	(63,512)	-	171,301
G – Arms Length Bodies (Net)	76,937	-	76,937	547,341	-	547,341	624,278	658,112	33,834	33,834	896,684
H – Area Based Grants	-	-	-	28,751	-	28,751	28,751	30,000	1,249	1,249	66,909
I – National Fraud Authority	583	-	583	8,226	-	8,226	8,809	9,403	594	820	5,995
J – European solidarity mechanism (Net)	-	-	-	908	-	908	908	1	(907)	-	-
K – Border Force	22,633	(958)	21,675	593,983	(4,415)	589,568	611,243	617,369	6,126	6,126	-
Government Equalities Office	-	-	-	-	-	-	-	-	-	-	8,586
	558,326	(80,878)	477,448	9,662,995	(1,836,695)	7,826,300	8,303,748	8,577,406	273,658	273,658	8,835,170
Annually Managed Expenditure											
Voted:											
L – AME charges	-	-	-	2,935	-	2,935	2,935	68,449	65,514	51,134	1,423
M – Police superannuation	-	-	-	1,232,859	-	1,232,859	1,232,859	1,335,629	102,770	102,770	1,059,297
N – AME Charges Arms Length Bodies (Net)	-	-	-	24,420	-	24,420	24,420	10,040	(14,380)	-	(628)
	-	-	-	1,260,214	-	1,260,214	1,260,214	1,414,118	153,904	153,904	1,060,092
Total	558,326	(80,878)	477,448	10,923,209	(1,836,695)	9,086,514	9,563,962	9,991,524	427,562	427,562	9,895,262

2.2 Analysis of net capital outturn by section

	2012-13						2011-12
	Outturn			Estimate			Outturn
	Gross	Income	Net	Net Total	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Net
	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit							
Voted:							
A – Crime and Policing Group	138,202	-	138,202	133,712	(4,490)	-	105,852
B – Office for Security and Counter-Terrorism	77,126	-	77,126	73,903	(3,223)	-	92,103
C – UK Border Agency	86,970	-	86,970	84,966	(2,004)	-	173,188
D – Criminal Records Bureau	-	-	-	-	-	-	1,931
E – Identity and Passport Service	19,341	-	19,341	20,000	659	659	23,272
F – Central Home Office	22,020	-	22,020	56,530	34,510	15,527	27,129
G – Arms Length Bodies (Net)	45,022	-	45,022	35,756	(9,266)	-	63,825
H – Area Based Grants	-	-	-	-	-	-	-
I – National Fraud Authority	-	-	-	-	-	-	207
J – European Solidarity Mechanism (Net)	-	-	-	-	-	-	-
K – Border Force	53,428	-	53,428	56,600	3,172	3,172	-
	442,109	-	442,109	461,467	19,358	19,358	487,507
Annually Managed Expenditure							
Voted:							
L – AME charges	-	-	-	-	-	-	-
M – Police superannuation	-	-	-	-	-	-	-
N – AME Charges Arms Length Bodies (Net)	-	-	-	-	-	-	-
Total	442,109	-	442,109	461,467	19,358	19,358	487,507

3. Reconciliation of outturn to net operating cost and against administration budget

3.1 Reconciliation of net resource outturn to net operating cost

		Note	2012-13 £000 Outturn	Restated 2011-12 £000 Outturn
Net resource outturn in Statement of Parliamentary Supply	Budget	2	9,563,962	9,895,262
	Non-Budget	2	-	-
			9,563,962	9,895,262
Add:	Capital Grants		214,614	219,668
	PFI adjustments		2,110	-
			9,780,686	10,114,930
Less:	Income payable to the Consolidated Fund		88,923	112,766
	Capital Grant Income		-	1,478
	PFI adjustments		-	17,613
	Machinery of Government Change	31	-	50,241
	Fine refunds to carriers		-	-
			88,923	182,098
Net operating cost in Consolidated Statement of Comprehensive Net Expenditure			9,691,763	9,932,832

3.2 Outturn against final administration budget and administration net operating cost

	Note	2012-13 £000 Outturn	Restated 2011-12 £000 Outturn
Estimate – administration costs limit		540,796	620,730
Outturn – Gross administration costs	2	558,326	627,842
Outturn – Gross Income relating to administration costs	2	(80,878)	(79,284)
Outturn – Net administration costs		477,448	548,558
Reconciliation to operating costs:			
Add: provisions movements (transfer from Programme)		4,445	(18,107)
Less: Capital grant income		-	(1,478)
Add: PFI adjustments		12,654	9,782
Add: Machinery of Government Change	31	-	(39,985)
Less: Admin consolidated fund extra receipts		(2,815)	-
Administration net operating costs		491,732	498,770

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	2.1	**9,991,524**	**9,563,962**	**427,562**
Capital Outturn	2.2	**461,467**	**442,109**	**19,358**
Accruals to cash adjustments				
Adjustments to remove non-cash items:		**(292,550)**	**(215,205)**	**(77,345)**
Depreciation and amortisation		(187,163)	(174,055)	(13,108)
New provisions and adjustments to previous provisions		(62,187)	(37,422)	(24,765)
Departmental Unallocated Provision		-	-	-
Supported capital expenditure (revenue)		-	-	-
Prior Period Adjustments		-	-	-
Other non-cash items		(840)	(26,482)	25,642
Adjustments for NDPBs:				
Remove voted resource and capital		(703,908)	(693,720)	(10,188)
Add cash grant-in-aid		638,141	555,641	82,500
Adjustments to reflect movements in working balances:				
Increase/(decrease) in inventories		-	4,036	(4,036)
Increase/(decrease) in receivables		20,000	3,215	16,785
(Increase)/decrease in payables		-	109,517	(109,517)
(Increase)/decrease in pension liability		-	-	
Use of provisions		3,407	44,065	(40,658)
		10,160,441	**9,790,866**	**369,575**
Removal of non-voted budget items:				
Consolidated Fund Standing Services		-	-	-
Other adjustments		-	-	-
Net cash requirement		**10,160,441**	**9,790,866**	**369,575**

5. Income payable to the Consolidated Fund

5.1 Analysis of income payable to the Consolidated Fund

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

		Outturn 2012-13		Outturn 2011-12	
			£000		£000
	Note	Income	*Receipts*	Income	*Receipts*
Operating income outside the ambit of the Estimate		78,886	*79,189*	74,573	*70,987*
Excess cash surrendable to the Consolidated Fund		10,037	*10,037*	38,193	*38,193*
Total income payable to the Consolidated Fund		**88,923**	***89,226***	**112,766**	***109,180***

5.2 Consolidated Fund Income

Consolidated Fund income shown in note 5.1 above does not include any amounts collected by the Home Office where it was acting as agent of the Consolidated Fund rather than as principal.

The Home Office collects Immigration Penalties and Civil Penalties. The department is not permitted to retain this income; it is surrendered to the Consolidated Fund. In accordance with HM Treasury guidelines, the income generated is not recognised in the Consolidated Statement of Comprehensive Net Expenditure; however, the net receivable due in respect of penalties raised, along with the receipt payable to the Consolidated Fund is recognised in the Consolidated Statement of Financial Position.

5.2.1 Penalties raised	**2012-13**	**2011-12**
	£000	**£000**
Immigration Penalties Raised	(2,552)	(2,550)
Civil Penalties Raised	(8,912)	(8,728)
Total Penalties Raised	(11,464)	(11,278)
less: Element retained by the Home Office	3,000	3,000
	(8,464)	**(8,278)**

5.2.2 Write-offs

	2012-13	**2011-12**
	£000	**£000**
Immigration Penalties	-	20
Civil Penalties	7,804	4,702
	7,804	**4,722**

5.2.3 Receivables

	2012-13	2011-12
	£000	£000
Immigration Penalties	644	592
Civil Penalties	16,714	22,593
	17,358	23,185
Accrued Income	130	140
less: Provision for Doubtful Receivables	(10,048)	(16,187)
	7,440	**7,138**

5.2.4 Payable to the Consolidated Fund

	2012-13	2011-12
	£000	£000
Total Payable to the Consolidated Fund	**7,440**	**7,138**

6. Statement of Operating Costs by Operating Segment

for the year ended 31 March 2013

	Administration Expenditure £000	Programme Expenditure £000	Gross Expenditure £000	Income £000	2012-13 Net £000
Reportable Segment					
Crime and Policing Group	113,018	7,317,203	7,430,221	(232,674)	7,197,547
Criminal Records Bureau	4,245	61,239	65,484	(75,765)	(10,281)
Office for Security and Counter-Terrorism	48,554	1,189,292	1,237,846	(196,157)	1,041,689
Border Force	22,633	594,069	616,702	(11,664)	605,038
UK Border Agency	115,693	1,458,076	1,573,769	(964,483)	609,286
Identity & Passport Service	39,953	346,071	386,024	(523,496)	(137,472)
National Fraud Authority	583	8,226	8,809	-	8,809
Central Home Office	239,470	284,455	523,925	(146,778)	377,147
Net Expenditure	584,149	11,258,631	11,842,780	(2,151,017)	9,691,763

Reportable Segment	Total Assets £000	Total Liabilities £000	Net Assets £000
Crime and Policing Group	278,587	(1,200,296)	(921,709)
Criminal Records Bureau	-	-	-
Office for Security and Counter-Terrorism	55,621	(104,272)	(48,651)
Border Force	232,266	(125,267)	106,999
UK Border Agency	829,141	(478,157)	350,984
Identity & Passport Service	201,028	(92,000)	109,028
National Fraud Authority	272	(1,121)	(849)
Central Home Office	771,570	(498,125)	273,445
Total balance	2,368,485	(2,499,238)	(130,753)

for the year ended 31 March 2012

	Administration Expenditure £000	Programme Expenditure £000	Gross Expenditure £000	Income £000	2011-12 Net £000
Reportable Segment					
Crime and Policing Group	122,872	7,681,769	7,804,641	(287,107)	7,517,534
Criminal Records Bureau	6,469	104,231	110,700	(108,410)	2,290
Office for Security and Counter-Terrorism	54,599	938,186	992,785	(25,073)	967,712
Border Force	40,976	575,389	616,365	(7,463)	608,902
UK Border Agency	107,987	1,427,728	1,535,715	(900,154)	635,561
Identity & Passport Service	48,715	278,390	327,105	(440,383)	(113,278)
National Fraud Authority	860	5,134	5,994	-	5,994
Central Home Office	199,822	157,245	357,067	(48,950)	308,117
Net Expenditure	582,300	11,168,072	11,750,372	(1,817,540)	9,932,832

	Total Assets £000	Total Liabilities £000	Net Assets £000
Reportable Segment			
Crime and Policing Group	664,447	(1,256,330)	(591,883)
Criminal Records Bureau	42,952	(7,341)	35,611
Office for Security and Counter-Terrorism	23,181	(173,658)	(150,477)
Border Force	216,231	(111,030)	105,201
UK Border Agency	801,397	(489,482)	311,915
Identity & Passport Service	192,804	(91,024)	101,780
National Fraud Authority	501	(994)	(493)
Central Home Office	435,026	(422,093)	12,933
Total balance	2,376,539	(2,551,952)	(175,413)

This segmental analysis is consistent with how financial performance is reported to the Home Office Supervisory Board.

The underlying factors in identifying the reportable segments are driven by the budget allocations, departmental priorities and financial risks. This provides the Board with decision making information based upon sound financial reporting. It enables the determination of resource spend by entity, departmental priority and operational activity.

Chapter 3 of the Annual Report outlines activities and performance across all reportable segments.

