Home Office

Annual Report and Accounts 2013-14

(For the year ended 31 March 2014)

HC 21

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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 17 June 2014

HC 21

This is part of a series of departmental publications which, along with the Main Estimates 2014-15 and the document Public Expenditure: Statistical Analyses 2014, present the Government's outturn for 2013-14 and planned expenditure for 2014-15.

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Print ISBN 9781474105477
Web ISBN 9781474105484

Printed in the UK by the Williams Lea Group
on behalf of the Controller of Her Majesty's Stationery Office

ID 29051401 06/14

Printed on paper containing 75% recycled fibre content minimum

Contents

Foreword by the Home Secretary, Theresa May

As Home Secretary, my primary responsibility is keeping the people of the United Kingdom safe and secure. This includes overall responsibility for the police, counter-terrorism and the security of our borders.

Since coming into Government, I have been clear that the Home Office's core objectives are to cut crime, control immigration and prevent terrorism.

Many of the changes I have introduced are taking effect. Police reform is working and crime is falling. Net migration from outside the EU is down by almost a third since its peak under the last Government. We continue to work with the police and Security Service to keep the public safe from terrorism. This report sets out how we are using taxpayers' money in the course of our work, and demonstrates that we spend it carefully.

Getting the economy back on track has meant the police have had to do more with less, but they have shown an impressive ability to make savings while still cutting crime – which is down more than ten per cent since the last election. So police reform is working and crime is falling. In the last year we have seen further damaging revelations about the police, and I am clear the police must demonstrate the highest standards of professional behaviour and integrity. We are putting in place a comprehensive package of measures to ensure this.

I am stepping up the fight against organised crime significantly. The National Crime Agency, launched last October, has the power to coordinate and task law enforcement organisations, and to gather and use intelligence from across Government and beyond, so that more organised criminals can be brought to justice. On the same day as the agency was launched, we published the Government's Serious and Organised Crime Strategy to drive our collective and relentless response to organised crime.

In addition, we are also taking tough action to stamp out the appalling crime of modern slavery. Last December I published a draft Modern Slavery Bill – the first of its kind in Europe – to strengthen the punishment of offenders and the protection of victims. A robust and effective law enforcement response must also be part of the answer to pursue, disrupt and arrest slave drivers and traffickers, and we are working on a range of activity to support and protect victims, and prevent vulnerable people from falling prey to this terrible crime in the first place.

In immigration, we have tightened immigration routes where abuse was rife, but we are still encouraging the brightest and best to come here to study and work. During this period we continued our successful reform of the immigration and border system: abolishing the UK Border Agency and creating two new operational commands UK Visas and Immigration and Immigration Enforcement in addition to Border Force, which was established as its own command in 2012.

2013 was a sobering year for those working in counter-terrorism. We witnessed the first terrorism-related fatalities in Britain since 2005 and appalling attacks against British nationals overseas. The terrorist threat continues to diversify, coming from a wide range of countries and groups. One of the biggest challenges we currently face is the growing threat from terrorist groups in Syria, who are attracting increasing numbers of foreign fighters including numbers in the low hundreds from this country. There is a risk these fighters will return radicalised and prepared to carry out an attack here.

I would like to thank all those in the police and our security agencies who work so hard to keep us safe. We will continue to work together to protect the public, and strengthen our terrorism prevention programmes in line with the recommendations of the Extremism Task Force.

Over the past year I believe there is much that we can reflect on and be proud to have achieved. I would like to thank all Home Office staff and those with whom we work for their ongoing commitment.

But there is still much work to be done. I am confident that we can continue to make progress in all areas of Home Office business as we continue to build a safe and secure Britain in which the people of this country can thrive and prosper.

Theresa May
Home Secretary

Foreword by the Permanent Secretary, Mark Sedwill

Our priorities remain to cut crime, reduce immigration and prevent terrorism, whilst contributing to the government's growth agenda. We have made good progress on all.

Our counter-terrorism strategy and framework remain world-leading. Abu Qatada was deported to Jordan to face trial, Abu Hamza has been tried in the US, and we are now taking action to improve our ability to deport terrorist suspects through legislative and process changes. We are continuing to monitor events in Syria, and across the world, as part of our commitment to keeping the British public safe.

Crime continues to fall, while we have continued our important work on police reform. We expanded the remit of the Independent Police Complaints Commission, strengthening its powers and increasing its resources. In addition, we have worked with the College of Policing on a package of measures to improve standards of professional behaviour and promote greater transparency. We also published the Modern Slavery Bill in December, which set out the action that is needed to eradicate slavery from the UK.

This has also been a year of continued organisational change and transformation within the Home Office. We wound up the Serious and Organised Crime Agency, the National Policing Improvement Agency and the National Fraud Authority. The mid year creation of the National Crime Agency (NCA) marked the biggest change in a decade in tackling the threat posed by serious and organised crime. The NCA is a powerful operational crime-fighting body with a strong mandate to disrupt and cut serious and organised crime nationally.

2013 was the first full operational year for Her Majesty's Passport Office. We also completed the restructuring of the UK Border Agency and set up in its place three new commands within the Home Office – the new UK Visas & Immigration and Immigration Enforcement in addition to the previously established Border Force. Performance has improved across the system: 100% checks with no queues at the border, migration casework backlogs tackled and removals increased, while ensuring the UK continues to attract the brightest and the best from across the world.

Of course, there are big challenges ahead – the evolving terrorist threat, online crime and abuse, police efficiency and integrity, consistent competence in the immigration system, and ambitious digital technology programmes – but we are well-placed to tackle them.

As Accounting Officer, my role is to ensure the Department operates effectively within the challenging financial landscape. We continue to drive value for money savings across all of our services through our departmental Efficiency Review. The progress we have made puts us in a sound position to deliver further savings whilst minimising the impact on our operational front line.

I would like to thank all staff for their hard work and continued dedication during a demanding but rewarding year. We will maintain that momentum into 2014-15.

Mark Sedwill
Permanent Secretary

1 STRATEGIC REPORT

Our Vision

The Government's vision for the Home Office is set out in our 2013-15 Business Plan (http://transparency.number10.gov.uk/business-plan/5) which listed four priorities:

- Cut crime;
- Reduce immigration;
- Prevent terrorism; and
- Promote growth by keeping the UK safe.

Departmental Structure

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

Bodies included within the departmental structure

The Home Office departmental boundary encompasses the central government Department, two executive agencies and five Non-Departmental Public Bodies (NDPBs) and the College of Policing. The executive agencies are Her Majesty's Passport Service and the National Fraud Authority. The consolidation includes the National Policing Improvement Agency up until its closure on 6 October 2013. The NDPBs are the National Policing Improvement Agency, 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 College of Policing as a quasi-NDPB. The accounts of these entities form part of the Home Office's consolidated financial statements. See note 24 to the accounts for further details.

Agencies:

Her Majesty's Passport Office (HMPO)

Her Majesty's Passport Office is responsible for issuing UK passports and for administering the civil (birth, marriage, death) registration process in England and Wales.

National Fraud Authority (NFA)

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

Arm's length bodies:

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 National Crime Agency.

Independent Police Complaints Commission (IPCC)

The IPCC oversees the police complaints system in England and Wales and sets standards for the police on complaints handling. 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. It makes its decisions independently of the police, government and complainants.

Security Industry Authority (SIA)

The Security Industry Authority is responsible for regulating the UK private security industry. It licences some 340,000 individuals working in the industry and around 770 businesses are members of the voluntary Approved Contractor Scheme (ACS).

It reports to the Home Secretary under the terms of the Private Security Industry Act 2001. Responsibility is devolved to Scotland and Northern Ireland and the SIA consults 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.

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.
The Commissioner has statutory regulatory, ombudsman and prosecutorial responsibilities, and is responsible for maintaining a robust regulatory regime. The Commissioner has responsibility for 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.

Organisations that wish to be admitted to the regulatory scheme must demonstrate fitness and competence to do so. Thereafter those who provide immigration advice and services must comply with the relevant code and rules.

Disclosure and Barring Service (DBS)

The Disclosure and Barring Service (DBS) was established to assist 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. It replaced the Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA).

College of Policing

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'.

The College of Policing is the professional body for policing in England and Wales, and the first national policing body for police officers and staff of all grades and ranks. The College sets standards of professional practice, accredits training and sets learning outcomes, promotes good practice based on the best available evidence, supports partnership working and leads on ethics and integrity across policing.

Entities within the Core Department:

In addition to the executive agencies and NDPBs there are advisory, tribunal and other non-executive NDPBs that do not publish accounts because they do not have any money delegated to them. Where there are costs, these are met from Home Office budgets.

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

Advisory Council on the Misuse of Drugs; Animals in Science Committee; Migration Advisory Committee; National DNA Database Ethics Group; Police Advisory Board for England and Wales; Police Negotiating Board; Technical Advisory Board.

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

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

Other:
Biometrics Commissioner; Forensic Science Regulator; HM Inspectorate of Constabulary; Independent Chief Inspector of Borders and Immigration; Independent Reviewer of Terrorism Legislation; Intelligence Services Commissioner; Interception of Communications Commissioner; National Crime Agency Remuneration Review Body; Surveillance Camera Commissioner.

The National Crime Agency was established as a Non Ministerial Government Department. The results of the NCA are not consolidated within the Home Office accounts.

Structural Reform Plans and Business Plan indicator progress

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

1. Cutting Crime

Support the police in cutting crime through work to: improve police accountability, transparency and integrity and public trust; improve police efficiency and effectiveness; lead targeted action on key crime types, such as anti-social behaviour; ensure police powers and regulations are proportionate and effective; and join up with work across the wider Criminal Justice System.

The number of crimes recorded by the police in England and Wales has fallen to 3.7 million offences in the twelve months to the end of December 2013, down from 3.8 million offences in the previous year. At the same time, the Crime Survey for England and Wales, which is based on the experience of the public rather than police figures, shows that crime has more than halved since its peak in 1995. The implementation of an ambitious package of reforms has continued in 2013-14. Work is underway to keep pace with emerging crime threats, including intensifying our focus on preventing sexual violence against children and vulnerable adults, dealing with the growth in new psychoactive substances and publishing both a Modern Slavery Bill and action plan. The National Crime Agency was launched to lead the fight against serious and organised crime.

Key performance indicator

The Home Office Business Plan includes a number of input and impact indicators to help the public assess the impact of policies and reforms. This data is published regularly on GOV.UK website. For Cut crime, the indicator is the number of police recorded offences where there is a known victim, which includes all violence and property offences but excludes crimes like drug offences.