7. Staff numbers and related costs

Staff costs comprise:

					2012-13 £000 Departmental Group	Restated 2011-12 £000 Departmental Group
	Total	**Permanently employed staff**	**Others**	**Ministers**	**Special advisers**	**Total**
Wages and salaries	1,185,595	1,048,806	136,312	326	151	1,182,653
Social security costs	82,038	81,974	20	28	16	81,794
Other pension costs	202,615	202,534	48	-	33	215,111
Sub Total**	1,470,248	1,333,314	136,380	354	200	1,479,558
Less recoveries in respect of outward secondments	(3,491)	(3,491)	-	-	-	(1,654)
Total net costs*	1,466,757	1,329,823	136,380	354	200	1,477,904
Of which:						
Core Department	551,259	519,859	30,846	354	200	522,450
Agencies	570,714	499,629	71,085	-	-	583,843
Other designated bodies	344,784	310,335	34,449	-	-	371,611
	1,466,757	1,329,823	136,380	354	200	1,477,904
* Of which:						
Departmental Group -						
Charged to administration costs	303,658					312,699
Charged to programme costs	1,163,099					1,165,206
	1,466,757					1,477,905
Core Department & Agencies -						
Charged to administration costs	257,428					261,806
Charged to programme costs	864,545					844,488
	1,121,973					1,106,294
Core Department -						
Charged to administration costs	169,816					164,224
Charged to programme costs	381,443					358,226
	551,259					522,450

** The total amount of capitalised staff costs not included in the figures above is £4.8 million (£4.6 million in 2011-12).

Staff Costs by Business Segment

Business Segment	Total	Permanently employed staff	Others	Ministers	2012-13 £000 Departmental Group Special advisers	Restated 2011-12 £000 Departmental Group Total
Crime and Policing Group	355,360	315,715	39,645	-	-	382,261
Office for Security and Counter-Terrorism	32,085	25,427	6,658	-	-	30,661
Border Force	362,832	356,136	6,696	-	-	356,036
UK Border Agency	465,251	395,809	69,442	-	-	471,481
Identity & Passport Service	95,026	94,111	915	-	-	95,943
Criminal Records Bureau	9,900	9,442	458	-	-	16,149
National Fraud Authority	3,076	2,806	270	-	-	2,854
Total	1,323,530	1,199,446	124,084	-	-	1,355,385
Central Home Office	143,227	130,378	12,295	354	200	122,519
Total Staff Costs	1,466,757	1,329,824	136,379	354	200	1,477,904

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 and othe bodies included within the consolidated departmental accounts.

Business Segment	Total	Permanently employed staff	Others	Ministers	2012-13 Special advisers	Restated 2011-12 Total
Crime and Policing Group	6,389	5,896	493	-	-	6,382
Office for Security and Counter-Terrorism	537	484	53	-	-	546
Border Force	8,008	7,782	226	-	-	7,414
UK Border Agency	13,554	12,573	981	-	-	14,112
Identity & Passport Service	3,151	3,145	6	-	-	3,321
Criminal Records Bureau	322	318	4	-	-	542
National Fraud Authority	48	47	1	-	-	47
Central Home Office	3,188	2,939	240	6	3	2,587
Total	**35,197**	**33,184**	**2,004**	**6**	**3**	**34,951**
Of which:						
Core department	**11,789**	**11,231**	**549**	**6**	**3**	**10,672**
Agencies	**17,015**	**16,023**	**992**	**-**	**-**	**17,962**
Other designated bodies	**6,393**	**5,930**	**463**	**-**	**-**	**6,317**
Total	**35,197**	**33,184**	**2,004**	**6**	**3**	**34,951**

Included within the staff numbers above are 162 members of staff who were engaged in capital projects (366 in 2011-12).

7.1 Reporting of Civil Service and other compensation schemes – exit packages

Civil Service Compensation Scheme

Exit Package cost band	2012-13 Number of compulsory redundancies	2012-13 Number of other departures agreed	2012-13 Total number of exit packages by cost band	Restated 2011-12 Number of compulsory redundancies	Restated 2011-12 Number of other departures agreed	Restated 2011-12 Total number of exit packages by cost band
Less than £10,000	1	14	15	25	82	107
£10,000 – £25,000	16	38	54	10	682	692
£25,000 – £50,000	6	29	35	5	554	559
£50,000 – £100,000	2	28	30	-	266	266
£100,000 – £150,000	-	19	19	-	58	58
£150,000 – £200,000	-	7	7	1	12	13
£200,000 – £250,000	-	2	2	-	6	6
£250,000 – £300,000	-	1	1	-	1	1
£300,000 – £350,000	-	-	-	-	-	-
Total number of exit packages by type	**25**	**138**	**163**	**41**	**1,661**	**1,702**
Total resource cost (£000)	**623**	**7,925**	**8,548**	**644**	**60,357**	**61,002**

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.

(a) Principal Civil Service Pension Scheme

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. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2012-13, employers' contributions of £184.6 million were payable to the PCSPS (£186.5 million in 2011-12) 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 usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

(b) Partnership and Stakeholder Schemes

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £707.2k (£626.6k in 2011-12) 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 £42.2k (£40.4k in 2011-12), 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 or ill health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2013 were £12.7 million. Contributions prepaid were £nil (£nil in 2011-12).

42 persons (30 in 2011-12) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £84.2k (£55.3k in 2011-12).

(c) Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme and eligible ex-SOCA employees participate in a fund managed by the London Pensions Fund Authority (LPFA). In order to comply with the Government Financial Reporting Manual, the Home Office is required to provide in these accounts for the full value of the expected future pension liabilities to the officers. The LPFA have provided a valuation of the scheme assets as at 31 March 2013 showing net pension liability of £63k (£132k in 2011-12); this figure is reflected in the Statement of Financial Position.

The net scheme assets at 31 March

	2012-13	2011-12
	£000	£000
Present value of assets	(1,049)	(924)
Present value of liabilities	1,112	1,056
Net pension (asset)/liability	63	132
Movement in pension asset/reserve	(73)	195
(Surplus)/loss in Statement of Financial Position	(10)	327

The main assumptions used by the actuaries Barnett Waddingham, employed by LPFA, were as follows:

The net scheme assets at 31 March

	2012-13	2011-12
	%	%
Inflation assumption	3.4	3.3
Rate of salaries increase	4.3	4.2
Rate of pensions increase	2.6	2.5
Discount rate	4.7	4.6

During 2012-13 employers' contributions of £33k (£41k in 2011-12) were paid to the LPFA at 16.9% of pensionable pay (14.9% in 2011-12). The contribution rate is determined by the fund actuary based on a three yearly actuarial valuation. Under pension fund regulations the contribution rates must be set to meet the overall liabilities of the fund. The latest formal valuation of the LPFA pension fund was at 31 March 2013. The fair value of assets held by the scheme at the beginning and end of the year is disclosed below, analysed by investment class, together with expected rate of return for each class for the subsequent period.

	Assets at	Expected rate of return	Assets at	Expected rate of return
	31 March 2013	31 March 2013	31 March 2012	31 March 2012
	£000	%	£000	%
Equities	766	6.0	675	6.3
Target rate portfolio/bonds	105	4.6	111	4.5
Alternative assets/property	157	5.0	129	5.3
Cash	21	0.5	9	3.0
Corporate bonds	-	-	-	-
Total	1,049	5.6	924	5.9

(d) Police Pension Scheme

SOCA and NPIA operate defined benefit Police Pension schemes for direct recruits from within the police service. The Police Pension schemes are identical to the Police Pension Scheme 1987.

As part of the scheme SOCA and NPIA (now core department) accept liability for payment of the pension benefits in respect of the officers' past service with a police force, although no transfer values are payable from a former employer in respect to this liability, as well as pensionable service whilst employed. Pension benefits will be paid as they fall due from the department's resources.

In order to comply with the Government Financial Reporting Manual and accounts guidance, the department is required to provide in these accounts for the full value of the expected future pensions liabilities of these officers. The Government Actuary's Department now value contingent injury awards, the previous approach valued injury awards as they came into payment. This change in practice is due to the adoption of IAS 19. The Government Actuary's Department (GAD) were commissioned to value the scheme liabilities at 31 March 2013.

The main assumptions of these schemes are as follows:

	2012-13	2011-12
	%	%
Inflation assumption	1.70	2.00
Rate of salaries increase	3.95	4.25
Rate of pensions increase	1.70	2.00
Discount rate	4.10	4.85

Pension liabilities

	2012-13	2011-12
	£000	£000
Present value of liabilities – police officers	535,060	512,430

Changes in Pension assets and liabilities for the year

The change in the pension liabilities resulting from operating and finance costs have been charged to the Consolidated Statement of Comprehensive Net Expenditure. The charge is reduced by contributions receivable in the year from active members.

	2012-13	**2011-12**
	£000	**£000**
Expense recognised in Statement of Comprehensive Net Expenditure		
Current service cost (net of participant's contributions)	9,550	11,040
Interest cost	24,550	27,790
Total	34,100	38,830
Actuarial gain/(loss)		
Experience gain/(loss) arising on pension liability	24,570	11,340
Changes in assumptions underlying the present value of pension liabilities	(35,010)	(3,670)
	(10,440)	7,670
Movement in the liabilities during the year		
Net liabilities at start of year	512,430	499,841
Current and past service cost	9,580	11,070
Pensions paid in the year	(22,050)	(18,630)
Pension transfers-in	110	29
Net finance charge	24,550	27,790
Actuarial (gain)/loss	10,440	(7,670)
Net liabilities at end of year	535,060	512,430

(e) By Analogy Pension Scheme

The NPIA and IPCC also operate a ‘Broadly by Analogy’ (BBA) Pension Scheme for the Chairman, this scheme is analogous with the Principal Civil Service Pension Scheme (PCSPS). The Chairman for NPIA and some former members of the Police Complaints Authority within IPCC, are provided pensions under this arrangement. The BBA pensions are unfunded, with benefits being paid as they fall due. Liabilities for the scheme rest with NPIA and IPCC, and provision for these liabilities is reflected in the statement of financial position.

The By Analogy Pension arrangement is operated under broadly the same rules as the Principal Civil Service Pension Scheme (PCSPS). The benefits valued are those accrued up to 31 March 2013. Liabilities relating to payments made before normal retirement under the terms of the Civil Service Compensation Scheme are excluded. The pension arrangements are unfunded, with benefits being paid as they fall due and guaranteed by the employer. There is no fund and, therefore, no surplus or deficit.

The main assumptions used to assess liabilities as at 31 March 2013 were as follows:

	2012-13	**2011-12**
	%	**%**
Inflation assumption	1.70	2.00
Rate of salaries increase	3.95	4.25
Rate of pensions increase	2.35	2.00
Discount rate	4.10	4.85

Pension liabilities		**Restated**
	2012-13	**2011-12**
	£000	**£000**
Present value of liabilities	2,072	1,731

Total pension liabilities at 31 March		**Restated**
	2012-13	**2011-12**
	£000	**£000**
Police Pensions	535,060	512,430
LGPS	63	132
BBA scheme	2,072	1,731
	537,195	514,293

The total actuarial loss on pension schemes in 2012-13 was £10,937k (In 2011-12 there was an actuarial gain of £7,326k).

8. Other Administration Costs

	Note	2012-13 £000 Core Department	Core Department & Agencies	Departmental Group	Restated 2011-12 £000 Core Department	Core Department & Agencies	Departmental Group
Rentals under operating leases		3,767	3,767	4,960	2,224	2,240	3,457
PFI & service charges		60,307	82,688	84,989	47,179	70,542	71,095
Non-cash items							
Depreciation		18,465	21,862	22,178	13,160	14,303	16,490
Amortisation		3,122	4,983	5,384	2,773	4,662	5,461
Impairment	16	131	339	339	4,289	4,289	4,289
(Profit)/loss on disposal of property, plant and equipment		448	454	529	(10)	(147)	(179)
PFI Interest charges		23,804	23,804	23,804	23,818	23,818	23,833
Finance lease interest charges		-	-	-	-	-	-
Notional charges		-	-	-	-	325	325
Auditor’s remuneration and expenses		375	949	949	421	1,046	1,046
Provision movements	21	1,111	4,445	4,422	915	(1,081)	(1,414)
Bad debt movement		167	174	176	(258)	(335)	(375)
Publication stationery & printing		1,431	1,910	2,070	1,273	2,124	2,282
Facilities management and staff services		12,290	27,036	50,519	22,881	52,328	79,643
Travel, subsistence and hospitality		10,180	15,515	17,800	4,460	7,947	10,472
Professional fees		15,526	19,783	22,905	26,350	30,309	31,685
Auditor’s remuneration and expenses		-	-	331	-	-	208
Media and IT		8,035	8,439	12,513	4,941	6,097	14,052
Early retirement costs		2,557	3,439	3,430	1,476	5,576	5,576
Other administration expenditure		6,483	21,474	23,193	509	(1,193)	1,655
		168,199	**241,061**	**280,491**	**156,401**	**222,850**	**269,601**

No remuneration has been paid to the National Audit Office for non-audit work (2011-12, £nil).

9. Programme Costs

	Note	Core Department	Core Department & Agencies	2012-13 £000 Departmental Group	Core Department	Core Department & Agencies	Restated 2011-12 £000 Departmental Group
Rentals under operating leases		1,279	1,384	5,137	13,160	6,611	14,695
Interest charges		-	-	5	-	-	86
PFI & service charges		251,510	402,614	532,352	106,731	219,552	445,837
Non-cash items							
Depreciation		42,649	86,207	135,551	35,058	81,105	151,901
Amortisation		23,247	99,695	118,474	11,792	45,417	66,430
Impairment	16	1,643	4,506	13,717	713	1,261	16,048
(Profit)/loss on disposal of property, plant and equipment		59	1,495	1,539	(6)	(6)	(279)
PFI Interest charges		-	36,966	37,201	10,401	47,249	47,716
Finance lease interest charge		493	7,139	7,139	531	7,273	7,273
Notional charges		-	-	103	-	-	3
Auditor's remuneration and expenses		-	-	-	-	-	-
Provision movements	21	7,028	32,977	38,584	64,913	84,310	91,520
Bad debt movement		72	9,334	9,356	489	5,537	5,525
Grants							
Grants – current		6,241,164	6,342,147	6,344,636	6,429,244	6,542,057	6,545,705
Grants – capital		214,528	214,533	214,533	219,669	219,669	219,669
Grants – EU		-	21,957	21,957	-	27,961	27,961
Grants – pension costs		1,232,859	1,232,859	1,232,859	1,059,297	1,059,297	1,059,297
Other							
Publication stationery and printing		869	5,475	6,380	628	4,083	6,162
Passport printing and stationery		-	133,905	133,905	-	99,395	99,395
Facilities management and staff services		84,528	205,669	258,297	49,951	186,012	238,161
Travel, subsistence and hospitality		22,230	36,717	63,987	10,149	18,318	44,633
Professional fees		24,320	201,062	205,888	23,075	94,131	99,960
Auditor's remuneration and expenses		-	-	208	-	-	183
Media and IT		2,388	2,967	93,069	5,461	2,362	142,991
Early Retirement		241	2,754	730	13,615	55,641	55,641
Other programme costs		165,253	624,700	619,925	70,280	648,448	616,353
Total		**8,316,360**	**9,707,062**	**10,095,532**	**8,125,151**	**9,455,683**	**10,002,866**

No remuneration has been paid to the National Audit Office for non-audit work (2011-12, £nil).

10.1 Income

	2012-13 £000 Core Department	2012-13 £000 Core Department & Agencies	2012-13 £000 Departmental Group	Restated 2011-12 £000 Core Department	Restated 2011-12 £000 Core Department & Agencies	Restated 2011-12 £000 Departmental Group
Retained Income						
Passport fees	-	436,679	436,679	-	378,018	378,018
Other administration income	34,595	40,602	49,323	34,768	79,619	83,530
Programme income	406,424	1,439,954	1,554,113	213,751	1,105,944	1,215,092
EU income	339	21,388	21,979	429	28,134	28,134
Total Retained Income	441,358	1,938,623	2,062,094	248,948	1,591,715	1,704,774
Payable to Consolidated Fund						
Passport fees	-	67,468	67,468	-	64,240	64,240
Excess receipts	4,673	6,208	10,037	4,914	38,193	38,193
Other administration income	154	2,814	2,816	-	-	-
Other programme income	10,271	8,580	8,602	10,281	10,324	10,333
Other CFER receipts	-	-	-	-	-	-
Total payable to Consolidated Fund	15,098	85,070	88,923	15,195	112,757	112,766
Total	456,456	2,023,693	2,151,017	264,143	1,704,472	1,817,540
Of which						
Administration income	34,821	83,694	92,417	34,768	79,619	83,530
Programme income	421,635	1,939,999	2,058,600	229,375	1,624,853	1,734,010
	456,456	2,023,693	2,151,017	264,143	1,704,472	1,817,540

10.2 Analysis of income from services provided to external and public sector customers

Segment		Note	Income £000	Full Cost £000	Surplus / (deficit) £000	2012-13 Fee recovery actual %	Fee recovery target %
Core Home Office	Animal Licences (scientific procedures)		4,000	3,829	171	104	100
Core Home Office	Border Force	1	2,870	2,657	213	108	100
CRB	CRB Disclosures – Enhanced	2	73,657	61,843	11,814	119	100
CRB	CRB Disclosures – Standard	2	4,702	3,167	1,535	148	100
DBS	DBS Disclosures – Enhanced	2	37,886	38,368	(482)	99	100
DBS	DBS Disclosures – Standard	2	1,954	1,752	202	112	100
UKBA	UKBA International Group – Visas	3	444,759	366,571	78,188	121	100
UKBA	UKBA Immigration Group	4	482,559	200,283	282,276	241	184
IPS	Passports	5	439,742	367,605	72,137	120	100
IPS	Certificate Services	6	15,767	18,653	(2,886)	85	100
NDPB	NPIA – Information Services	7	56,747	190,695	(133,948)	30	100
NDPB	NPIA – People Development	8	11,318	21,363	(10,045)	53	100
NDPB	College of Policing – People Development	8	5,903	12,180	(6,277)	48	100
NDPB	SIA – Licensing Income		32,112	28,037	4,075	115	100
NDPB	SIA – ACS Income	9	2,122	1,915	207	111	100
NDPB	OISC – Registration Fees	10	1,057	4,092	(3,035)	26	100
			1,617,155	**1,323,010**	**294,145**		

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) Border Force charges Airline Carriers for the costs of detaining passengers arriving in the UK without the required UK entry documentation and also for charges for the cost of providing fast track services . The cost recovery target is 100%.

2) An Enhanced CRB Checks provides details of all Cautions, Warnings, Reprimands and Convictions held on an individual's criminal record. It will also search whether the applicant is on the children / vulnerable adults Barred Lists. The Barred Lists are a list of the names of individuals that are barred by law from working with children or vulnerable adults. The Enhanced CRB Check also has a section for 'Other Relevant Police Information' where the applicant's local police force can add any further notes should they deem it relevant A Standard CRB Disclosure provides details of all convictions held on the Police National Computer including current and "spent" convictions as well as details of any cautions, reprimands or final warnings on the applicant. The CRB ceased to exist on 30 November 2012 with all assets, liabilities and responsibilities transferred to DBS on 1 December 2012.

3) UKBA International Group is responsible for issuing Visas. The Group's cost 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).

4) 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.

5) 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.

6) 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.

7) NPIA Information Services includes the Airwave radio service, fingerprint identification, the Police National Computer, police science and forensics as well as project support and IT systems.

8) NPIA People Development includes exams and assessments, learning and development services and leadership development services. On 1 December 2012 some of the NPIA functions transferred to the College of Policing, who are continuing to derive income from People Development and other services.

9) The SIA Approved Contractor Scheme (ACS) income is the registration and application fees for companies joining the voluntary scheme for providers of security services. Companies who satisfactorily meet the agreed standards may be registered as approved and advertise themselves as such.

10) OISC charge immigration advisers the registration fees on application to join or remain within the OISC scheme.

							2011-12
			Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target
Segment		Notes	£000	£000	£000	%	%
Core Home Office	Animal Licences (scientific procedures)		4,000	3,842	158	104	100
Core Home Office	Border Force	2	2,726	2,597	129	105	100
CRB	CRB Disclosures – Enhanced	3	103,972	105,685	(1,713)	98	100
CRB	CRB Disclosures – Standard		6,549	5,349	1,200	122	100
CRB	CRB Disclosures – ISA Adult First	4	1,161	878	283	132	100
UKBA	UKBA International Group – Visas	5	428,580	416,550	12,030	103	100
UKBA	UKBA Immigration Group	6	433,734	206,072	227,662	210	184
IPS	Passports	7	427,254	378,131	49,123	113	100
IPS	Certificate Services	8	16,947	23,349	(6,402)	73	100
NDPB	NPIA – Information Services	9	113,085	406,245	(293,160)	28	100
NDPB	NPIA – People Development	10	19,585	36,091	(16,506)	54	100
NDPB	SIA – Licensing Income		31,410	26,363	5,047	119	100
NDPB	SIA – ACS Income	11	2,271	1,985	286	114	100
			1,591,274	**1,613,137**	**(21,863)**		

Analysis of 2012-13 income streams by Segment

Segment		Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	Fee recovery target %
Core	Core Home Office	6,870	6,486	384	106	100
CRB	Criminal Records Bureau	78,359	65,010	13,349	121	100
DBS	Disclosure and Barring Service	39,839	40,119	(280)	99	100
UKBA	UK Border Agency	927,318	566,854	360,464	164	128
IPS	Identity and Passport Service	455,509	386,258	69,251	118	100
NDPB	NPIA	68,065	212,058	(143,993)	32	100
NDPB	SIA	34,234	29,952	4,282	114	100
NDPB	OISC	1,057	4,092	(3,035)	26	100
NDPB	CoP	5,903	12,180	(6,277)	48	101
		1,617,154	**1,323,009**	**294,145**		

Analysis of 2011-12 income streams by Segment

Segment		Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	Fee recovery target %
HO	Central Home Office	6,726	6,439	287	104	100
CRB	Criminal Records Bureau	111,682	111,912	(230)	100	100
UKBA	UK Border Agency	862,314	622,622	239,692	138	128
IPS	Identity and Passport Service	444,201	401,480	42,721	111	100
NDPB	NPIA	132,670	442,336	(309,666)	30	100
NDPB	SIA	33,681	28,348	5,333	119	100
		1,591,274	**1,613,137**	**(21,863)**		

11. Assets held for sale

At 31 March 2013, the department had no assets held for sale (31 March 2012: £nil).