Achievements between April 2013 and March 2014 include:

Improve police accountability, transparency and integrity and public trust

Police and Crime Commissioners are at the heart of our reforms to improve police accountability, re-balancing power towards communities and giving the public more information. We have continued to give PCCs more power over the course of this year and have supported them to increase the role they play at national level. There is further to go to increase trust in the police; police integrity remains a high-profile issue with intense media and Parliamentary scrutiny. We have therefore taken action, which will continue into next year, to expand the Independent Police Complaints Commission. In the last 12 months, we have:

- Legislated to give PCCs powers to commission victims' services and worked with MoJ to facilitate delivery;
- Provided evidence and responded to a National Audit Office report on the new PCC model, taking necessary action to address the findings and recommendations, including revising the Accountability System Statement for Policing and Crime Prevention;
- Ensured PCCs have a strong and active role at national level, to complement their local accountability. In particular, we have facilitated PCCs' participation and subsequent leadership role in policy making on key issues such as mental health;
- Laid the groundwork for the expansion of the Independent Police Complaints Commission, strengthening its powers and capabilities in order to improve public confidence in the police complaints system;
- Agreed to provide funding of £0.8 million from the wider Home Office budget in 2013-14 to help with IPCC transition costs and to transfer an additional £18 million from the police settlement in 2014-15 to build up the resources and capability of the IPCC. The IPCC will begin to take on additional cases by the end of 2014; and
- Provided more detailed data and crime categories on police.uk, including a summary of crime and justice outcomes. The website now also allows people to compare crime rates in their local area with other similar areas.

Improve police efficiency and effectiveness

We are continuing to drive the modernisation of the police to ensure time and resources are focused on the right things and that funding incentivises transformation. Digitisation, innovation and improving police leadership are the cornerstones of this work, with a robust Inspectorate holding the police to account for progress. In the last 12 months, we have:

- Reformed Her Majesty's Inspectorate of Constabulary (HMIC) to make it a stronger and more independent advocate of the public interest. In December, the Home Secretary agreed to fund the introduction during 2014-15 of a new programme of force inspections on police performance. These inspections will allow the public to see clearly how their force is performing on cutting crime and providing value for money;
- Established the Police Innovation Fund to encourage collaboration, digitisation and other innovative approaches to achieve greater efficiency. Every police force in England and Wales has benefitted from a share of the £20 million precursor funding this year;
- Launched the digital pathfinders programme to deliver our vision for digital policing by 2016, allowing officers easy access to information on mobile devices so they can make effective decisions out on the street. All 43 forces in England Wales have signed up to be digital pathfinders, and have co-designed a set of digital capabilities against which HMIC can inspect all forces. The College of Policing will collect evidence and best practice which they can disseminate to support forces achieve these capabilities. PCCs have taken on a greater leadership role around police IT and have been awarded Innovation Fund resources to drive work around innovation, collaboration and efficiency in police IT; and
- Continued to reform police pay and conditions to better reflect the modern labour market and the needs of 21st century policing. Challenges still remain in delivering a framework which rewards contribution more effectively.

In addition, five forces are signed up to take on direct entry Superintendents and over 20 forces have committed to the fast track to Inspector programme. The College have launched the application process for both with the forces concerned.

Lead targeted action on key crime types

This period has seen a number of successes, with crime continuing to fall and new action to get ahead of the changing crime threat. The number of crimes recorded by the police in England and Wales has fallen to 3.7 million offences in the twelve months to the end of December 2013, down from 3.8 million offences in the previous year. There is still more to do to ensure that vulnerable victims of 'hidden' crimes receive the support they need. Achievements in the last 12 months have included:

- Publishing draft legislation to address Modern Slavery on 16 December. The Bill will consolidate and toughen existing legislation, making it simpler for the police and prosecutors to understand, and ensure that perpetrators receive suitably severe punishments. To complement the Bill we will publish an action plan, setting out the Government's wider, long term response;
- Launching the Sexual Violence against Children and Vulnerable People National Group Progress Report and Action Plan in July. The National Group has identified nine key areas for action and is prioritising action to prevent abuse happening in the first place. We have published new CPS guidance on prosecuting cases of child sexual abuse, setting out a new approach for dealing with these cases which focuses on the credibility of the allegation rather than the individual and new authorised professional practice on child sexual exploitation for police;
- The granting of Royal Assent to the Anti-social Behaviour, Crime and Policing Act on 13 March 2014. This gives the police, local authorities and others, faster, more effective powers to tackle anti-social behaviour. The legislation focuses the response to anti-social behaviour on the needs of victims, empowers communities to get involved in tackling anti-social behaviour and ensures professionals are able to protect the public quickly through the introduction of new powers;
- Further action to address Violence against Women and Girls, including introducing new legislation criminalising forced marriage in England and Wales, introducing two new stalking offences and piloting new ways of protecting the victims of domestic violence and sex workers. The Domestic Violence Disclosure Scheme, allowing police to disclose to individuals details of their partners' abusive pasts and Domestic Violence Protection Orders, was extended to all police forces across England and Wales on 8 March 2014;
- The Scrap Metal Dealers Act coming into full effect on 1 December 2013 (alongside publication of Home Office data indicating that metal theft offences have fallen 40% in a year since the start of concerted Government/police action);
- Launching 20 Local Action Areas in February 2014, supporting them to take the right action on alcohol-related crime and disorder for their communities; and
- Publishing the annual review of the Drug Strategy on 12 December and establishing a review to ensure law enforcement agencies have the best available powers to respond to new psychoactive substances, sending out a clear message that the trade in these substances is reckless and that these substances can be dangerous to health, even fatal.

Establish the National Crime Agency and strengthen the fight against serious and organised crime

The National Crime Agency (NCA) was launched on 7 October, marking the biggest change in a decade in tackling the national security threat posed by serious and organised crime. The NCA is a powerful body of operational crime fighters and has a stronger mandate to tackle serious and organised crime nationally than any organisation has had before.

The NCA is already making a tangible difference; it is undertaking a broader range of operational activity, focusing on targets of choice rather than opportunity, through close working between the NCA, police forces and other law enforcement and operational partners. In the four months ending 31 January 2014, the NCA recorded over 270 disruptions[1].

1 A disruption has been achieved when a criminal or crime group is unable to operate at its usual level of activity for a significant period. A disruption may be achieved by any activity covered by Pursue, Prevent, Protect, or Prepare and will have involved some form of intervention, prompted by the appropriate agency, which has resulted in an assessable output or outcome.

A new Serious and Organised Crime Strategy was published on 7 October, refocusing efforts to protect the UK from the effects of serious and organised crime. The strategy is based around the Pursue, Prevent, Protect, Prepare models included in CONTEST. The strategy seeks to harness a response to serious and organised crime across the whole of government (national and local), the police and law enforcement, security and intelligence agencies; and through close collaboration with the private sector and international partners.

The focus is now on delivering the strategy, through key elements such as: a programme of work to increase law enforcement capabilities, including the NCA and regional policing; strengthening powers to combat organised crime and recover criminals' assets; developing new ways to prevent people from being drawn in to serious and organised crime; protecting our borders, government and individuals; and increasing our resilience to deal with the effects of serious and organised crime. The strategy covers the UK, whilst recognising the separate approaches in Scotland and Northern Ireland.

Ensure police powers and regulations are proportionate and effective

The police need the right powers to cut crime; these powers must, at the same time, be proportionate and used in a way that maintains public trust and confidence. This year we have reviewed some significant powers to this end and will continue this work next year. The Home Office also has a role to play in ensuring the regulatory framework is proportionate and supports growth. In the past 12 months, we have:

- Launched a public consultation on how the police can make better use of Stop and Search powers. Over 5,000 responses were received. The Government is analysing the responses and will respond in due course;
- Undertaken a detailed review of all 'powers of entry' to remove unjustified powers and add further safeguards to protect the rights of individuals and businesses, including introducing a new Code of Practice to govern how powers of entry are used; and
- Published the Government's response to the Alcohol Strategy Consultation in July. The Deregulation Bill was introduced into Parliament on 23 January and contained a number of alcohol provisions.

Join up work across the wider criminal justice system

Coherent action across the CJS, towards a shared set of objectives is essential to ensure a more effective and efficient response to crime. The Home Office worked closely with the Ministry of Justice last year on the development of *Transforming the CJS: A Strategy and Action Plan to Reform the Criminal Justice System*, leading on specific action including giving more prosecutorial power to the police. A key part of criminal justice system reform is ensuring that people who come into contact with the CJS get the right response. People suffering from mental ill health come into contact with the police for a variety of reasons and in a variety of circumstances. They need to be kept safe and supported while in contact with the police and, where appropriate, helped to access more suitable services. The Home Secretary has made it a priority to improve the way people coming into contact with the police are treated, with the right local agencies responding at the right time. Achievements over the past year include:

- The Home Secretary announced that we would – jointly with the Department of Health – review the operation of sections 135 and 136 of the Mental Health Act 1983 (the sections dealing with police powers) to ensure that they were fit for purpose. The review was launched on 27 March;
- A Mental Health Crisis Care Concordat ("the Concordat") published in February includes almost 30 national signatories and marks a significant step forward in terms of inter-agency approaches towards improving outcomes for people experiencing mental health crisis;
- Liaison and diversion schemes in police custody and courts are ensuring that offenders' health needs are identified and assessed and appropriate referrals completed;
- The new Criminal Justice Strategy and Action Plan was published on 28 June 2013. This aims to deliver a more efficient, effective, joined-up and streamlined criminal justice system, including through maximising the use of technology. Following the pilot of digital case files, digital case files for traffic are being introduced from April 2014 and the national roll out of the 'Volume Crime Digital File Standard' will start as part of phase 2 of the digital case file programme; and
- Under the new Anti-social Behaviour, Crime and Policing Act, the police can now prosecute shoplifting offences through Magistrates' courts, where the value of the goods stolen is £200 or less, whilst preserving the defendant's right to elect Crown Court trial.

Cutting crime: agencies and NDPBs

College of Policing

The College of Policing is the professional body for policing in England and Wales, and the first national policing body for police officers and staff of all grades and ranks. The College sets standards of professional practice, accredits training and sets learning outcomes, promotes good practice based on the best available evidence, supports partnership working and leads on ethics and integrity across policing.

In its first full year of operation, the College of Policing has developed the first Code of Ethics for policing in England and Wales and set standards for police practice in core areas, including dealing with Child Abuse and Child Sexual exploitation. It is working with a consortium of eight universities to deliver a three-year programme of work to understand what works in reducing crime.

Disclosure & Barring Service 2013-14

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.

This was the DBS's first full year of operations following the transfer of functions of the Criminal Records Bureau (CRB) and Independent Safeguarding Authority (ISA) in December 2012.

In the last twelve months it has:

- Reduced the average time to process a barring case from 75.7 working days in 2012-13 to 51.7 days in 2013-14;
- Implemented legislation to support filtering of old and minor convictions/cautions from May 2013; and
- Launched the new instant online check on 17 June 2013 – this was DBS' first web-based service and over 100,000 people had subscribed by March 2014.

Security Industry Authority

The Security Industry Authority (SIA) is the independent regulator for the UK private security industry. It licences some 340,000 individuals working in the industry and around 770 businesses are members of the voluntary Approved Contractor Scheme (ACS). Regulation of the private security industry supports the objectives of the Home Office and the devolved administrations to protect the public.

The SIA continues to perform well against its business objectives. For the year 2013-14, the number of licence applications completed within five weeks was 98,414 (88% against a target of 80%).

Regulatory activity continues to ensure that the regime is enforced effectively. Working with law enforcement partner organisations to deliver regular checks and to tackle non-compliance, the SIA has achieved a compliance rate of 96% (at January 2014). Operational and service efficiency have continued to improve and this is reflected in the achievement of the Customer Service Excellence Award for the fourth year running.