12. Property, plant and equipment

2012-13 Departmental Group

	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2012	48,082	1,064,264	81,426	411,015	514,488	80,328	129,672	2,329,275
Additions	1,851	23,410	8,553	16,361	10,332	2,192	63,548	126,247
Disposals	-	(5,257)	(5,158)	(9,680)	(2,058)	(11,236)	(23)	(33,412)
Impairment	-	(10,574)	(13)	(16,979)	(1,643)	(2,748)	(3,359)	(35,316)
External transfers	-	(1,702)	(877)	(14,634)	(1,344)	(108)	(6,442)	(25,107)
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Reclassifications	172	1,125	1,202	32,165	1,534	37	12,197	48,432
Revaluations	(959)	(3,066)	954	32,425	8,214	1,009	66	38,643
At 31 March 2013	49,146	1,068,200	86,087	450,673	529,523	69,474	195,659	2,448,762
Depreciation								
At 1 April 2012	-	(424,786)	(59,994)	(260,176)	(231,338)	(52,164)	-	(1,028,458)
Charged in year	-	(38,622)	(6,158)	(65,669)	(38,626)	(8,654)	-	(157,729)
Disposals	-	4,320	4,654	9,281	1,979	10,762	-	30,996
Impairment	-	1,256	11	16,714	1,630	1,851	-	21,462
External transfers	-	1,428	876	12,904	1,105	23	-	16,336
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Reclassifications	-	(391)	-	8,570	(8,541)	(3)	-	(365)
Revaluations	-	2,947	(658)	(17,447)	(3,517)	(432)	-	(19,107)
At 31 March 2013	-	(453,848)	(61,269)	(295,823)	(277,308)	(48,617)	-	(1,136,865)
Net book value at 31 March 2013	49,146	614,352	24,818	154,850	252,215	20,857	195,659	1,311,897
Net book value at 1 April 2012	48,082	639,478	21,432	150,839	283,150	28,164	129,672	1,300,817
Asset financing:								
Owned	49,146	347,225	24,818	102,398	95,494	15,355	195,659	830,095
Finance leased	-	79,826	-	73	-	-	-	79,899
On balance sheet PFI/other concession arrangements	-	187,301	-	52,379	156,721	5,502	-	401,903
Net book value at 31 March 2013	49,146	614,352	24,818	154,850	252,215	20,857	195,659	1,311,897
Analysis of property, plant and equipment at 31 March 2013								
Of the total:								
Core department	6,718	240,738	8,994	48,124	232,277	6,274	103,857	646,982
Agencies	38,674	294,436	5,814	80,538	13,557	7,779	69,280	510,078
Non-Departmental Public Bodies	3,754	79,178	10,010	26,188	6,381	6,804	22,522	154,837
Net book value at 31 March 2013	49,146	614,352	24,818	154,850	252,215	20,857	195,659	1,311,897

	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Restated 2011-12 Departmental Group Total £000
Cost or valuation								
At 1 April 2011	46,052	1,032,647	81,670	383,416	506,638	80,130	141,598	2,272,151
Additions	-	24,708	2,431	22,297	16,094	2,417	40,158	108,105
Disposals	-	(18,850)	(3,700)	(14,099)	(18,547)	(3,075)	(414)	(58,685)
Impairment	(744)	(13,496)	-	(2,280)	(27)	(4,693)	(4,524)	(25,764)
External transfers	-	-	1	920	(1,150)	-	538	309
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Reclassifications	5	17,886	(303)	23,997	4,729	5,101	(48,228)	3,187
Revaluations	2,769	21,369	1,327	(3,235)	6,751	448	544	29,973
At 31 March 2012	48,082	1,064,264	81,426	411,016	514,488	80,328	129,672	2,329,276
Depreciation								
At 1 April 2011	-	(405,216)	(55,575)	(219,454)	(193,761)	(49,909)	-	(923,915)
Charged in year	-	(37,661)	(7,670)	(60,328)	(53,508)	(9,224)	-	(168,391)
Disposals	-	16,548	3,295	13,837	18,196	2,851	-	54,727
Impairment	-	6,312	-	1,829	20	4,372	-	12,533
External transfers	-	-	-	(293)	272	-	-	(21)
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Reclassifications	-	-	208	1,461	(208)	-	-	1,461
Revaluations	-	(4,769)	(252)	2,772	(2,350)	(254)	-	(4,853)
At 31 March 2012	-	(424,786)	(59,994)	(260,176)	(231,339)	(52,164)	-	(1,028,459)
Net book value at 31 March 2012	48,082	639,478	21,432	150,840	283,149	28,164	129,672	1,300,817
Net book value at 1 April 2011	46,052	627,431	26,095	163,962	312,877	30,221	141,598	1,348,236
Asset financing:								
Owned	48,082	367,819	21,432	97,430	122,614	21,361	129,672	808,410
Finance leased	-	75,930	-	47	-	128	-	76,105
On balance sheet PFI/other concession arrangements	-	195,729	-	53,363	160,535	6,675	-	416,302
Net book value at 31 March 2012	48,082	639,478	21,432	150,840	283,149	28,164	129,672	1,300,817
Analysis of property, plant and equipment at 31 March 2012								
Of the total:								
Core department	3,598	215,857	10,398	25,321	116,986	9,008	25,910	407,078
Agencies	36,823	294,075	1,088	82,370	11,367	11,161	83,329	520,213
Non-Departmental Public Bodies	7,661	129,546	9,946	43,149	154,796	7,995	20,433	373,526
Net book value at 31 March 2012	48,082	639,478	21,432	150,840	283,149	28,164	129,672	1,300,817

Buildings comprises freehold, long leasehold (leases with 50+ years to run from the year ending 31 December) and short leasehold buildings.

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. Once assets are ready for use they are reclassified to the appropriate asset category and are subject to depreciation.

NPIA Communications when transferred to the Core Home Office has been categorised as Plant and Machinery, when it was shown within IT in previous years. Prior year asset movements have been adjusted to reflect this change.

The present value of the minimum lease payments is used to value finance leases.

13. Intangible assets

	Information Technology £000	Software Licenses £000	Websites £000	Payments on Account & Assets under Construction £000	2012-13 Departmental Group Total £000
Cost or valuation					
At 1 April 2012	415,726	148,924	379	277,897	842,926
Additions	114,523	9,202	497	39,226	163,448
Donations	-	-	-	-	-
Disposals	(26,496)	(6,145)	-	-	(32,641)
Impairments	(1,148)	(2,693)	-	(80)	(3,921)
Reclassifications	192,695	(17,275)	462	(224,325)	(48,443)
Transfers	14,609	(7,869)	2,405	(1)	9,144
Revaluations	48,826	3,465	61	-	52,352
At 31 March 2013	758,735	127,609	3,804	92,717	982,865
Amortisation					
At 1 April 2012	(224,991)	(73,211)	(98)	-	(298,300)
Charged in year	(106,654)	(17,016)	(187)	-	(123,857)
Disposals	26,491	6,117	-	-	32,608
Impairments	1,095	2,624	-	-	3,719
Reclassifications	(76,342)	76,727	(9)	-	376
Transfers	(3,158)	523	-	-	(2,635)
Revaluations	(24,471)	(2,003)	(35)	-	(26,509)
At 31 March 2013	(408,030)	(6,239)	(329)	-	(414,598)
Carrying amount at 31 March 2013	350,705	121,370	3,475	92,717	568,267
Carrying amount at 1 April 2012	190,735	75,713	281	277,897	544,626
Asset financing:					
Owned	282,441	116,932	3,475	78,564	481,412
Finance leased	66	1,108	-	-	1,174
On balance sheet PFI/other concession arrangements	68,198	3,330	-	14,153	85,681
Carrying amount at 31 March 2013	350,705	121,370	3,475	92,717	568,267
Analysis of intangible assets at 31 March 2013					
Of the total:					
Core department	84,700	11,461	389	26,762	123,312
Agencies	252,580	91,543	186	38,476	382,785
Non-Departmental Public Bodies	13,425	18,366	2,900	27,479	62,170
Carrying amount at 31 March 2013	350,705	121,370	3,475	92,717	568,267

Restated 2011-12 Departmental Group	Information Technology £000	Software Licenses £000	Websites £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation					
At 1 April 2011	323,032	95,966	236	248,282	667,516
Additions	16,865	42,884	143	124,631	184,523
Donations	-	-	-	-	-
Disposals	(7,932)	(1,263)	-	(93)	(9,288)
Impairments	(162)	(23)	-	(7,060)	(7,245)
Reclassifications	82,726	2,004	-	(87,917)	(3,187)
Transfers	(3,329)	2,871	-	54	(404)
Revaluations	4,526	6,485	-	-	11,011
At 31 March 2012	415,726	148,924	379	277,897	842,926
Amortisation					
At 1 April 2011	(190,107)	(38,177)	(40)	-	(228,324)
Charged in year	(38,057)	(33,776)	(58)	-	(71,891)
Disposals	7,916	894	-	-	8,810
Impairments	128	11	-	-	139
Reclassifications	(1,461)	-	-	-	(1,461)
Transfers	741	(609)	-	-	132
Revaluations	(4,151)	(1,554)	-	-	(5,705)
At 31 March 2012	(224,991)	(73,211)	(98)	-	(298,300)
Carrying amount at 31 March 2012	190,735	75,713	281	277,897	544,626
Carrying amount at 1 April 2011	132,925	57,789	196	248,282	439,192
Asset financing:					
Owned	172,277	74,903	281	277,897	525,358
Finance leased	-	-	-	-	-
On balance sheet PFI/other concession arrangements	18,458	810	-	-	19,268
Carrying amount at 31 March 2012	190,735	75,713	281	277,897	544,626
Analysis of intangible assets at 31 March 2012					
Of the total:					
Core department	4,449	22,013	-	32,106	58,568
Agencies	123,814	29,779	281	186,010	339,884
Non-Departmental Public Bodies	62,472	23,921	-	59,781	146,174
Carrying amount at 31 March 2012	190,735	75,713	281	277,897	544,626

14. Financial instruments

Risk Management Objectives and Policies

The FReM 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 and managing 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.

Market 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. The other contract charges the agency based on the prevailing rate at the time of transaction, therefore the agency is subject to the risks and rewards of the variations.

3. 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) and (3). 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.

	Value per accounts	Value if exchange rate reduced by 1%	Value if exchange rate increased by 1%
(2) One Commercial Partner	18,247	18,065	18,429
(3) EU Income	(23,003)	(22,776)	(23,233)
Net charge to CSCNE	**(4,756)**	**(4,711)**	**(4,804)**

Credit risk

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 2013

	Loans and receivables £000	Equity investments £000	Amortised cost £000	Total book value £000	Fair value £000
Financial assets					
Cash	95,715	-	-	95,715	95,715
Loan notes	-	-	-	-	-
Investments	-	510	-	510	510
Trade and other receivables	236,998	-	-	236,998	236,998
Financial liabilities					
Bank overdraft	-	-	-	-	-
Finance lease and hire purchase obligations	-	-	(357,762)	(357,762)	(357,762)
Trade and other payables	-	-	(1,150,534)	(1,150,534)	(1,150,534)
	332,713	510	(1,508,296)	(1,175,073)	(1,175,073)

As per IFRS 7.37, an aged debt analysis of trade and other receivables categories from note 18 as at 31 March 2013 is included below. This analysis does not include accrued income, staff receivables, VAT receivables, PFI receivables and receivables from other Government departments.

Financial Assets	0-30 days £000	31-60 days £000	After 60 days £000	Total £000
Trade and other receivables	105,813	4,661	27,227	137,701

31 March 2012

	Loans and receivables £000	Equity investments £000	Amortised cost £000	Total book value £000	Fair value £000
Financial assets					
Cash	132,529	-	-	132,529	132,529
Investments	-	468	-	468	468
Trade and other receivables	232,299	-	-	232,299	232,299
Financial liabilities					
Bank overdraft	-	-	-	-	-
Finance lease and hire purchase obligations	-	-	(357,762)	(357,762)	(357,762)
Trade and other payables	-	-	(1,226,290)	(1,226,290)	(1,226,290)
	364,828	468	(1,584,052)	(1,218,756)	(1,218,756)

As per IFRS 7.37, an aged debt analysis of trade and other receivables categories from note 18 as at 31 March 2012 is included below. This analysis does not include accrued income, staff receivables, VAT receivables, PFI receivables and receivables from other Government departments.

Financial Assets	0-30 days £000	31-60 days £000	After 60 days £000	Total £000
Trade and other receivables	118,859	10,346	12,714	141,919

* All assets and liabilities are sterling denominated. Amortised costs are quoted at current day prices.

15. Investments in other public sector bodies

	Forensic Science Service Ltd (FSS)		College of Policing Investments	
	Share Capital £000	Loan Stock £000	Share Capital £000	Total £000
Balance at 31 March 2011	1	-	427	428
Additions	-	-	40	40
Loan repayments	-	-	-	-
Impairments	-	-	-	-
Loans repayable within 12 months transferred to receivables	-	-	-	-
Balance at 31 March 2012	1	-	467	468
Additions	-	-	43	43
Loan repayments	(1)	-	-	(1)
Impairments	-	-	-	-
External transfers			-	-
Loans repayable within 12 months transferred to receivables	-	-	-	-
Balance at 31 March 2013	-	-	510	510

The Home Office's nominal investment in the FSS was written off during 2012-13.

The College of Policing (CoP) owns non-current investments of £510k in unit trusts held as investments for charities by the Police Training Authority Trust within the CoP.

16. Impairments

The Home Office has incurred the following impairments to non current assets and investments during the financial year:

	Note	2012-13 £000	2011-12 £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	8, 9	13,848	20,337
Charged to the Revaluation Reserve		7,169	3,885
		21,017	24,222

Segmental analysis	2012-13 £000	2011-12 £000
Crime and Policing Group	16,192	18,612
Criminal Records Bureau	-	43
Office for Security and Counter Terrorism	-	-
UK Border Agency	1,600	560
Border Force	-	146
Identity and Passport Service	1,451	3,235
Central Home Office	1,774	1,626
Total	21,017	24,222

An analysis of these impairments by asset class are as follows:

	2012-13 £000	2011-12 £000
Property, Plant and Equipment – Land	959	744
Property, Plant and Equipment – Buildings	15,340	7,184
Property, Plant and Equipment – Vehicles	2	-
Property, Plant and Equipment – IT	265	3,853
Property, Plant and Equipment – Plant and Machinery	2	207
Property, Plant and Equipment – Furniture and Fittings	896	321
Property, Plant and Equipment – Assets under Construction	3,283	4,926
Intangible – IT	39	236
Intangible – Software	76	52
Intangible Assets under Construction	155	6,699
Investments	-	-
	21,017	24,222

Impairments in 2012-13 amounted to £21.0 million.

17. Inventories

	31 March 2013			31 March 2012			31 March 2011		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Finished goods and goods for resale	-	10,804	10,804	-	7,198	7,198	-	7,284	7,284
Work in Progress	-	1,539	1,539	-	1,109	1,109	-	274	274
	-	12,343	12,343	-	8,307	8,307	-	7,558	7,558

18. Trade receivables, financial and other assets

	31 March 2013			Restated 31 March 2012			Restated 31 March 2011		
	Dept. Group £000	Core Dept. & Agencies £000	Dept. Group £000	Core Department £000	Dept. Group £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000
Amounts falling due within one year:									
Trade receivables	62,537	79,564	86,287	33,255	80,120	100,430	24,638	19,245	41,547
VAT receivables net of payables	32,976	32,976	32,131	33,205	33,174	33,174	65,217	87,798	88,428
Staff receivables	7,694	11,933	12,036	4,218	9,298	9,386	7,828	12,970	12,970
Receivables – government departments	-	9,566	9,525	26,703	28,075	28,075	3,603	26,900	26,900
Other receivables	8,936	10,699	17,969	9,175	11,042	10,158	8,611	16,451	22,369
Prepayments and accrued income	137,262	203,643	217,899	68,229	167,354	177,092	101,422	152,806	179,803
Current part of PFI and other service concession arrangements prepayment	-	-	695	-	-	1,147	-	-	150
Amounts due from the Consolidated Fund in respect of supply	-	-	-	26,660	26,660	26,660	-	-	-
	249,405	348,381	376,542	201,445	355,723	386,122	211,319	316,170	372,167

	31 March 2013			31 March 2012			31 March 2011		
	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000
Amounts falling due after more than one year:									
Trade receivables	-	-	-	-	-	-	-	-	-
Other receivables	-	1,049	1,060	-	-	45	-	-	4,990
Staff receivables	-	-	-	-	-	-	-	-	-
Receivables government departments	-	-	-	-	-	-	-	-	-
Prepayments and accrued income	-	-	2,151	-	-	3,625	-	-	-
	-	1,049	3,211	-	-	3,670	-	-	4,990

18.1 Intra-Government balances

	31 March 2013			31 March 2012			31 March 2011		
	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000	Core department £000	Core Dept. & Agencies £000	Dept. Group £000	Core department £000	Core Dept. & Agencies £000	Dept. Group £000
Current									
Balances with other central government bodies	125,930	134,774	125,844	117,500	124,554	124,634	139,336	212,376	234,686
Balances with local authorities	38,404	38,621	43,817	41,746	46,306	54,545	8,704	13,613	23,149
Balances with NHS Bodies	1	1	1,101	-	1,116	1,141	-	1,016	1,048
Balances with public corporations and trading funds	39	364	572	14	339	364	5,094	5,112	5,155
Subtotal: intra-government balances	164,374	173,760	171,334	159,260	172,315	180,684	153,134	232,117	264,038
Balances with bodies external to government	85,031	174,621	205,208	42,185	183,408	205,438	58,185	84,053	108,129
Total receivables at 31 March	249,405	348,381	376,542	201,445	355,723	386,122	211,319	316,170	372,167

	31 March 2013			31 March 2012			31 March 2011		
	Core department £000	Core Dept. & Agencies £000	Dept. Group £000	Core department £000	Core Dept. & Agencies £000	Dept. Group £000	Core department £000	Core Dept. & Agencies £000	Dept. Group £000
Non-current									
Balances with other central government bodies	-	-	-	-	-	-	-	-	-
Balances with local authorities	-	-	-	-	-	-	-	-	-
Balances with NHS Bodies	-	-	-	-	-	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-	-	-	-	-	-
Subtotal: intra-government balances	-	-	-	-	-	-	-	-	-
Balances with bodies external to government	-	1,049	3,211	-	-	3,670	-	-	4,990
Total receivables at 31 March	-	1,049	3,211	-	-	3,670	-	-	4,990

Included within receivables is £10.7 million (2011-12: £10.7 million) that will be due to the Consolidated Fund once debts are collected.

19. Cash and cash equivalents

			2012-13			Restated 2011-12
	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	53,100	53,722	132,529	121,116	200,402	246,603
Net change in cash and cash equivalent balances	(20,138)	(7,539)	(36,814)	(68,016)	(146,680)	(114,074)
Balance at 31 March	32,962	46,183	95,715	53,100	53,722	132,529
The following balances at 31 March were held at:						
Government Banking Service (GBS)	32,923	46,144	64,564	52,769	53,280	53,884
Commercial banks and cash in hand	39	39	31,151	331	442	78,645
Balance at 31 March	32,962	46,183	95,715	53,100	53,722	132,529

20. Trade payables and other current liabilities

			31 March 2013			Restated 31 March 2012			Restated 31 March 2011
	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000
Amounts falling due within one year:									
Other taxation and social security	(44)	(50)	2,244	-	-	10,659	62,266	62,266	70,960
Trade payables	17,567	31,658	21,877	25,857	41,893	45,174	43,678	71,466	90,903
Other payables	(3)	11,747	18,839	38	57	(3,367)	10,122	12,497	12,644
Bank overdraft	-	-	-	-	-	-	-	1,280	1,280
Staff payables	-	-	437	-	-	430	705	705	2,309
Accruals and deferred income	840,535	1,203,447	1,281,089	851,247	1,249,888	1,320,273	644,487	942,015	1,018,681
Unpaid pension contributions	-	-	-	-	-	-	226	226	226
Payables – government departments	1,482	10,904	12,731	8	12,299	12,304	34,166	14,247	14,247
Current part of finance leases	638	9,168	9,168	638	9,062	9,062	657	7,287	7,287
Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements	31,283	39,294	44,083	31,938	40,644	43,245	32,400	49,863	52,541
Amounts issued from the Consolidated Fund for supply but not spent at year end	13,454	13,454	13,454	-	-	-	109,241	109,241	109,241
Consolidated Fund extra receipts due to be paid to the Consolidated Fund									
– received	41,263	39,597	39,604	69,051	69,061	69,061	73,737	73,737	73,737
– receivable	10,694	10,694	10,694	10,695	10,695	10,695	47,253	47,253	47,253
	956,869	1,369,913	1,454,220	989,472	1,433,599	1,517,536	1,058,938	1,392,083	1,501,309
Amounts falling due after more than one year:									
Other payables, accruals and deferred income	-	-	3,637	-	-	4,050	-	7,139	14,568
Imputed finance lease element of on-balance sheet (SoFP) PFI contracts and other service concession arrnagements	227,048	227,048	229,603	218,950	218,950	233,696	220,483	220,483	234,083
Finance leases	3,253	69,729	69,729	3,398	71,759	71,759	3,505	73,549	73,549
	230,301	296,777	302,969	222,348	290,709	309,505	223,988	301,171	322,200

20.1 Intra-Government balances

	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000	Core Department £000	Core Dept. & Agencies £000	Dept. Group £000
Current									
Balances with other central government bodies	169,118	167,093	164,032	216,985	215,202	214,863	464,494	499,455	506,251
Balances with local authorities	451,918	495,573	505,135	102,717	146,372	151,759	360,147	458,926	469,016
Balances with NHS Bodies	116	870	891	497	1,251	1,827	-	9	21
Balances with public corporations and trading funds	1,228	3,217	3,266	598	2,587	2,770	3,124	3,407	3,502
Subtotal: intra-government balances	622,380	666,753	673,324	320,797	365,412	371,219	827,765	961,797	978,790
Balances with bodies external to government	334,489	703,160	780,896	668,675	1,068,187	1,146,317	231,173	430,286	522,519
Total payables at 31 March	956,869	1,369,913	1,454,220	989,472	1,433,599	1,517,536	1,058,938	1,392,083	1,501,309
Non current									
Balances with other central government bodies	-	-	-	-	-	-	-	-	3,174
Balances with local authorities	-	-	-	-	-	-	-	-	-
Balances with NHS Bodies	-	-	-	-	-	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-	-	-	-	-	-
Subtotal: intra-government balances	-	-	-	-	-	-	-	-	3,174
Balances with bodies external to government	230,301	296,777	302,969	222,348	290,709	309,505	223,988	301,171	319,026
Total payables at 31 March	230,301	296,777	302,969	222,348	290,709	309,505	223,988	301,171	322,200

21. Provisions for liabilities and charges

	2012-13			Restated 2011-12		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	**98,770**	**180,297**	**210,620**	**101,248**	**190,381**	**218,960**
Provided in the year	8,800	58,290	65,219	73,688	110,662	118,000
Provisions not required written back	(1,481)	(24,597)	(25,929)	(8,390)	(29,105)	(29,619)
Provisions utilised in the year	(26,304)	(44,065)	(48,776)	(68,306)	(93,496)	(98,574)
Transfer of provisions	10,290	9,628	-	-	-	-
Borrowing costs (unwinding of discounts)	821	3,730	3,717	530	1,855	1,853
Balance at 31 March	**90,896**	**183,283**	**204,851**	**98,770**	**180,297**	**210,620**
Analysed as:						
Current	11,295	41,592	44,544	62,237	93,191	99,289
Non current	79,601	141,691	160,307	36,533	87,106	111,331
	90,896	**183,283**	**204,851**	**98,770**	**180,297**	**210,620**

Analysis of expected timing of discounted flows

	2012-13			Restated 2011-12		
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Not later than one year	11,295	41,592	44,544	62,237	93,191	99,289
Later than one year and not later than five years	60,040	101,952	117,139	22,173	53,180	67,333
Later than five years	19,561	39,739	43,168	14,360	33,926	43,998
Balance at 31 March	**90,896**	**183,283**	**204,851**	**98,770**	**180,297**	**210,620**

	Early Departure £000	Dilapidations £000	Legal Claims £000	FSS £000	Other £000	Total £00
Not later than one year	12,289	9,210	14,123	-	8,922	44,544
Later than one year and not later than five years	22,739	20,094	21,284	6,400	46,622	117,139
Later than five years	3,926	19,116	313	14,750	5,063	43,168
Balance at 31 March 2013	**38,954**	**48,420**	**35,720**	**21,150**	**60,607**	**204,851**

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 2.35% 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.