The drive to support the Government's austerity measures and reduce the SIA's cost base has continued and the move away from paper applications for licences will generate significant future savings. 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.

During the year, the SIA has continued to work with the industry and the Home Office to deliver proposals for a new regulatory regime outside the NDPB sector in line with the Government's proposals following the Public 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 regulatory regime. This programme of change is supported by the work on developing a future operational model which will deliver low cost effective regulation for the benefit of those who buy, supply and rely on private security and a timely, high quality and value for money service to both individual licence holders and businesses. Legislation to support these changes is being developed by the Home Office.

2. Reducing Immigration

Continue to develop and implement policies to reduce net migration and tackle abuse, while attracting and retaining the brightest and best migrants to work, study or invest in the UK. Transform the immigration system so that it commands public confidence and serves our economic interests.

Our reforms have cut non-EU net migration to its lowest level since 1998. There are now 77,000 fewer people arriving annually from outside the EU compared with the year ending September 2010. The government is ensuring that our controls on accessing benefits and services, including the NHS and social housing, are among the tightest in Europe to prevent abuse by overstayers and visitors.

The strength of the UK's recovery has resulted in an increase in EU migration to the UK. EU immigration in the year ending December 2013 was 201,000, up by 27% from the previous year.

Net migration from Europe has doubled over the last year. Nationals from countries including France, Germany and Spain are coming to the UK to work, with two thirds of these migrants coming to the UK with a definite job offer.

We are cracking down on the abuse of free movement between EU member states and addressing the factors that drive European immigration to Britain. EU nationals coming to the UK must be working, studying or self sufficient.

Key performance indicator

The Home Office Business Plan includes a number of input and impact indicators to help the public assess the impact of policies and reforms. This data is published regularly on GOV.UK website. For *Reduce immigration*, the indicator is the measure of net migration to the UK.

- Net migration is 212,000 for the year ending December 2013 (This is the latest data.);
- At 146,000 (in the year ending December 2013), non-EU net migration is down by a third (-33%) since September 2010 (218,000); and
- We have balanced reductions with increases in important categories including a 7% increase in university sponsored students visa applications and grants of work visas increasing by 10% (for the year ending March 2014).

Achievements between April 2013 and the end of March 2014 include:

Strengthen the system of granting students permission to enter or stay in the UK

A number of immigration rule changes have been made to attract the students we want while reducing abuse. Achievements include:

- Allowing PhD graduates to stay on in the UK after graduation for one year to look for skilled work from April 2013;
- The creation of a new provision for MBA graduates and elite global graduate entrepreneurs to stay on after graduation and switch into the Tier 1 Graduate Entrepreneur route, the first scheme of its type in the world;
- The introduction of a genuineness test for Tier 4 students applying for leave to remain introduced in October 2013;
- The amendment of the Genuine Student Rule guidance in October to enable the consideration of how the circumstances of any dependant may affect the ability or motivation of the applicant to study;

- A programme of interviewing overseas applicants is now under way and we have interviewed over 110,000 people to help tackle abuse; and
- For the 12 months to December 2013, student visas issued increased by 4% and sponsored student visa applications for the university sector increased by 7%.

Strengthen the system of granting spouses permission to enter or stay in the UK

On 9 July 2012 the Immigration Rules were changed to introduce new requirements for those wishing to enter or remain in the UK on the basis of their relationship with a family member who is a British Citizen, or settled in the UK. These requirements included a minimum income threshold for those sponsoring a non-EEA national partner or dependent child.

The purpose of the income threshold is to ensure that family migrants are supported at a reasonable level so that they do not become a burden on the taxpayer and they can participate sufficiently in everyday life to facilitate their integration into British society. The latest figures indicate that these reforms have worked: family visas issued are down by 18% compared to the year ending December 2012; and are now at the lowest level (33,690) in the year ending December 2013) since comparable records began in 2005.

Set an annual limit on the number of non-EU economic migrants admitted to the UK

- In April 2013, the annual Tier 2 General limit[2] was set at 20,700 for the rest of this Parliament and as of 13 March 2014 a total of 15,920 certificates of sponsorship had been issued against the limit;
- Transitional labour market restrictions were applied to nationals of Croatia when that country joined the European Union in July 2013;
- But these changes have not been at the expense of growth or attracting the brightest and best;
- The total growth in employment over the last year was 425,000, and of this, 87.3% is accounted for by UK nationals;
- Work visas granted were up by 7% in the 12 months to December 2013, compared to the same period to December 2012;
- The majority of this growth came from applications in the following sectors: Information and Communication (up 15%), Professional, Scientific and Technical Activities (up 17%), Financial and Insurance activities (up 10%), Education (up 31%) and Manufacturing (up 10%); and
- We have also expanded the Exceptional Talent route, with the introduction of Tech City UK as a Designated Competent Body from April 2014.

Transforming border security

- Border Security has been strengthened by the execution of full checks at the border in line with the Ministerial Operating Mandate. Staff deployment is being increasingly led by both intelligence and long-term plans, to ensure that all customs and immigration activities are optimally resourced. Queuing times have been greatly reduced; nationally, in excess of 99% of passengers arriving at passport controls are being cleared within service targets levels;
- We are one of only a handful of countries who operate an effective Pre Departure Checking System (PDCS). This enables checks on both inbound and outbound passengers who are expected to cross the border even before they travel. Border Force collects Advance Passenger Information (API) for passengers who travel to and from the UK. The estimated proportion of passengers who travel to and from the UK on routes connected to Semaphore – the system that processes Advance Passenger Information – is currently 80%. In 2013, API data has also resulted in over 3,200 arrests;
- The Border Systems Programme has been re-set to deliver quickly the digital services required at the border. Over 10 million passengers, more than any country in the world used the ePassport Gates at 15 of the country's busiest airport terminals. Automated Freight Targeting Capability (AFTC) is a new system which has been developed and implemented (from March 2014) by Border Force for use in the sea container mode by Border Force targeters;

2 The limit does not affect an employer who wants an overseas national to fill a vacancy with a salary of £153,500 or above, or to overseas nationals who are already in the UK and wish to apply to switch or extend their stay in the Tier 2 (General) category. These certificates of sponsorship are called 'unrestricted'. Employers do not need separate permission before they issue these from their annual allocation of certificates of sponsorship.

- Provisional management information shows that Border Force met its high priority seizure targets last year apart from tobacco and cash, including for the most harmful commodities such as Class A drugs[3] and firearms. It also exceeded its targets for the detection of clandestines at the juxtaposed controls; and
- Border Force and National Crime Agency complement each other's work at the border and provide a more comprehensive, better informed, operational response. Border Force conduct the initial checks at the border whilst NCA assist by co-ordinating the fight against serious and organised crime. The Border Policing Command (BPC), one of the four operational commands within the National Crime Agency, is delivering a new strategic response to border policing and enabling us to better address the security threats from serious and organised crime.

Introduce exit checks

- The Government wants to introduce universal exit checks by March 2015. That will improve our existing capability to identify and respond to outbound individuals of interest to law enforcement bodies. It will also enable the Home Office to improve upon our existing methods to combat overstaying;
- Immigration Enforcement and Border Force carry out targeted exit checks on an intelligence-led basis, scrutinising travel documents to identify immigration offenders, people smuggling cash or fleeing justice and those who may be of interest from a terrorism perspective; and
- We have introduced a power in the Immigration Act to enable, where necessary, those already involved in outbound passenger processes, such as carrier and port operator staff and others, to taken part in carrying out checks, and a power to compel them to do so if necessary.

Improve enforcement capability

- We are implementing a new enforcement model designed to take the broadest possible enforcement approach and maximise the opportunities to work in partnership both locally and across Whitehall. In the past year, we have made significant progress. We have transformed Immigration Compliance Enforcement (ICE) teams, resulting in a significant increase in operational activities including arrests, sham marriage and illegal working operations; and
- We are working more with partners across government. The introduction of a dedicated Interventions and Sanctions Unit allows us to manage relationships with key partners and deny benefits and services to those with no legal right to them. We continue to cooperate closely with the Metropolitan Police through Operation Nexus to remove foreign national offenders. Since its inception, Nexus has helped to ensure the removal of more than 2,000 offenders who are foreign nationals from the UK. This approach is now being rolled out to other key forces in the UK. In addition, we have worked more effectively with the Foreign and Commonwealth Office and Ministry of Justice to ensure that our processes are as efficient as possible and we combine our engagement to remove more Foreign National Offenders.

Tackle European Economic Area (EEA) criminality

The focus of criminality work is currently on ensuring the implementation of new administrative removal provisions at the Border, and on reviewing the opportunities to increase the information we have on criminality by EEA nationals. We expect to see some overlap between our focus on illegal working (above) and wider criminality.

Introduce Immigration Act

We introduced the Immigration Act which gained Royal Assent on 14 May 2014. The provisions in the Immigration Act will make it more difficult for foreign nationals to prolong their stay with unmeritorious appeals. Taken together with reform of the legal aid system, and the work to ensure that the European Convention of Human Rights is properly applied, that will make it easier to remove those who have no right to be in the United Kingdom

Other measures in the Act will encourage compliance with the law by ensuring that those who are not entitled to be in the United Kingdom are not able to access services (also see prevent terrorism, below).

3 Financial year figures for drugs seized are published by the Home Office every Autumn in the National Statistics publication, "Drugs seizures in England & Wales".

Reduce immigration pull factors

The Immigration Act includes a range of measures to prevent access to public services by people who should not be in the UK. We are also taking steps to strengthen the illegal working regime against rogue employers whilst reducing the burdens on legitimate employers.

Specific measures include:

- Requiring landlords to complete basic document checks on all prospective tenants to establish that they have the right to rent. Landlords who fail to do the required checks and are repeat offenders will be liable for a civil penalty of up to £3,000 per illegal adult tenant;
- Requiring temporary migrants to pay a health surcharge. This will ensure they make a contribution to the NHS but then give them free access at the point of use. The Bill also raises the ordinary residence threshold for qualifying for free NHS services to indefinite leave to enter or remain for non-EEA nationals;
- Measures restricting the ability of overstayers and illegal migrants to access financial services in the UK;
- Getting tougher with rogue employers who exploit illegal working by making it easier to enforce payment in the civil courts. We are also simplifying the required checks, making it easier for legitimate businesses to verify individuals' right to work; and
- Making it a legal requirement for applicants to demonstrate that they are lawfully resident in the UK before a new full or provisional UK driving licence can be issued. The Bill will also allow us to revoke the driving licences of overstayers and other migrants who are here unlawfully.

Improve the immigration system

The performance of UKBA simply was not good enough; so building on the creation of Border Force in 2012, we created two new operational commands in the Home Office; Immigration Enforcement and UK Visas and Immigration – reporting directly to Ministers – to drive forward our reform of the system. The agency's operational rules and guidance unit was merged with the Immigration and Border Policy Directorate to create a single, integrated policy function to support the three operational commands.

We have a new leadership team in place under Mike Anderson, Mandie Campbell, Sir Charles Montgomery, Mike Parsons and Sarah Rapson. Each of the Directors General are implementing changes, within their commands, to deliver the cultural improvements required, including by further strengthening their senior leadership teams.