Dilapidations

The Home Office, its agencies and NDPBs makes provisions to cover its obligations for the reinstatement of its leasehold buildings to their original state before its occupation.

Legal claims

Provision has been made for various legal claims against the Home Office, its agencies and NDPBs. 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 24.

Forensic Science Service

An amount of £71.3 million was provided to fund the winding up of the FSS by 1 April 2012; £2.0 million of this provision remains as at 31 March 2013. An additional provision of £19.9 million has been made to fund FSS pensions, of which £19.2m remains at 31 March 2013.

Riot Damages Act

A £52.1 million provision has been created for costs arising from the summer riots under the Riot (Damages) Act 1886 of which £35.4 million remains as at 31 March 2013.

Other Provisions

The department has further provisions which do not fall into the above categories but which satisfies the criteria for provision creation. The following is a list of significant provisions making this figure:

Conservation costs for urgent repairs required to the Bramshill mansion (a Grade I listed building), and to the grounds and outbuildings (some Grade I and some Grade II), as set out in a report by Gilmore Hankey Kirke and Scott Wilson Group PLC dated April 2009. The costs of the required works are estimated to be £10.3 million, however due to the nature of conservation work this figure is not certain.

22.1. Capital Commitments

			2012-13			2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Contracted capital commitments of over £100,000 as at 31 March 2013 not otherwise included in these financial statements						
Property, Plant & Equipment	22,696	27,005	36,501	516	7,900	25,753
Intangible assets	13,617	16,752	18,426	18,231	52,667	58,595
	36,313	43,757	54,927	18,747	60,567	84,348

The Home Office has agreed to support the development of an interface between the Police National Computer (police data from England and Wales) and PSNI (police data from Northern Ireland). This is to mitigate the significant risk that police in England and Wales would not have access to background information on criminals previously active in Northern Ireland who have moved to England or Wales. The remaining commitment is £1.3 million.

In May 2000 the UK Government application to join the Schengen Convention was approved by the EU. Schengen Information System II (SIS II) is a European data system that allows participating countries to exchange information on wanted and missing people, and stolen and missing objects. It also allows for tracing of people for investigations. There is a requirement under EU legislation to contribute towards the cost of development of the infrastructure and £12 million has been committed.

£17.7 million of the core department's commitments relate to Border Force and are for IT systems and equipment.

The PEACE Capital Project, a contract with two suppliers for an IT System has commitments of £5 million.

UKBA's intangible commitments have decreased by £25m as the IBIS commitment ceased in March 2013.

IPS capital commitments have decreased from £12 million to £4.9 million due to a combination of factors, which include payment of charges during the period, offsetting completed milestones against the man day bank credits and changes to the scope, delivery timescales and financial impacts of the DLR and Computer Services Corporation (CSC) contracts.

SOCA's commitments of £9.5 million include contractual obligations for the provision of information technology and communications services.

DBS have a commitment of £1.5 million relating primarily to the Update Service.

22.2. Commitments under leases

22.2.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

Obligations under operating leases for the following periods comprise:

			2012-13			Restated 2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Land						
Not later than one year	332	1,324	1,324	332	752	805
Later than one year and not later than five years	1,330	5,561	5,561	1,330	2,922	3,133
Later than five years	3,270	20,891	20,891	3,603	9,778	14,029
	4,932	27,776	27,776	5,265	13,452	17,967
Buildings						
Not later than one year	1,407	36,264	58,505	11,484	56,467	81,309
Later than one year and not later than five years	3,608	102,735	175,402	22,108	155,781	233,081
Later than five years	1,346	102,474	223,388	9,836	123,263	254,077
	6,361	241,473	457,295	43,428	335,511	568,467
Other						
Not later than one year	94	417	440	74	520	552
Later than one year and not later than five years	50	901	916	25	617	617
Later than five years	-	3,095	3,095	-	-	-
	144	4,413	4,451	99	1,137	1,169
Total Commitment	**11,437**	**273,662**	**489,522**	**48,792**	**350,100**	**587,603**

The figures reported in 2011-12 in respect of UKBA's land have now been restated, as certain contracts have now been excluded from classification as operating leases.

22.2. Commitments under leases

22.2.2 Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

Obligations under finance leases for the following periods comprise:

			2012-13			2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Buildings						
Not later than one year	638	9,168	9,168	1,131	9,555	9,555
Later than one year and not later than five years	2,552	37,808	37,808	3,067	37,865	37,865
Later than five years	3,582	119,199	119,199	2,140	126,004	126,004
	6,772	166,175	166,175	6,338	173,424	173,424
Less interest element	2,881	87,278	87,278	2,302	92,602	92,602
Present value of obligations	3,891	78,897	78,897	4,036	80,822	80,822
Total Commitment	**3,891**	**78,897**	**78,897**	**4,036**	**80,822**	**80,822**

Present Value of obligations under finance leases for the following periods comprise:

			2012-13			Restated 2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Buildings						
Not later than one year	638	9,168	9,168	638	9,062	9,062
Later than one year and not later than five years	1,824	30,045	30,045	1,824	29,699	29,699
Later than five years	1,429	39,684	39,684	1,574	42,061	42,061
Total present value of obligations	3,891	78,897	78,897	4,036	80,822	80,822

22.3. Commitments under PFI and other service concession arrangements

22.3.1 "Off balance sheet" (SoFP)

In 2000, the Police Information Technology Organisation (PITO), which later became part of the NPIA, entered into a 19 year Public Finance Initiative (PFI) arrangement to design, build and operate a digital radio system providing national secure voice and data coverage for UK Policing (Airwave). Responsibility for this has now transferred to the Home Office.

The cost consists of a core service charge and a menu service charge. The core service charge is estimated to cost £1.2 billion over the entire 19 year life of the initiative with payments being made on a monthly basis. The menu service charge is estimated to cost £290 million over the 19 year life of the initiative, payable in respect of services provided over and above those within the core provision.

This is determined to be an off-balance sheet deal under IFRIC12 Service Concession Arrangements as the department does not control access to the Service or use all but an insignificant amount of the output. Airwave is increasingly being used by the Fire and Ambulance Services as well as other Public Sector Organisations.

	2012-13			2011-12		
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Total obligations under "off balance sheet" PFI and other service concession agreements for the following periods comprises:						
Not later than one year	376,318	376,318	376,318	-	–	216,422
Later than one year and not later than five years	803,580	803,580	803,580	-	–	929,611
Later than five years	212,270	212,270	212,270	-	–	505,782
	1,392,168	1,392,168	1,392,168	–	–	1,651,815

22.3.2 "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 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 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.

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 Statement of Financial Position ("balance sheet ") 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.

Independent Police Complaints Commission IT and Telephony Service

On 25 August 2009, a 10 year fixed price contract was signed for the provision of IT and Telephony services to the IPCC from Steria Limited. The contract was effective from 20 December 2009, with a break point at seven years. The assets acquired under the contract are under the control of the Independent Police Complaints Commission.

Under IFRIC 12, the contract is a service concession arrangement with the IPCC as grantor and Steria Limited as the operator.

Airwave

The on balance sheet portion of the Airwave commitment represent assets for the London Underground and the resilience network which have been paid for. Airwave Solutions Ltd will transfer some assets deemed transferable to the Home Office at the end of its contract period upon receipt of payment for the assets at fair market value. The value on-balance sheet represents the current assessment of these assets' fair value and they are treated as if they were a finance lease.

Disclosure and Barring Service

2011-12 was the final year of a 10 year contract awarded under the PPP initiative to provide the CRB checking service. Under IFRIC 12, assets were treated as assets of the DBS. The substance of the contract was that the CRB had a finance lease and that payments comprised two elements – imputed finance lease charges and service charges. At the end of March 2012 the finance lease creditor was fully settled. As a result, a lease arrangement no longer exists, and payments will no longer be split between imputed finance lease charges and service charges. Upon expiry of the contract the CRB reserve the option to retain or transfer the title of the technical infrastructure for the payment of a nominal sum. All CRB assets were transferred to DBS on 1 December 2012.

A contingency arrangement to extend this contract has been put in place until October 2013. Consequently, payments made for the DBS checking service have been charged in full to the SoCNE since 1 December 2012. A new PPP contract has been awarded to TCS (Tata Consultancy Services) which is due to commence 1 October 2013 for a period of 5 years.

			2012-13			2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Total obligations under "on balance sheet" PFI and other service concession agreements for the following periods comprises:						
Not later than one year	76,265	126,279	131,005	59,359	107,637	110,743
Later than one year and not later than five years	260,549	344,730	376,833	197,860	329,127	339,818
Later than five years	665,479	665,479	665,647	460,211	460,211	465,898
	1,002,293	1,136,488	1,173,485	717,430	896,975	916,459
Less interest element	373,838	373,838	374,007	397,142	397,142	399,279
Present Value of Obligations	628,455	762,650	799,478	320,288	499,833	517,180

			2012-13			2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Present value of obligations under "on balance sheet" PFI and other service concession agreements for the following periods comprises:						
Not later than one year	76,265	126,279	130,937	59,359	107,637	110,277
Later than one year and not later than five years	237,794	321,975	354,145	164,611	295,878	308,027
Later than five years	314,396	314,396	314,396	96,318	96,318	98,876
Total Present Value of Obligations	628,455	762,650	799,478	320,288	499,833	517,180

22.3.3 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 £303,929,000 (2011-12 377,328,000) and the payments to which the department, its agencies and NDPBs are committed is as follows.

			2012-13			2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Not later than one year	47,152	97,166	100,450	44,207	120,557	123,678
Later than one year and not later than five years	154,544	238,725	251,178	182,111	313,378	325,859
Later than five years	171,339	171,339	175,913	186,081	186,081	193,343
	373,035	507,230	527,541	412,399	620,016	642,880

22.4. Other financial commitments

The Home Office has entered into non-cancellable contracts (which are not leases or PFI contracts):

The Airwave Project is funded by a Memorandum of Understanding between NPIA and the Metropolitan Police Service by grant agreement. The remaining value of the contract is £1.1 million.