From a cross-system perspective, a Strategic Oversight Board, chaired by the Permanent Secretary, has been established to ensure that Ministers are provided with a comprehensive assessment on the operational performance of the business including against agreed strategic priorities. The new Border and Immigration System Directorate has been established to support the work of the three border and immigration directorates and ensure effective oversight by Ministers and senior officials. The initial signs are that our changes are beginning to make a difference; the last staff survey underlines significant increases in staff engagement across the three operational commands. UK Visas and Immigration has made real strides this year by eliminating historic backlogs in the Permanent and Temporary Migration commands.

Reducing immigration: agencies and NDPBs

HM Passport Office

This year HM Passport Office introduced a new passport application system and launched an online channel providing customers with the ability to pay for and track their applications online.

In partnership with the Foreign and Commonwealth Office, HM Passport Office completed the transfer of responsibility for passport applications from British nationals overseas and now serves an additional 390,000 customers annually, as the single UK passport issuer.

Following the reduction in fee for domestic UK applications in 2012, HM Passport Office announced a fee reduction for its overseas customers, which took effect on 7 April 2014. The reduction, as a result of the efficiency savings made by bringing the processing and issuing of overseas passports back to the UK, is a further step in providing the fee payer better value for money.

The General Register Office (GRO) is part of the Passport Office and administers civil registration, including marriage registration in England and Wales. In March 2014, phase 1 of the Marriage (Same Sex Couples) Act 2013 was implemented, allowing same sex couples to marry for the first time in England and Wales.

HM Passport Office is recognised as an Investor in People and in February 2014 achieved Silver accreditation. The business is committed to investing in its people and estate, to ensure that it has a highly skilled and capable workforce, in appropriate locations, who have a real sense of pride in being part of HM Passport Office.

The Office of the Immigration Services Commissioner (OISC)

The first part of a major two-stage review of the Commissioner's Code and of the Commissioner's Rules began in 2013 with a 12 week consultation launched in June. The consultation examined the philosophy of how rules are written and sought views on whether a principle-based approach was required. The views given provided the basis for a draft version of the new Rules, which will be the focus of a consultation later in the year.

The OISC's statutory remit was enhanced by the provisions contained in the Immigration Act. The Act includes five provisions to improve the regulation of immigration advice and services. It is intended that these will create improvements in the quality of immigration advice, resulting in a reduction in the harm caused by dishonest or incompetent advisers. During 2014-15, the OISC will maintain the quality of its existing role in addition to carrying out the work required by the statutory changes, while coping with increased budgetary pressures.

3. Prevent terrorism

Reduce the risk to the UK and its interests overseas from terrorism, so that people can go about their lives freely and with confidence. This will be achieved through our work to deliver the UK's Strategy for Countering Terrorism (CONTEST) by stopping terrorist attacks; stopping people becoming terrorists or supporting terrorism; strengthening our protection against terrorist attacks and mitigating the impact of terrorist attacks.

The threat in the UK from international terrorism remains "Substantial". The threat from Northern Ireland Related Terrorism remains at "Severe" in Northern Ireland and "Moderate" in Great Britain.

Two terrorist incidents in 2013 caused two fatalities, the tragic murders of Mohammed Saleem and Lee Rigby. These were the first deaths as a result of terrorism in Great Britain since 2005. Overseas, thirteen British nationals were killed in terrorist attacks by Al Qa'ida linked groups, six British nationals in the attack at In Amenas in Algeria, six in the attack at the Westgate shopping centre in Nairobi and one was killed in Nigeria after being kidnapped with six other foreign nationals.

The most significant development during 2013 has been the growing threat from terrorist based groups in Syria. Although depleted, Al Qa'ida senior leadership in the Pakistan-Afghanistan border areas continues to call for global jihad and support terrorist networks. Al Qa'ida affiliates also pose a significant threat to the UK and UK interests, notably in Yemen, North and West Africa and in Somalia. Across North Africa, a growing number of smaller terrorist groups have emerged to pose an increasing threat to British interests.

The Government is committed to ensuring that the UK's counter-terrorism legislation is fair, effective and proportionate while making sure that the Police and Security and Intelligence Agencies have the powers needed to do their jobs.

Further details on the Terrorist Threat and the UK's response are included in the recently published CONTEST Annual Report (https://www.gov.uk/government/publications/contest-annual-report-2013)

Achievements between April 2013 and the end of March 2014 include:

Maintain the ability of the Police and the Security and Intelligence Agencies to identify and disrupt terrorist threats to the UK and its interests overseas

We continue to ensure that powers and capabilities available to the police and agencies are necessary and proportionate and subject to close scrutiny. Conviction in a court is the most effective way to stop terrorists. But where a prosecution is not possible, full use is made of other powers to disrupt terrorist activity. In the last twelve months we have:

- Introduced amendments to the port and border control powers in Schedule 7 to the Terrorism Act 2000, including a reduction in the maximum time a person can be examined;
- Strengthened the Intelligence and Security Committee (ISC) oversight of the agencies through the Justice and Security Act 2013; and allowed for sensitive intelligence to be examined by an independent judge in closed proceedings of a civil court;
- Made effective use of immigration powers to deport foreign nationals suspected of involvement in terrorism, including Abu Qatada; and deprive dual nationals of British citizenship;
- Taken action to tackle the new and growing threat from terrorist groups in Syria and foreign fighters, including updating the criteria for using the Royal Prerogative to refuse or withdraw a British passport;
- Continued to work closely with a wide range of countries to seek more benefits from multilateral organisations. The UK's Presidency of the G8 led to an unequivocal rejection of ransom payments to terrorist groups; and
- Established a new capacity building programme with countries where there is a threat to the UK, and weaknesses in law enforcement, human rights and criminal justice architecture.

The leaks of highly classified material stolen by Edward Snowden from the National Security Agency in the USA have made the work of our law enforcement and security agencies much more difficult by signalling to people who mean to do us harm how to evade and avoid intelligence and surveillance and other techniques.

Bring forward proposals to enable the protection of the public and the investigation of crime in cyberspace, including introducing legislation as necessary

The latest communications technology is being used by criminals, extremist and terrorist groups to evade detection and investigation. Under existing legislation it is no longer always possible for law enforcement and the intelligence and security agencies to obtain communications data from communications companies (i.e. data which indicates who communicated, at what time, and with whom). Communications data is often an important part of an investigation and can be used as evidence in court.

As communications technologies and services continue to evolve, we need to ensure that the communications data required by the police and others continues to be available. The Government is committed to ensuring that law enforcement and intelligence agencies have powers they need to protect the public and ensure national security. But the ability of law enforcement agencies to access the information they need to protect the public will continue to reduce. It is therefore important that this issue is addressed in the next Parliament.

In the meantime the Communications Capabilities Development programme is working to preserve the ability of the security, intelligence and law enforcement agencies to obtain communications data and maintain lawful intercept capabilities under existing legislation. In the meantime the Communications Capabilities Development programme is working to preserve the ability of the security, intelligence and law enforcement agencies to obtain communications data and maintain lawful intercept capabilities under existing legislation.

Stop people becoming terrorists or supporting terrorism through delivery of the Prevent Strategy

Effective work to stop people being drawn into extremist and terrorist activity remains a vital part of our counter terrorism strategy. Following the terrorist attack in Woolwich in May 2013 the Prime Minister convened the Extremism Task Force (ETF) to consider the Government's approach to all forms of extremism. The Task Force published its report in December 2013. The report is available here:
https://www.gov.uk/government/publications/tackling-extremism-in-the-uk-report-by-the-extremism-taskforce

We are working to deliver the ETF priorities, as part of the ongoing Prevent work. In the last 12 months we have:

- Continued to exclude from the UK people who are engaged in extremist activity and disrupt extremist speakers in this country;
- Removed more illegal terrorist content online than ever before (21,000 items removed by a dedicated police unit since 2010), and we have worked with industry to filter terrorist material where it is hosted overseas;
- Given civil society groups training from communications sector specialists to campaign online against extremism and terrorist propaganda;
- Continued the Channel programme which identifies and then provides tailored support to people at risk of radicalisation. Following national roll-out of Channel in 2012, the numbers receiving support have increased (300 individuals between April 2012 and December 2013);
- Funded local projects in Prevent priority areas to alert young people and frontline staff to extremism and explain how to respond to it;
- Continued to work with a wide range of Government departments, local authorities and community and faith groups across a number of sectors;
- Recruited dedicated Prevent co-ordinators to work with universities and colleges;
- Increased support to the Charity Commission to better enable action to be taken to stop the abuse of charities for extremist or terrorist purposes; and
- Developed (in conjunction with other countries) a specific and tailored response to manage the risk that people in prisons for terrorist offences and some other prisoners will engage in radicalisation inside prison itself.

Improve UK border and aviation security against terrorists

Border security is multi-layered and needs to include our visa system, arrangements to determine who is coming into and leaving the country and physical controls on arrival. It needs to address passenger and cargo movements. It requires rapid and comprehensive data analysis and close collaboration between agencies operating at our border and overseas. In the last twelve months we have:

- Maximised systems to collect and process passenger data. This data enables us to stop some people coming into this country and to take action against others on their arrival. We have also significantly improved the quantity and timeliness of collection of passenger data from airlines;
- Extended the pre-departure checks arrangements to identify those who pose a terrorist threat and to prevent them flying to, or from, the UK. Through enhancements to the Border Systems Programme, we have also begun to make these processes semi-automated;
- Continued to implement the EU Inbound Cargo Regime which we were instrumental in having agreed in 2012. We have continued to expand our own systems for detecting the illicit importation of radiological or nuclear material (known as Cyclamen);
- Made further changes to our airport security screening technology to keep pace with the evolving threat, including increasing the roll-out of security scanners across UK airports; and
- Continued to fund airport security programmes in high threat areas overseas and have invested further in our own network of aviation security officers overseas.

Improve the ability of the emergency services to work together during a major or complex incident

The Joint Emergency Services Interoperability Programme (JESIP) was established in September 2012 and through 2013, launched the largest joint emergency service training programme ever undertaken in the UK. We expect JESIP to deliver real long term change to the ability of the emergency services to work effectively together.

4. Promoting Growth

Promote growth and support business through work to: cut crime; open up public services; improve the operation of our immigration system so it is an asset to UK competitiveness; strengthen our dialogue with key countries for mutual benefit build on the success of our world leading brands; and continue to support small and medium-sized companies through our procurement strategy.

Achievements between April 2013 and March 2014 include:

Overhauling our Visa and Immigration Service

In the last twelve months we have:

- Developed new premium services for high net worth individuals and businesses in key growth markets. A priority (3-5 day) visa service has already been rolled out to 95 countries. The Super Priority (same day) service went live in India in May 2013. We continue to expand both services;
- Launched a number of key initiatives in China including a passport pass back service (which allows applicants to retain their passport while their application is processed) and a VIP mobile biometric service where UK Visas and Immigration staff visit offices of senior executives to take biometrics and documents. We also began testing a process allowing selected travel agents to make off-line applications for tour groups using the same form they use for a Schengen visa;
- Launched other initiatives, such as the GREAT club and a helpdesk for Small Medium Enterprises and TechCity to underpin our commitment to a wide customer base who directly impact the growth agenda;
- Improved the customer experience by launching online visa application help text in 18 languages, introducing clearer service standard for UK applications and improving out network of public offices in the UK and overseas;
- Continued to offer a world class visa service; and
- Produced videos in a joint project with Sheffield University in India and China to publicise and demonstrate the ease of our visa application service.

Support the UK security industry to increase the quantity and scope of the products and services they export

In the 2012 White Paper: National Security through Technology, the Government recognised the numerous benefits of increasing security exports. To exploit these opportunities and leverage our Olympic and Paralympic security success we have:

- Established a Security Industry Engagement Team (SIE) within the Home Office, led by a dedicated Director of Security Industry Engagement;
- Launched the Security Exports Strategy, in February 2014 (developed in conjunction with UK Trade & Investment Defence & Security Organisation making clear the Government's commitment to support growth;
- Developed a suite of high-specification marketing materials to highlight UK security capabilities. These will be used to enhance our engagement with international partners to deliver against the CONTEST priorities to build capacity and capability overseas; and
- Negotiated greater government-to- government co-operation in priority countries, focusing on how to bolster our existing trade relationships and support development of overseas capability.

Make lawful travel and trade with the UK easy and attractive

We have undertaken a range of activities to contribute towards this goal, the achievement of which is vital to future prosperity. The delivery into major Ports of additional automated gates is increasing threefold to speed up the passage of legitimate travellers to and from the UK. Terminal 2 will open at Heathrow following extensive work with the Airport Operator to deliver the best service to customers. A registered traveller scheme is now in place for passengers from the Five Country Conference Protocol (5CC) countries that were previously on the Iris scheme with user satisfaction scores benchmarked against the very best customer service experiences in the private sector. Port signage is being refreshed across all Ports to tie in with changes to identity and professionalism of Border Force officers.

Border Force is at the forefront in the fight against counterfeit goods. Such criminality, which can involve serious organised crime groups, is harmful to the economy, to the balance sheet of individual companies, and where dangerous goods are concerned, to the safety of people in the UK. Disrupting and deterring such activity in local, national and international partnerships is a focus for Border Force during 2014-15.

Successfully combating serious organised crime is also a key part of making the UK an attractive, easy, and rewarding place in which to trade lawfully. Working alongside colleagues such as those in the National Crime Agency, Border Force continues to make a front line contribution, such as with the introduction from April 2014 of newly established anti-slavery teams at Heathrow. Similar teams will be deployed to other ports over the course of the next year.

Cross-Government Priorities

Open Public Services

The Open Public Services White Paper was published in July 2011 and set out the government's vision for public services reform. These plans for modernising services are based on five principles:

- Choice and control – Wherever possible we will increase choice;
- Decentralisation – Power should be decentralised to the lowest appropriate level;
- Diversity – Public services should be open to a range of providers;
- Fairness – We will ensure fair access to public services; and
- Accountability – Public services should be accountable to users and taxpayers.

In the last 12 months we have:

- Piloted Payment by Results approaches across crime prevention, and have included an outcome on reduced offending in the Drug and Alcohol Recovery Pilots;
- Continued to deal with gang and youth violence, and knife crime, by setting up a network of over 70 people with frontline experience of dealing with gangs to work with 33 of the worst affected areas of the country. Local areas tell us they are better equipped to tackle gang violence and to offer the right support to help young people leave gangs; and
- Developed police.uk website to make it more interactive and accessible.

Red Tape Challenge

The Red Tape Challenge is a cross-Government programme to tackle the stock of unnecessary and over-complicated regulation – reducing the burdens for business and society, saving taxpayers money and supporting economic growth. The default is that regulation should go unless it can be well defended. Even where it stays, we are finding ways to reduce burdens in its implementation.

Consolidation and simplification of the procedures for age verification or identification for the sale of age-restricted goods is now being addressed in part through the extension of Primary Authority to include age-restricted sales of alcohol. This work complements actions led by the Department for Business, Innovation and Skills to amend guidance to retailers and to enforcers. In addition the planned reforms of the Mandatory Licensing Conditions (Mandatory Code) under the Licensing Act 2003 will provide further clarification of the procedures for age verification.

Further updates on our Red Tape Challenge commitments can be found on page 26.

Sustainable Development

Updates on our sustainable development commitments can be found on page 31.

The Compact

The renewed Compact (2010) is an agreement between the Coalition Government, and associated Non-Departmental Public Bodies, Arms Length Bodies and Executive Agencies, and civil society organisations (CSOs) in England. The agreement aims to ensure that the Government and CSOs work effectively in partnership to achieve common goals and outcomes for the benefit of communities and citizens in England.

In the last 12 months we have:

- Delivered 4 commissioning masterclasses to help built capacity for smaller, specialist civil society organisations, specifically those supporting Violence against Women and Girls, in partnership with the Office for Civil Society;
- Delivered a training session for Home Office fast-streamers on Compact;
- Continued to provide assistance through Westminster Time and Talents to increase the number of staff volunteering. 57 staff members provided 782 hours of volunteering time; and
- Continued to participate in the National Council of Voluntary Organisations Job Shadowing scheme

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.

We have continued to publish information on how we have spent our budget through the Quarterly Data Summary (QDS). Each QDS report has been available centrally through the Government Interrogation Spending Tool (GIST) at https://www.gov.uk/.

Making this information publically available is a key component if 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

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 2013-14, 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 the Home Office website. Structural Reform Plan figures are based on the Home Office Business Plan 2013-15.

Spending

Home Office Core Department and Executive Agencies (as per Cabinet Office definitions)

2013-2014 SPENDING	
	Actual[1,2]
Total Spend (£m)	**11,908.34**
(A) Spend by budget type (£m)	
(A1) DEL, Sub-Total	10,582.68
(A2) AME, Sub-Total	1,325.65
(A3) Other expenditure outside DEL and AME	0.00
(A1+A2+A3) Total Spend	**11,908.34**
(B) Spend by internal operation (£m)	
(B1) Cost of running the estate, Sub-Total	120.33
(B2) Cost of running IT, Sub-Total	605.34
(B3) Cost of corporate services, Sub-total	110.84
(B4) Policy: Police Funding, Sub-Total	10,330.41
(B5) Other costs	741.42
(B1+B2+B3+B4+B5) Total Spend	**11,908.34**
(C) Spend by type of transaction (£m)	
(C1) Procurement costs, Sub-Total	2,170.39
(C2) People costs, Sub-Total	1,179.46
(C3) Grants, Sub-Total	9,044.37
(C4) Other costs	0.00
(C1+C2+C3+C4) Total Spend (£m)[3]	**12,394.22**

RESULTS			
Input Indicators[4]	**2013-14**	**2012-13**	**Context**
Cost per head of population of total police force cost	£188	£191	This excludes the Metropolitan police service and the City of London police figures.
Cost per passenger processed at the UK border	£3.05[5,6]	£2.85[5,7]	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	£173	£181	
Cost of producing and issuing a passport	£57.71	£59.40	
Impact Indicators[8]	**2013-14**	**2012-13**	**Context**
Crime rates – victim-based crime reported to the police	3,107,159[9] victim-based crimes recorded by the police in the 12 months to December 2013	3,211,902[9,10] victim-based crimes recorded by the police in the 12 months to December 2012	The year to December 2013 data shows a rate of 55 victim-based offences recorded per 1,000 population[11]
The size, value and nature of organised crime and our success in diminishing it and its profitability	Law enforcement agencies estimate there are around 5,500 active organised crime groups operating to the detriment of the UK, comprising about 37,000 people. The Home Office estimates that the social and economic costs of organised crime in this country are at least £24 billion a year.	Not applicable	A new Serious and Organised Crime Strategy was published in October 2013. The strategy makes a commitment to develop an effective performance framework, and performance assessment will be based on a set of indicators including (but not only) prosecutions, other disruption activity, assets and goods seized, recidivism and removal of foreign national offenders. Work to develop these indicators is ongoing and supersedes earlier intentions and plans. We will be looking to publish non-sensitive information as part of a public annual report on the progress of the Strategy.
Net migration to the UK	212,000 data for the end of December 2013	177,000 data for the end of December 2012.	Net migration is unchanged from the figure previously reported for the year ending September 2013. Compared with the year ending September 2010 it is 17% lower.
Annual level of revenue protected through detecting goods where excise duty has not been declared	£265m[12,13]	£318m[12,13]	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%[14]	99%[14,15]	Service standards: 95% of European Economic Area (EEA) passengers within 25 minutes; 95% non-EEA passengers within 45 minutes.

RESULTS			
Impact Indicators[8]	**2013-14**	**2012-13**	**Context**
Percentage of migration applications decided within published standards	93%[16]	89%[16,17]	
Percentage of asylum applications concluded in one year	60%	63%	
Passport application processed within target	99.6%	100%	Volume of straightforward passport applications for 2012-13 was 3,431,296 of which 3,430,991 were processed within target. Volume of straightforward passport applications for 2013-14 was 3,675,078 of which 3,659,492 were processed within target.

Structural Reform Plan Actions[18]	**2013-14**
Total number of actions completed during the year	28
Total number of actions overdue at the end of the year	0
Total number of actions ongoing	56

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. All figures quoted are round to the nearest ten thousand pounds.
3. The total spend figure combines both Cash and Resource Accounting principles and therefore should be taken as an illustrative figure only and not compared with other data.
4. The measurement annex for the input indicators is available on GOV.UK.
5. Figure quoted is based on internal management information, rounded to the nearest 5 pence.
6. There has been a change in the methodology of Home Office Overhead allocations due to organisational changes such as dissolving of UK Border Agency, Shared Services and Corporate Services moving to Core Home Office. These coupled with a revised methodology to allocate staff time between passenger and detection activity results in a year on year comparison being less meaningful.
7. 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.
8. The measurement annex for the impact indicators is available on GOV.UK.
9. The list of the offence codes is available on GOV.UK website.
10. We previously reported in the 2012-13 Home Office Annual Report and Accounts that the number of victim-based crimes reported to the police was 3,159,955 in the 12 months to the end of December 2012. This figure differs from previously published data, due to the inclusion of data for offence code 49A (Making off without payment) which became a separate offence in its own right in April 2013. There were also some other small data revisions by police forces.
11. Rates are derived using population estimates from Office for National Statistics.
12. Figure quoted is management information which has been subject to internal quality checks.
13. Figure quoted is rounded to the nearest million pounds.
14. Figure is based on management information which has been subject to internal quality checks and may be subject to change.
15. 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.
16. 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.
17. We previously reported in the 2012-13 Home Office Annual Report and Accounts that the percentage of migration applications decided within published standards was 92 per cent. The adjusted figure from previously published data follows a data refresh and quality check.
18. Figures quoted are based on the Home Office Business Plan 2013-15 (June 2013-March 2014).

Reform Agenda Progress including Better Regulation

The Department is committed to the Government's Principles of Regulation and contributing to the Government's ambition to produce less but better regulation, whilst delivering on its own objectives of promoting growth by keeping the UK safe, cutting crime, reducing immigration and preventing terrorism.