UKBA has entered into non-cancellable contracts (which are not leases or PFI contracts) worth an estimated £387 million for the provision of detention services, the development of the Immigration and Asylum Biometric System (IABS), and the facilitation of Worldwide Visa Application Centres.

IPS's other financial commitments are primarily operational in nature and exist from entering into non-cancellable contracts (which are not leases or PFI contracts) for the provision of contracted out services for passport production (DLR), cashiering and application scanning (Steria), administration of IT systems (CSC), secure delivery and the provision of a telephone contract centre (SMS). They have decreased by £89 million due to contract payments in year and changes to the scope and delivery of major contracts.

SOCA has an outsourcing contract with a consortium company for the delivery of ICT and related services which expires in December 2020. SOCA additionally has a storage and retrieval contract which runs to December 2017 and there are two facilities contracts which run to 2013.

Capita has a contractual obligation to carry out work for DBS under the Service Transfer Plan in terms of the transfer of the new PPP contract to the new supplier.

The payments to which the department and its agencies are committed, analysed by the period during which the commitment expires are as follows:

			2012-13			Restated 2011-12
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Not later than one year	41,884	341,347	385,346	32,860	245,301	271,322
Later than one year and not later than five years	71,376	493,127	574,665	69,992	494,132	559,209
Later than five years	212	77,832	115,983	763	154,568	206,438
Total	113,472	912,306	1,075,994	103,615	894,001	1,036,969

23. 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.

	1 April 2012 £000	Increase in year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 March 2013 £000
Indemnities					
Indemnity provided to BAA in respect of damage or injury caused to third parties from Border Force in their use of vehicles operating airside while transporting immigration officers between airside locations.	52,000	-	-	-	52,000
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 £5 million. 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 11 October 2011.	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
	322,000	**-**	**-**	**-**	**322,000**

The below quantifiable operational indemnities have been confirmed by HM Treasury as not required to be reported to Parliament.

	1 April 2012 £000	Increase in year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 March 2013 £000
SOCA has delegated authority to enter into indemnities of up to £250,000 for operational need. At 31 March 2013, SOCA has four operational indemnities with an estimated value of £1 million. In addition, five indemnities with clearing banks remain in place with a maximum aggregated value of £616,000 and ten further indemnities with an aggregate total less than £754,000.	2,490	-	-	(120)	2,370
Indemnity from Home Office to Raytheon to protect against IPR breach post novation of contract, limited to £5 million.	5,000	-	-	-	5,000
Total	**7,490**	**-**	**-**	**(120)**	**7,370**

In addition to the above mentioned indemnities, there is a €10 million, £8.15 million indemnity converted at the rate at 20 December 2012 from the European Central Bank website relating to the Cyclamen programme as at 31 March 2013.

24. Contingent Liabilities Disclosed Under IAS 37

The department has the following contingent liabilities:

The Home Office, its agencies and NDPBs 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.

Following the public disturbances of August 2011, the Home Office was made aware of certain high value claims totalling £148.9 million which were rejected by the relevant Police Authorities on the basis that they were not covered by the Riot Damages Act.

The PCC elections were run by Local Returning Officers (LROs) in each local authority, with Police Area Returning Officers (PAROs) co-ordinating the election across each force area. The elections took place in November 2012 and, as they are personally liable for a variety of costs a contingent liability up to a value of £3 million was reported.

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 £8.9 million.

UKBA is currently in dispute with five former 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 £37.5 million.

UKBA also has a number of other cases outstanding, predominantly relating to changes by UKBA on the immigration rules and their implementation which may have a negative impact on institutions and individuals. The potential liability is £21.2 million.

UKBA has a liability relating to personal injury at work. This has been estimated at £2.8 million.

The Home Office has terminated the e-Borders contract on the basis of material and repeated defaults committed by RSL, who are disputing the termination. See Note 30 for details.

IPS has had operational changes made during the past two years; certain contracts with suppliers were renegotiated. Advice received has indicated that in some instances, this may have resulted in a change of the VAT status of the supplies received that could lead to input tax of up to £700,000 becoming irrecoverable. The IPCC has a contingent liability of £75,000 in respect of a number of legal claims or potential claims against the IPCC, the outcome and timing of which cannot be estimated with certainty. Full provision is made in the financial statements for all liabilities that are expected to materialise.

SOCA has an obligation to reinstate leasehold buildings to their original state before its occupation. This has been estimated at £5 million.

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.

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 contingent 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.

Credit Industry Fraud Avoidance Service (CIFAS) – Fraud Protection Service

(Minute dated 23 November 2011)

To indemnify bodies against erroneous data entered on the CIFAS database, resulting in claims lodged against those organisations.

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.

Police Pay and Conditions Review

A standard board indemnity was given to the Lead Reviewer for the Police Pay and Conditions Review.

24.1 Contingent Assets Disclosed Under IAS 37

In 2007, the NPIA sold a police training centre at cost to a government agency. The eventual price was dependent on planning permission and resale for development. The NPIA is expecting to receive additional funds of around £1 million once that sale has been completed.

UKBA have challenged the service level provided from a supplier in the previous financial year. If the supplier accepts negligence UKBA could receive an estimated credit note of £480,000.

25. Losses and Special Payments

25.1 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.

						2012-13						Restated 2011-12
	Core Department		Core Dept & Agencies		Departmental Group		Core Department		Core Dept & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Losses under £250,000	2,039	198	3,168	1,274	3,185	1,407	215	447	1,345	1,423	1,384	1,744
Cases over £250,000	1	382	9	21,859	10	22,163	2	806	8	11,414	9	18,114
Total	**2,040**	**580**	**3,177**	**23,133**	**3,195**	**23,570**	**217**	**1,253**	**1,353**	**12,837**	**1,393**	**19,858**
Cases over £250,000 comprise:												
Overpayments	-	-	-	-	-	-	-	-	-	-	-	-
Fruitless Payments	-	-	-	-	-	-	2	806	3	3,535	3	3,535
Loss of Pay	-	-	-	-	-	-	-	-	1	402	1	402
Constructive Losses	1	382	6	5,826	7	6,130	-	-	4	7,477	5	14,177
Claims Waived or Abandoned	-	-	3	16,033	3	16,033	-	-	-	-	-	-
Total	**1**	**382**	**9**	**21,859**	**10**	**22,163**	**2**	**806**	**8**	**11,414**	**9**	**18,114**

Claims Waived or Abandoned

£8.6 million of losses arose as a result of UKBA-led projects incurring expenditure which was deemed ineligible under the terms of the EU eligibility criteria.

UKBA wrote off £5.5 million for claims which have had all recovery attempts exhausted and £2.0 million for debts that cannot be collected due to entities entering administration.

Constructive Losses

A £2.5 million loss was incurred by UKBA due to cancellations of scheduled and chartered flights originally intended to remove ineligible asylum seekers, which were subsequently cancelled due asylum seekers being granted the right to appeal.

The loss of £1.7 million was due to design development, planning consent and site preparation on the former MOD site at Bullingdon. The development of Bullingdon was not chosen as a preferred option of the detention strategy and subsequently the planning consent lapsed.

A payment of £396,000 was made by the UKBA for one empty property. Unavoidable payments relating to rent, rates and utilities are made to landlords and other parties after occupation ended. These payments are the consequence of an estate management and rationalisation plan designed to increase the overall long term benefit to the business. Part of the building has been sublet to minimise future losses.

A payment of around £382,000 was made as a result of under occupancy of block booked hotel rooms to meet staff duty needs during the 2012 Olympic and Paralympic games.

IPS wrote off £569,000 worth of stock rendered obsolete due to the introduction of the new style passport books. In addition £279,000 worth of residual balance was written off when IPS inventory control account migrated onto a new accounting system.

SIA made a £304,000 adjustment to the debtor balance with the managed service provider, to write off fees waived as a result of significant delays in collecting payments in 2007-08.

25.2 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.

						2012-13						Restated 2011-12
	Core Department		Core Dept & Agencies		Departmental Group		Core Department		Core Dept & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Special Payment Under £250,000	499	1,224	4,656	21,360	4,680	21,935	790	2,013	4,111	16,582	4,119	16,647
Special Payment Over £250,000	2	979	7	2,625	7	2,625	-	-	5	1,379	5	1,379
Total	**501**	**2,203**	**4,663**	**23,985**	**4,687**	**24,560**	**790**	**2,013**	**4,116**	**17,961**	**4,124**	**18,026**

An amount totalling £713,000 is included in the above table representing claimant's legal costs borne by the Home Office.

The Core Home Office made an ex-gratia payment to a member of staff in relation to a personal injury claim. The total costs amount to £266,000 of which £203,000 relates to 2012-13 and £63,000 to prior years.

UKBA lost a challenge in the Immigration Appeals Tribunal, resulting in the Appeals Judge awarding the claimants up to the full amount of the appeal fees, totalling £1 million.

Two special payments were made by the UKBA due to removals being successfully challenged by two families. Total costs over a two year period amounted to £624,000 in adverse legal costs and £103,000 in compensation payments.

UKBA made two payments consisting of £405,000 adverse legal cost and £122,000 compensation over two years, in relation to unlawful detention cases, successfully challenged by the detainees.

26. Related-party Transactions

At 31 March 2013 the Home Office was the parent department of the UK Border Agency (UKBA), Identity & Passport Service (IPS), National Fraud Authority (NFA) and the Criminal Records Bureau (CRB) (until closure on 30 November 2012). The Home Office was the sponsor of the Non-Departmental Public Bodies listed in Note 28. These bodies are regarded as related parties, with which the Home Office has had various material transactions during the year.

In addition, the department has had transactions with other government departments and other central government bodies. There have also been transactions with The Cabinet Office: Civil Superannuation relating to the employees' pension scheme. The employer's contribution to this pension scheme can be found in Note 7 to these accounts.

Outside of other government departments and other central government bodies, the department also has had related party transactions with Police and Crime Commissioners (previously police authorities). Among the grants paid to them have been:

Police main grant – England and Wales	£4,440 million
Neighbourhood policing fund	£338 million
Police special grant (including Riot (Damages) Act 1886 costs)	£21 million
Police capital grant	£123 million
Police PFI grants	£54 million
Police other grants	£593 million

In addition, the Home Office has paid £1,233 million to fund the deficit of the police pensions' schemes.

Ministers' interests are declared and maintained through the Register of Members Interests at the House of Commons and the Register of Lords' 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 18 and 20 provide details of intra-government balances. The Remuneration Report provides information on key management compensation.

Details of related party transactions of the UKBA, IPS, CRB and the NFA are disclosed in their audited accounts. Details of related party transactions of the consolidated Executive NDPBs are disclosed in their audited accounts.

27. Third-party assets

The UK Border Agency receives applications from foreign nationals to obtain British nationality. The application money includes a ceremony fee of £80 (2011-12 £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 account and is incorporated into the Home Office GBS 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 assets can be appropriated by UKBA, SOCA and other law enforcement bodies, UKBA has the authority to seize cash linked to offences against the Immigration Acts. Any cash seized is held in a separate bank account until a judicial case decision is made. Upon decision the monies, including any interest earned, are either returned to the owner or transferred to the agency or NDPB as a seized asset. Monies are held in separate bank accounts depending on currency to eliminate any exchange rate transactions. The balances in these accounts are excluded from the cash balance within the Home Office accounts.

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.

The assets held by the Home Office, its agencies and NDPBs 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, listed securities, motor vehicles and other valuables. They are set out, including interest, in the table immediately below.