The Better Regulation Executive (BRE) within the Department for Business, Innovation and Skills leads the Government's regulatory reform agenda across Whitehall on behalf of the Reducing Regulation sub-Committee (RRC), which has oversight over Government policy on regulation. The Government is committed to being the first government in modern history to leave office having reduced the overall regulatory burden, rather than increasing it.

The Regulatory Policy Committee (RPC) is an independent non-departmental public body that scrutinises impact assessments for new regulatory proposals on behalf of the RRC and validates estimates of costs to business and civil society organisations.

The RPC provides fit for purpose (FFP) ratings for the impact assessments it scrutinises. In 2013, the Home Office submitted a total of 27 impact assessments, comprising: four at consultation stage, nine at final stage, ten regulatory triage assessments, and four at validation stage. 74% achieved a FFP rating; an improvement on the previous year.

BRE's One-in, One-out (OIOO) rule ran from 1 January 2011 to 31 December 2012, whereby Government departments were expected to offset costs to business and civil society organisations by finding deregulatory measures of at least an equivalent amount. Between 1 January 2011 and 31 December 2012, the Home Office brought in eight regulatory measures, three deregulatory measures and three classified as zero net cost. The latter are measures that deliver direct benefits to business which are equal to or exceed direct costs but which are considered to be regulatory. The current Home Office OIOO balance of measures validated by the RPC is -£70.96 million.

From January 2013 the OIOO rule changed to One-in, Two-out (OITO) whereby for every regulation introduced, Government departments should find deregulatory measures of at least twice the value of the costs to business or civil society organisations. Since 1 January 2013, the Department has introduced three regulatory measures and one deregulatory measure. All measures await validation. Subject to final validation the Home Office OITO balance is provisionally in deficit by -£13 million; the result of the introduction of a licence regime to combat metal theft. This measure creates significant benefits to business; such as savings to the telecoms and rail industries due to reduced losses through theft, and reduced disruption to business and individuals caused by transport and communications failures resulting from metal theft. Those benefits are, however, out of scope of the OITO methodology.

The Department has taken a number of significant steps aimed at reducing its OIOO and OITO deficits. In 2013, as part of its deficit reduction plan, we conducted an internal Star Chamber to review existing Home Office regulation on specific areas of business. This led to robust ministerial challenge to areas considered to have the greatest deregulatory potential. In early 2014, the Department commenced an audit of Home Office regulation (1850 to 2013), the purpose of which is to comprehensively evaluate the Home Office legislative stock in order to identify opportunities for deregulation. The audit is expected to highlight much good work by the Home Office to reduce burdens on business, including benefits not captured by the OITO methodology.

The Red Tape Challenge (RTC) 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. As a result of the RTC, we have now consulted on proposed changes to poisons legislation and on a number of measures related to delivering the Government's alcohol strategy. Implementation of changes to poisons legislation will affect the sales of non-medicinal poisons and their use and possession by the general public. It aims to increase controls on the end user whilst reducing costs to business to the value of £0.08 million. There are four RTC measures in the Government's Deregulation Bill currently before Parliament: (i) Late night refreshment orders; (ii) Temporary Event Notices; (iii) Lost Licences; and (iv) Liqueur Confectionary. Together they generate estimated savings to business of £0.6 million per year. A further measure, the Community and Ancillary Sellers' Notice, is expected to be introduced into the Deregulation Bill via Government amendment and, subject to the view of Parliament, would generate an expected £2 million OITO savings.

Building a requirement to review regulation into legislation can contribute to better regulation by ensuring that the need for state intervention is monitored. In 2013, statutory review clauses were included in the Justice and Security Act 2013 and the Scrap Metal Dealers Act 2013. The Justice and Security Act includes a statutory requirement to review sections 6 to 11 of the Act as soon as practicable after 24 June 2018. The Scrap Metal Dealers Act contains a requirement for a review of the Act to be carried out within five years of it coming into force.

The efforts of the Department to create an environment conducive to business are not limited solely to the OIOO / OITO approach. We recognise that is is often the application, rather than the substance of regulations, that frustrate business. Electronic licensing has been introduced for the licensing of controlled drugs and for the use of animals in scientific procedures. The Department is also supporting police proposals to move the process for licensing firearms online. These improvements are expected to significantly reduce the administrative burdens on business and the time taken to issue licences. Further improvements for business include the development of new guidance on the use of animals in scientific procedures, in conjunction with stakeholders, and a new electronic process for the collection of statistics. These improvements will not be captured by the BRE's OITO methodology.

The Focus on Enforcement (FOE) initiative seeks to improve the experience of regulatory enforcement for business and civil society organisations. The Home Office led the cross-government response to the FOE review on pubs, taking away the commitment to review guidance on under-age sales of alcohol, and to review and raise awareness of the statutory licensing guidance. Engagement is also ongoing in relation to the FOE review of pharmaceutical manufacturing and production, and an FOE review of Tier 2 immigration policies and processes.

Capability and skills

The capability of the Home Office's people is at the heart of building its wider capability to deliver better as an organisation. This is founded on staff taking personal responsibility for developing their skills so that they do the best job possible, using the five days of learning per year to which the Department is committed. The Department has embedded the Civil Service Competency Framework and continues to promote the wealth of opportunities available through Civil Service Learning.

The Home Office will be publishing a Skills Plan for 2014-15 which sets out eight priorities for the organisation as a whole to achieve consistent competence:

- Required operational skills;
- Basic management skills;
- Leadership (of operations and change);
- Working with ministers;
- Policy making;
- Commercial;
- Project and programme management; and
- Digital.

Progress has already been made in several priority areas, including leadership and functional training across all operational areas, delivery of the Management Development Programme across the Home Office, promotion of learning opportunities in policy and private offices and formal (accreditation) and informal learning around the professions. The focus between now and spring 2015 is to deliver consistent competence in line with wider Home Office transformation: making sure the Department meets its current commitments and building skills for the future.

Gender

The Home Office is committed to ensuring that both men and women are able to reach their full potential in the Home Office. We are looking at ways to get a greater number of senior women into the Department.

The Department is a member of Opportunity Now – a business-led organisation that works to highlight the business benefits of gender equality in private, public and education sectors. We are also participating, along with other Whitehall departments, in a project run by the Demos consultancy company to look at the benefits of women's networks, especially in the public sector.

The Department provides a variety of facilities to support a reasonable work–life balance. The overall objective of gender equality is a society in which men and women enjoy the same opportunities, rights and obligations in all areas of life.

Below can be seen the gender split among the Department's directors as at 31 March 2013 compared with as at 31 March 2014.

Directors as at 2013				
Gender	HC	HC %	FTE	FTE %
Female	1	10%	1	10%
Male	9	90%	9	90%
TOTAL	10	100%	10	100%

Directors as at 2014				
Gender	HC	HC %	FTE	FTE %
Female	3	33%	3	33%
Male	6	67%	6	67%
TOTAL	9	100%	9	100%

HC = headcount; FTE = Full Time Equivalent

The tables below show the gender split among the senior managers within the Home Office. Senior managers are classed as those who are in the SCS (Senior Civil Service) paybands. Again we have provided the numbers as at 31 March 2013 as a comparison.

Civil Servants paid as at 2013				
	All SCS			
Gender	HC	HC %	FTE	FTE %
Female	69	33.7%	68.01	33.4%
Male	136	66.3%	135.8	66.6%
TOTAL	205	100%	203.81	100%

Civil Servants paid as at 2014				
	All SCS			
Gender	HC	HC %	FTE	FTE %
Female	70	34.0%	69.76	34.0%
Male	136	66.0%	135.42	66.0%
TOTAL	206	100%	205.18	100%

Civil Servants unpaid as at 2013				
	All SCS			
Gender	HC	HC %	FTE	FTE %
Female	9	40.9%	8.78	40.3%
Male	13	50.1%	13	59.7%
TOTAL	22	100%	21.78	100%

Civil Servants unpaid as at 2014				
	All SCS			
Gender	HC	HC %	FTE	FTE %
Female	10	62.5%	9.68	61.7%
Male	6	37.5%	6	38.3%
TOTAL	16	100%	15.68	100%

Non-Civil Servants paid as at 2013				
	All SCS			
Gender	HC	HC %	FTE	FTE %
Female	–	–	–	–
Male	5	100%	5	100%
TOTAL	5	100%	5	100%

Non-Civil Servants paid as at 2014				
Gender	HC	HC %	FTE	FTE %
Female	1	11.1%	1	11.1%
Male	8	88.9%	8	88.9%
TOTAL	9	100%	9	100%

All Sections as at 2013				
	All SCS			
Gender	HC	HC %	FTE	FTE %
Female	78	33.62%	76.79	33.3%
Male	154	66.38%	153.8	66.7%
TOTAL	232	100%	230.59	100%

All Sections as at 2014				
	All SCS			
Gender	HC	HC %	FTE	FTE %
Female	81	35.1%	80.44	35.0%
Male	150	64.9%	149.42	65.0%
TOTAL	231	100%	229.86	100%

HC = headcount; FTE = Full Time Equivalent

The following tables show the gender split among all staff in the department

Civil Servants paid as at 2013				
Gender	HC	HC %	FTE	FTE %
Female	13,769	52.1%	12,411.52	50.0%
Male	12,664	47.9%	12,392.30	50.0%
TOTAL	26,433	100%	24,803.82	100%

Civil Servants paid as at 2014				
Gender	HC	HC %	FTE	FTE %
Female	14,107	51.8%	12,743.60	49.8%
Male	13,140	48.2%	12,865.51	50.2%
TOTAL	27,247	100%	25,609.11	100%

Civil Servants unpaid as at 2013				
Gender	HC	HC %	FTE	FTE %
Female	787	57.5%	704.12	55.3%
Male	582	42.5%	568.38	44.7%
TOTAL	1,369	100%	1,272.50	100%

Civil Servants unpaid as at 2014				
Gender	HC	HC %	FTE	FTE %
Female	864	56.2%	775.69	53.9%
Male	673	43.8%	662.21	46.1%
TOTAL	1,537	100%	1,437.90	100%

Non civil servants as at 2013				
Gender	HC	HC %	FTE	FTE %
Female	872	41.2%	844.42	41.0%
Male	1,246	58.8%	1,215.19	59.0%
TOTAL	2,118	100%	2,059.61	100%

Civil Servants paid as at 2014				
Gender	HC	HC %	FTE	FTE %
Female	1,247	41.5%	1,178.13	41.6%
Male	1,760	58.5%	1,654.27	58.4%
TOTAL	3,007	100%	2,832.40	100%

All sections as at 2013				
Gender	HC	HC %	FTE	FTE %
Female	15,428	51.6%	13,960.06	49.6%
Male	14,492	48.4%	14,175.87	50.4%
TOTAL	29,920	100%	28,135.93	100%

Civil Servants unpaid as at 2014				
Gender	HC	HC %	FTE	FTE %
Female	16,218	51.0%	14,697.41	49.2%
Male	15,573	49.0%	15,181.99	50.8%
TOTAL	31,791	100%	29,879.40	100%

HC = headcount; FTE = Full Time Equivalent

Data Source: Data View – the Home Office's single source of Office for National Statistics compliant monthly snapshot corporate Human Resources data.

Period Covered: Data is provided as at 31 March 2013 and 31 March 2014.

Extraction Date: 1 April 2013 and 1 April 2014.

Organisational Coverage: Figures include Home Office and its Executive Agencies (but excluding Non-Departmental Public Bodies) and are compliant with: *Core Table 5 – Staff in Post Staff Numbers (on page 158) and Distribution of Headcount of Senior Civil Service (SCS) salaries (actual)* Table as at end of March 2013 and at the end of March 2014 on page 49.

Employee Coverage: Data is reported in line with the three categories reported both in the Annual Report and Accounts (Table 5) and the Department's Workforce Management Monthly Information (Transparency Agenda reporting): paid civil servants, unpaid civil servants, and Non Civil Servants (predominantly Agency and Contractor staff who substitute as civil servants).

Methodology: Diversity reporting (of which gender is a part) is normally reported on a headcount basis rather than a Full Time Equivalent (FTE) basis. Both have been provided in these tables to show that the information is consistent with Table 5 of the Annual Report and Accounts 2013-2014, which is provided on an FTE basis.

Home Office Science

Under the leadership of the Chief Scientific Adviser (CSA), Professor Bernard Silverman, Home Office Science brings together a wide range of disciplines to provide a credible evidence base for policy decision-making and apply and develop relevant science and technology for front line operations. It also provides effective regulatory functions in defined areas of responsibility and stimulates innovation and economic growth through science, engineering and technology.

The CSA provides independent scientific support, advice and challenge across the full range of Home Office business, and contributes more widely across government, externally and internationally.

Home Office Science is responsible for:

- Informing and improving policy development and implementation;
- Improving operational effectiveness;
- Providing specialist operational capabilities;
- Supporting the Home Office's independent scientific advisory committees[4];
- Producing accurate and informative statistics;
- The effective and proportionate regulation of forensic pathology and the use of animals in science;
- Supporting regulation of the quality of forensic science and the use of surveillance camera systems[5]; and
- The delivery of the National DNA Database (NDNAD).

Some key achievements from 2013-14 include:

- The provision of significant science and technology support to policing, including:
  - Publication of the Fingerprint Visualisation Manual, the internationally agreed standard for fingerprint recovery and development;
  - Completion of police field trials of mobile evidential breath alcohol testing devices ("breathalysers"); and
  - The NDNAD processed more than 409,000 DNA transactions during the year and deleted 1,700,000 legacy records to ensure compliance with the Protection of Freedoms Act. It loaded the first DNA-17 profiles; these provide a higher searching sensitivity.
- The delivery of impactful research and analysis to inform policy and operational decision-making, such as:
  - An analytical tool for deployment of staff and management of queues at Heathrow airport;
  - Publication of high-profile research on the social and public service impacts of migration, labour market trends and on displacement effects in the labour market
  - Evaluations of the Domestic Violence Protection Orders and the Domestic Violence Disclosure Scheme pilots;
  - Impact assessments on migration, the reduction in the heroin supply, visa interviews;
  - Publication of further analyses of migrants' journeys through the immigration system;
  - Publication of statistics on immigration, hate crime, metal theft, business crime; and
  - Evidence provided to Select Committees on crime and migration statistics.
- The operation of effective regulatory and advisory functions, including:
  - The Delivery Plan for the Coalition Commitment on working to reduce the use of animals in scientific research; and
  - Advice by the Advisory Council on the Misuse of Drugs regarding Khat, Foil and ketamine.
- The promotion of security exports through the Security and Policing 2014 event, which attracted over 3,000 visitors, including delegations from over 60 countries.

The Director's Report contains disclosures in relation to:

a) Financial performance during the year, including the departmental reporting cycle and Supplementary Estimate information;

b) Factors likely to affect the future development and performance of the Department; and

c) Information about the Department's employees and social and community issues.

The principle departmental risks are discussed within the Governance Statement.

4 Home Office Science Advisory Council; Advisory Council on the Misuse of Drugs; Poisons Board; Animals in Science Committee; National DNA Database Ethics Group; Forensic Science Advisory Council.

5 The roles of Forensic Science Regulator and Surveillance Camera Commissioner are undertaken by public appointees who are independent of government but supported by staff from Home Office Science.

Sustainability Report

Sustainability Priorities

The Home Office sustainability priorities set out in the Business Plan are to:

- Assess and manage environmental, social and economic impacts and opportunities in its policy development and decision making;
- Procure from small businesses with the aspiration that 25% of contracts should be awarded to SMEs; and
- Implement the Department's plan to fulfil its Greening Government Commitments[6] (GGC), supplying quarterly information and contributing to an annual report on progress.

On 24th March 2014 the NAO published a briefing on sustainability in the Home Office[7] for an Environmental Audit Committee (EAC) assessment of sustainable development in the Home Office. The NAO assessed the progress the Department has made in embedding this into our policies and operations, and commented on our governance and procurement arrangements. The EAC hearing was held on 30 April 2014. Further information is available on the Parliament website.[8]

Home Office sustainability activity can be found on our website under Sustainable Development[9]. A more detailed sustainability report will be published later in 2014.

Managing total greenhouse gas emissions

Carbon dioxide equivalent CO_2e emissions are down by 22% against the 2009-10 baseline. The GGC target (to reduce greenhouse gas emissions from buildings and travel by 25% by 2015 against 2009-10) excludes non-domestic travel. We have achieved a 23% reduction against this measure.

Managing greenhouse gas emissions		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non-Financial Indicators (tCO_2e)	Travel related emissions (including non UK travel)	10,776	11,615	11,088	9,839	13,359
	Building related emissions	55,522	49,127	41,762	41,613	38,137
	Reported greenhouse gas emissions	**66,298**	**60,742**	**52,850**	**51,452**	**51,496**
Financial Indicators (£'000)	Building energy expenditure	10,554	9,597	8,713	9,192	8,958
	CRC registration and license expenditure	Not applicable	2	1	1	2
	CRC allowances	Not applicable	Not applicable	503	523	Available July 2014
	Expenditure on official business travel UK	12,651	11,092	10,498	13,377	15,460
	Expenditure on official business travel outside UK	6,101	6,404	5,575	6,196	7,669
	Other expenditure on official business travel UK/outside UK	829	855	853	522	nil
	Expenditure on accredited carbon offsets (for air travel)	57	26	17	3	2
	Total expenditure	**30,192**	**27,976**	**26,160**	**29,814**	**32,091**

6 http://sd.defra.gov.uk/gov/green-government/commitments/
7 http://www.nao.org.uk/report/departmental-sustainability-overview-home-office/
8 http://www.parliament.uk/business/committees/committees-a-z/commons-select/environmental-audit-committee/inquiries/parliament-2010/sustainability-in-the-home-office/
9 https://www.gov.uk/government/organisations/home-office/about/our-energy-use#greening-government-commitments

Managing our buildings

Our estate includes offices, reporting centres, police training centres, warehouses and a computer centre. By closing seven major buildings, the partnership approach with our facilities management contracts and by sensible investment with good pay-backs, we continue to meet our targets and reduce costs. CO_2e emissions from our buildings are down by 31% against the 2009-10 baseline. 75% of purchased electricity is from a renewable source. At today's prices the energy saved would have cost a further £2m annually.

Managing greenhouse gas emissions from buildings		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non-Financial Indicators (tCO_2e)	Electricity: non-renewable	27,946	24,004	20,802	18,279	7,820
	Electricity: renewable	16,972	16,891	14,701	15,363	23,647
	Gas	6,985	5,978	5,214	6,849	5,922
	LPG	317	238	351	166	162
	Oil	3,302	2,016	694	956	586
	Total	**55,522**	**49,127**	**41,762**	**41,613**	**38,137**
	Estimated (additional) greenhouse gas emissions from unreported buildings (MOTOs and landlord provided space)	**Not known**	**Not known**	**Not known**	**22,000**	**23,367**

Working in partnership with Amey in London and the south-east, and their supply partner BMSI (a British Gas Company) energy savings in excess of £1.2m and a reduction of over 7,500 tonnes of CO_2e have been secured, of which £135,000 and 895 tonnes of CO_2e were saved in 2013-2014. These savings have been achieved by a combination of improving the control with building heating, ventilation and air-conditioning systems, as well as plant and equipment upgrades.

Changes to the way we manage our information technology across the Department has resulted in annual savings of £50,000 and CO_2e savings of 5% in our London headquarters alone.

Our energy use in key buildings can be viewed online: http://webview2.ecodriver.net/HomeOffice/. We published Better Police Buildings[10] outlining our design support service to the Police. We are ensuring that our estate can cope with localised effects of extreme weather such as flooding and subsidence.

Managing travel

Travel includes our own vehicle fleet, hire cars, taxis, staff travelling in their own vehicles (where this is reimbursed) and business air travel. Since 2009-10 the distance travelled has increased by 46% and CO_2e emissions have increased by 24%. Operational requirements, and planning for the Olympic and Commonwealth Games plus our commitment to keeping the border secure have led to a rise in domestic flight numbers, which are 9% above the 2009-10 baseline. We are working to reverse this trend through a number of initiatives including improving our use of new technologies and better management information to line managers.

10 http://www.vburbandesign.com/uploads/3/0/4/2/3042581/designing_better_police_buildings_v16_17_09_13.pdf

Managing greenhouse gas emissions from travel			**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non-Financial Indicators	tCO_2e	Air (Domestic)	1,302	1,028	1,039	1,160	1,360
		Air (International)	2,078	1,495	1,945	1,384	2,143
		Rail (Domestic)	1,610	1,463	1,389	1,755	1,958
		Rail (International)	10	7	7	5	13
		Grey fleet	2,171	2,108	1,588	1,614	1,414
		Hire car	918	1,101	1,073	1,299	1,709
		Taxis	53	53	35	36	49
		Fleet	2,634	4,359	4,012	2,586	4,733
		Total	**10,776**	**11,614**	**11,088**	**9,839**	**13,379**
	(km ’000)	Distance travelled UK	61,876	68,136	63,747	64,690	90,400
	(km ’000)	Distance travelled outside UK	11,991	9,458	12,252	10,058	17,466
	Number	Domestic flights	15,399	11,789	9,040	11,716	16,797
Financial Indicators (£’000)		Air	2,996	2,136	1,949	1,935	3,814
		Rail	7,914	6,176	6,064	8,032	9,904
		Grey fleet	2,504	2,242	1,810	1,884	1,573
		Hire car	329	743	829	994	1,393
		Taxis	582	490	410	439	443
		Fleet	921	1,625	1,487	1,540	1,605
		Total	**15,246**	**13,412**	**12,549**	**14,824**	**18,732**

We have began to assess the carbon footprint of our supply chain, ICT infrastructure, asylum and immigration accommodation and travel and the carbon cost of crime. We plan to report on this in our detailed sustainability report later in the year.

Managing water

This year we have continued to invest in water-saving devices and we are working with Thames Water to deliver an improved water monitoring system in several large buildings. Water consumption is 34% less than in the 2009-10 baseline.