	2012-13	Restated 2011-12
	£000	£000
Citizenship Ceremony Fee	5,875	6,498
Proceeds of Crime (UKBA)	5,227	5,249
Proceeds of Crime (SOCA)	11,200	10,200
Bail Bond Accounts	239	208
Total GBP	22,541	22,155

	2012-13	2011-12
	€000	€000
Proceeds of Crime (Euro)	3,038	2,185
Total Euro	3,038	2,185

	2012-13	2011-12
	$000	$000
Proceeds of Crime (US Dollar)	487	636
Total US Dollar	487	636

Seized assets

During the financial year, the consolidated department recognised £159.2 million (164.1 million in 2011-12) of retained income in relation to amounts recovered under the Proceeds of Crime Act 2001 and earlier legislation.

28. Entities within the Departmental Boundary

The entities within the departmental boundary during 2012-13 were as follows:

Entities Consolidated

The Home Office departmental accounting boundary encompassed the central government department, four executive agencies and seven non-departmental public bodies. The accounts of these entities form part of the Home Office's consolidated financial statements.

Executive Agencies

United Kingdom Border Agency
Criminal Records Bureau (until closure on 30 November 2012)
Identity and Passport Service
National Fraud Authority

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 (until closure on 30 November 2012)
National Policing Improvement Agency
Office of the Immigration Services Commissioner
Security Industry Authority
Serious and Organised Crime Agency
Disclosure and Barring Service (from 1 December 2012)

Other Entities:

College of Policing

The College of Policing was established as a limited company on 1 December 2012. It was classified as an Arms Length Body by the Treasury, and has been consolidated within the departmental boundary as a 'quasi-NDPB'.

Following a Machinery of Government change, the Commission for Equality and Human Rights moved from the Home Office to the Department for Culture, Media and Sport. The EHRC has been excluded from the 2012-13 consolidation, with the prior year similarly restated.

The National Policing Improvement Agency ceased operational activity during the year, with responsibilities largely transferring to the core department, the College of Policing and the Serious Organised Crime Agency. The NPIA will formally be wound up during 2013-14.

The accounts of these bodies can be found at http://www.official-documents.gov.uk.

Entities Not Consolidated

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.

29. Organisational Change within the Departmental Boundary

The entities consolidated within the departmental boundary during 2012-13 are listed in note 28. The department is under-going a substantial re-organisation. The key changes are listed below:

- the Government Equalities Office (GEO) and the Commission for Equality and Human Rights (EHRC) moved from the Home Office to the Department for Culture, Media and Sport following a Machinery of Government (MoG) change. Under merger accounting rules, the results of GEO and EHRC have been excluded from the 2012-13 consolidation, with the prior year similarly restated. See note 31 for further details
- the Disclosure and Barring Service (DBS) was established in 1 December 2012 to provide a joined up, seamless service combining the criminal records checking and barring functions. The DBS enables organisations to check information held on the Police National Computer and official lists held by the Department for Education and Skills and the Department of Health for any records held on individuals seeking to work with vulnerable people in society and in other regulated areas. These functions were previously carried out by the executive agency, the Criminal Records Bureau, and the non departmental public body, the Independent Safeguarding Authority. Both these organisations ceased operational activity on 30 November 2012
- the National Policing Improvement Agency (NPIA) ceased operational activity at the end of September 2012. National information services transferred to the core department on 1 October 2012, training and leadership services and workforce development transferred to the College of Policing on 1 December 2012, and operational support and advisory services transferred to the Serious Organised Crime Agency on 1 April 2012 (before future transfer to the National Crime Agency once that has been established). The NPIA will formally be wound up during 2013-14
- the interim College of Policing was established as a company limited by guarantee on 1 December 2012. It was classified as an Arms Length Body by the Treasury, and has been consolidated within the departmental boundary as a ‘quasi-NDPB’. The mission of the CoP is to safeguard the public and to support the fight against crime by ensuring professionalism in policing. In due course, Parliamentary time permitting, the College of Policing will be established as a statutory body, independent of government

In addition, the department is working towards the establishment of the National Crime Agency in 2013-14. The NCA will be established as an independent non-Ministerial government department.

30. Termination of the e-Borders contract

The e-Borders contract with Raytheon Systems Limited ("RSL"), a subsidiary of Raytheon Company, was terminated for cause on 22 July 2010. The Home Office subsequently initiated arbitration proceedings. 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. Within the 2010-11 accounts the UKBA made a full disclosure of the impairment charges, capital commitments, contingent liability and contingent asset.

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 e-Borders contract with Raytheon 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 but has now been decommissioned. The agency did not proceed further with the development of RP2 Core software, RP3 roll out and the additional enhancements in RP4. The costs associated with these parts of the programme were impaired in the 2010-11 UKBA accounts. In 2011-12 the e-Borders programme has continued, as part of the Border Systems Programme, with development and enhancement of legacy systems.

Impairment Charges

Termination of the contract and the decisions subsequently taken to stabilise the systems resulted in an impairment charge of £207.5 million in the 2010-11 accounts of which the Home Office had paid £156.3 million, not paid £50.1 million, with £1.2 million going to the revaluation reserve. This includes costs in assets under construction related to RP2 and RP3, which the Home Office decided not to complete, and an impairment of £112 million against the book value of the RP1 live assets.

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. From 1 April 2011 the only transactions in respect of these assets was the application of further depreciation charges.

	Opening Balance Apr-2010 £000	Net Movements to Jul-2010 £000	Impairment Jul-2010 £000	Net Movements to Mar-2011 £000	Opening Balance Apr-2011 £000	Net Movements to Mar-2012 £000	Opening Balance Apr-2012 £000	Net Movements Jan-2013 £000	Closing Balance Mar-2013 £000
RSL RP1 Assets									
RP1 Intangible	116,942	7,873	(109,513)	(3,530)	11,772	(4,390)	7,382	(7,382)	-
RP1 IT	4,308	(112)	(2,449)	(665)	1,082	(404)	678	(678)	-
Assets Under Construction	106,921	(11,334)	(95,587)	-	-	-	-	-	-
	228,171	(3,573)	(207,549)	(4,195)	12,854	(4,794)	8,060	(8,060)	-
Paid	168,372	4,956	(156,279)	(4,195)	12,854	(4,794)	8,060	(8,060)	-
Unpaid	59,799	(9,703)	(50,096)	-	-	-	-	-	-
Revaluation and Depreciation	-	1,174	(1,174)	-	-	-	-	-	-
	228,171	(3,573)	(207,549)	(4,195)	12,854	(4,794)	8,060	(8,060)	-

These impairments set out above have been included in the losses note for 2010-11. They represent the reduction in the net book value of the assets relating to e-Borders arising from the termination of the contract. There have been no further impairments of the RSL RP1 assets in 2011-12 or 2012-13.

Contingent Liability

The e-Borders contract with RSL was terminated for cause. RSL is disputing the termination.

The dispute is in arbitration. The Home Office has made a claim for damages. RSL has alleged that the termination by the agency was not valid and is making a counter-claim for damages.

The Home Office recognises that there is an inherent risk in all litigation. Consequently, as at 31 March 2013, the Home Office has disclosed this issue as a contingent liability (as was the case in the 2011-12 accounts). Due to the complexity of the Home Office's claim and RSL's counter-claim we are unable to quantify the amount of this contingent liability.

In addition to the above, as part of the contract termination process with RSL, the Home Office has transferred a contract between RSL and a subcontractor so that the contract is directly between the Home Office and the sub contractor. As part of the transfer the Home Office provided an indemnity of £5 million to RSL against losses arising from the infringement of intellectual property rights. The contract transferred on 15 April 2011.

Future Developments

The Home Office has taken forward e-Borders as part of its wider programme of investment in border security.

31. Machinery of Government changes

On 1 April 2012 the Government Equalities Office (GEO) ceased to be part of the Home Office and was moved to the Department of Culture, Media and Sport (DCMS) as the result of a Ministerial Reshuffle. The 2011-12 comparatives of these accounts have therefore been restated to exclude the GEO from the core department and consolidated department balances. The Equality and Human Rights Commission (EHRC) is an NDPB accountable through the GEO. The 2011-12 comparatives of these accounts have therefore been restated to exclude EHRC from the consolidated department balances.

	2011-12 GEO	2011-12 Impact on Core Department	2011-12 Impact on Core Dept & Agencies	2011-12 EHRC	2011-12 Impact on Departmental Group
	£000	£000	£000	£000	£000
Operating costs:					
Administrative staff costs	(5,510)	(5,510)	(5,510)	(19,962)	(25,472)
Other Administrative costs	(1,828)	(1,828)	(1,828)	(14,179)	(16,007)
Administration income	1,143	1,143	1,143	351	1,494
Programme staff costs	-	-	-	(1,868)	(1,868)
Other Programme costs	(885)	(885)	(885)	(7,575)	(8,460)
Programme income	-	-	-	72	72
Non Retainable Income	-	-	-	-	-
Grant-in-Aid (EHRC from GEO)	(35,975)	(35,975)	(35,975)	35,975	-
Total	**(43,055)**	**(43,055)**	**(43,055)**	**(7,186)**	**(50,241)**
Statement of Financial Position:					
Property, plant and equipment	-	-	-	(1,404)	(1,404)
Intangible assets	-	-	-	(41)	(41)
Inventories	-	-	-	-	-
Trade and other receivables	(646)	(646)	(646)	(964)	(1,610)
Cash and cash equivalents	(1,140)	(1,140)	(1,140)	(1,063)	(2,203)
Trade and other payables	618	618	618	8,450	9,068
Provisions	-	-	-	3,310	3,310
Long term trade and other payables	-	-	-	1,530	1,530
Total Assets Less Liabilities	**(1,168)**	**(1,168)**	**(1,168)**	**9,818**	**8,650**
General fund	(1,168)	(1,168)	(1,168)	10,013	8,845
Reserves	-	-	-	(195)	(195)
Total	**(1,168)**	**(1,168)**	**(1,168)**	**9,818**	**8,650**

	2010-11 GEO	2010-11 Impact on Core Department	2010-11 Impact on Core Dept & Agencies	2010-11 EHRC	2010-11 Impact on Departmental Group
	£000	£000	£000	£000	£000
Statement of Financial Position:					
Property, plant and equipment	-	-	-	(1,930)	(1,930)
Intangible assets	-	-	-	(223)	(223)
Inventories	-	-	-	-	-
Trade and other receivables	(511)	(511)	(511)	(1,464)	(1,975)
Cash and cash equivalents	(773)	(773)	(773)	(5,487)	(6,260)
Trade and other payables	527	527	527	6,392	6,919
Provisions	-	-	-	5,036	5,036
Long term trade and other payables	-	-	-	247	247
Total Assets Less Liabilities	**(757)**	**(757)**	**(757)**	**2,571**	**1,814**
General fund	(757)	(757)	(757)	2,746	1,989
Reserves	-	-	-	(175)	(175)
Total	**(757)**	**(757)**	**(757)**	**2,571**	**1,814**

An additional in-year Machinery of Government change was the movement of the department's Procurement Centre of Excellence (PCOE) to the Cabinet Office's Government Procurement Service (GPS) on 1 October 2012.

As both the number of staff transferred and the overall cost were immaterial in relation to Home Office expenditure, the results of the prior year have not been restated.

32. Events after the Reporting Period

The UK Border Agency moved to within the core department on 1 April 2013.

The Identity and Passport Service was renamed as Her Majesty's Passport Office from 1 April 2013.

These financial statements were authorised for issue on the same date that the Comptroller and Auditor General signed his certificate.