Managing water		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non-Financial Indicators (‘000 m^3)	Supplied	314	249	234	203	206
	Abstracted	4	5	2	3	4
	Total water	**318**	**254**	**236**	**206**	**210**
Financial Indicators (£'000)		**578**	**405**	**364**	**349**	**387**

Managing office waste

The amount of office waste reported continues to fall, exceeding the GGC target to reduce the amount of waste generated by 25% from a 2009-10 baseline. Office waste is 35% less than in the 2009-10 baseline. Recovery rates are currently over 70%.

Managing office waste		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non-Financial Indicators (tonnes)	Recycled	3,943	3,222	2,974	2,653	2,242
	Composted	n/k	n/k	n/k	6	59
	Incinerated with energy recovery	n/k	n/k	n/k	154	82
	Total recovered	**3,943**	**3,222**	**2,974**	**2,813**	**2,383**
	Incinerated without energy recovery	Not available	Not available	Not available	3	19
	Landfill	1,270	1,313	1,535	1,022	942
	Total waste	**5,213**	**4,535**	**4,509**	**3,838**	**3,344**
Financial Indicators (£'000)	Total recovered	550	427	389	365	287
	Landfill and incinerated without energy recovery	102	105	123	85	79
	Total disposal cost	**652**	**532**	**512**	**450**	**366**

We have increased paper purchased this year but are still 29% below our 2009-10 baseline. By the end of 2013-14 we had bought 94% of our paper from a cross-government close-loop initiative to recycle waste paper into new supplies.

Managing paper (A4 equivalent)	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non-Financial Indicators (reams)	398,001	376,832	287,220	256,496	282,910
Financial Indicators (£'000)	**672**	**739**	**833**	**592**	**651**

Sustainable Procurement

Sustainability is factored into how we buy goods and services and ensure that value for money is reflected over their lifetime. The mandated Government Buying Standards (GBS)[11] are incorporated throughout the procurement process. 15% of our expenditure is with SMEs. We use a web-based supply-chain engagement tool known as CAESER (Corporate Assessment of Environmental, Social & Economic Responsibility) to allow contract managers to manage supply-chain sustainability performance.

Governance Arrangements,

Oversight is provided by the Minister for Criminal Information and the Permanent Secretary. Day to day work on this agenda is provided by the Sustainable Development Team (SDT) who report to the Director of Finance and Estates who is the Department's Sustainable Development Champion (SDC). The Sustainability Implementation Group, managed by the SDT, reviews and amends a Sustainable Development Plan to reflect progress and changing focus. The SDC reports to the Chief Operating Officer, who is a member of the Home Office Supervisory Board and the Executive Management Board.

Performance data

The SD performance of all our agencies and arms length bodies have been included in this report, except the Office of the Immigration Services Commissioner which is not required to report. We have restated some figures from last year to take account of; revised carbon conversion factors for electricity and the removal of some estimates. We have removed data from the Serious Organised Crime Agency data as they now report independently as the National Crime Agency. We only report on buildings where we pay directly for utilities or services. Carbon Smart provides data checks. Estimation has been used where the data is unavailable. The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business[12].

Mark Sedwill
Accounting Officer

11 http://sd.defra.gov.uk/advice/public/buying/
12 https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses

2 TRANSPARENCY

Transparency programme

During 2013-14, the Home Office continued to largely meet, on time and to quality, all its core commitments in support of the transparency programme. However, the Department is working to ensure improvements in responding to Freedom of Information and Parliamentary Questions requests. Details of our key commitments to opening up government data, and our other work on transparency, are published in our Open Data Strategy[13] which was updated in April 2013.

The Home Office contributes to the quarterly Written Ministerial Statements laid before Parliament by Cabinet Office. 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, particularly that relating to the cost of organised crime. A further commitment to publish data on disruption to organised crime has been put on hold, pending a review of this area of work by the National Crime Agency.

Cabinet Office published the UK National Action Plan for 2013-15[14] and the UK National Information Infrastructure[15] at the Open Government Partnership annual summit in October 2013. The Home Office contributed to the development of both documents, and the commitments they contain, regarding the future direction and pace of transparency and open data.

Our Transparency Minister, Lord Taylor of Holbeach, continues to provide 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 is maintained between the twin considerations of information assurance and transparency. We also benefit from external support and challenge from the Crime and Justice Transparency Sector panel which is run jointly with the Ministry of Justice, chaired by Dr Kieron O'Hara from the University of Southampton.

Value for Money

The Home Office's focus on efficiency and value for money is making progress against considerable challenges across the Department and in supporting the police service to secure savings, while protecting frontline delivery to the public.

A significant programme of work is underway with more to be achieved.

Key areas of focus in 2013-14 were:

- Commercial/procurement – including the first full year of the new COMPASS contracts providing an improved standard of safe and secure accommodation for asylum seekers who need it. The new contracts have saved £19 million in 2013-14, on top of the £8 million saved in 2012-13;
- Shared Services – the Department has in total outsourced 70% of corporate services provision. We are a customer of cross-government expert services such as legal, pensions and Crown Commercial Service. The Home Office hosts Civil Service Learning and the Organisational Design expert service for government; and
- Supporting police collaboration – including savings from operational police PFI projects, in conjunction with Local Partnerships which has identified £36 million of savings. These savings are in the process of being realised by PCCs with Home Office and HM Treasury support.

13 http://data.gov.uk/library/home-office-open-data-strategy
14 http://data.gov.uk/library/open-government-partnership-uk-national-action-plan-2013-2015
15 https://www.gov.uk/government/publications/national-information-infrastructure

In April 2014 we published a revised Accountability System Statement for Policing and Crime Reduction[16], reflecting changes to accountability arrangements in the policing landscape. The statement sets out how local accountability for delivering VfM operates.

Continuous Improvement programmes, linked to the Department's strategic priorities, key risks and transformation plan, continue to yield benefits across the Home Office. A systematic process of assurance, structured cost reduction planning and rigorous spending controls underpin our VfM strategy.

The Home Office has been conducting an Efficiency Review, in collaboration with the Cabinet Office and HM Treasury. The review has sought to firm up plans to deliver challenging efficiency savings in 2015-16, whilst also identify opportunities to deliver savings into the next Parliament. The review aims to conclude in May 2014 with a plan to transition to business as usual.

Spend on consultancy and temporary staff

The Home Office has a robust consultancy and 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 Consultancy & Contingent Labour (CCL) Board. This control covers the Home Office HQ, agencies and NDPBs.

The CCL Board, chaired by the Commercial Director General, was established in October 2010 and meets at least every two weeks. Consultancy requests over £20,000, if approved by the CCL 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 CCL 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 2013-14 on Consultancy and Contingent Labour (CCL) by the Home Office, including agencies and NDPBs, was £90.4 million. This figure has been calculated using resource (accruals) financial data. The figure represents an increase of 38% from 2012-13 spend which was £65.4 million.

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

Consultancy Costs	**2013-14 total expenditure (£000)**
Home Office HQ	16,277
Her Majesty's Passport Office	907
Security Industry Authority	142
College of Policing	658
Disclosure and Barring Service	30
TOTAL	18,014

Contingent Labour/Agency Costs	**2013-14 total expenditure (£000)**
Home Office HQ	63,929
Her Majesty's Passport Office	936
Security Industry Authority	2,297
College of Policing	2,299
Disclosure and Barring Service	1,881
Independent Police Complaints Commission	978
National Fraud Authority	110
TOTAL	72,430

16 https://www.gov.uk/government/publications/accountability-system-statement-for-policing-and-crime-reduction

Total Consultancy and Contingent Labour/ Agency Costs	2013-14 total expenditure (£000)
Home Office HQ	80,206
Her Majesty's Passport Office	1,843
Security Industry Authority	2,439
College of Policing	2,957
Disclosure and Barring Service	1,911
Independent Police Complaints Commission	978
National Fraud Authority	110
TOTAL	90,444

Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman received a total of 1,417 complaints against the Home Office in 2012. This is the period for which the most recently published Parliamentary Ombudsman's report[17] is available.

Complaints received	Complaints resolved through intervention	Complaints accepted for investigation	Investigated complaints reported on	Uphold rate
1,417	57	29	24	92%

The number of complaints about the Home Office increased by 84% to 1,417 in 2012, driven by a 97% increase in complaints about the UK Border Agency. The UK Border Agency accounted for over 80% of all complaints about the Home Office. The number of complaints accepted for investigation rose from 20 in 2011 to 29 in 2012, all but one of which was about either the UK Border Agency or the UK Border Force.

In the Ombudsman's review of complaint handling by government departments and public organisations in 2011-12[18] they highlighted case studies involving the Home Office:

A mix-up with forms

A mother, married to a UK citizen, applied to the UK Border Agency for leave to remain in the UK for her and her children, on the basis of her marriage. The agency returned her application because they needed different photographs. The fee had gone up to £659, so the family had to send more money. By mistake, the family had sent £10 too little. But instead of asking for the missing £10, the agency returned all the money, and told the family, three times, that no fee was payable. Overall, it took a year for the agency to explain matters accurately, and by then the fee payable had risen to £1,100. The agency agreed, after we had contacted them, to handle the application at the original cost of £659.

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 individual; and
- 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.

17 http://www.ombudsman.org.uk/__data/assets/pdf_file/0013/20830/2013-03-15-FINAL-REVISED-Permanent-Secretary-Letter-Home-Office.pdf
18 http://www.ombudsman.org.uk/__data/assets/pdf_file/0003/19524/FINAL_Parliamentary_report_2011-12-web.pdf

The cost of delay

The Criminal Records Bureau has minimum standards for the time it will take to deal with cases. A health worker waited 22 weeks too long for the Bureau to give his employer a records check. He was unable to work during that time. The Bureau had agreed to pay his lost earnings, but had treated him as a higher-rate taxpayer and deducted tax at 40%. They should have taxed him at 20%. We asked them to look again and they paid him a further £2,780 to make up the underpayment.

There have been no new reports on the Home Office, or its agencies or arm's length bodies published since the last annual report.

During 2011-12 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

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. We paid 91.5% of invoices within 5 working days in 2013-14 (2012-13: 86.8%).

Freedom of Information (FOI)

Departmental performance in responding to FOI requests within statutory deadlines was below target for several months, resulting in the Department being monitored by the Information Commissioner's Office (ICO). This followed a steady decline in performance which began in the third Quarter of 2012-13 (72% for 1,111 cases), reaching its lowest point in the first Quarter of 2013-14 (52% for 890 cases). The main reason for this decline was that the Department experienced a sharp rise in the volumes of requests, seeing a 20% increase between 2011-12 and 2012-13; the increased impact on the former UKBA was particularly acute as it coincided with prolonged and ongoing organisational changes. Performance across the Department has started to improve, and has now reached 88% for 983 requests by the end of the fourth Quarter in 2013-14. We will continue to monitor this closely to ensure the rise in performance is sustained.

Parliamentary Questions (PQ)

The Home Office Ministerial Team and the Permanent Secretary take Departmental PQ performance very seriously, both in relation to the Department's obligations to Parliament, and as a strand of the transparency programme. As such we are taking steps to ensure that performance improves. We have set in train a continuous improvement plan which included the following measures:

- Tasking a member of the Home Office Board with specific responsibility for improving Parliamentary Accountability and greater senior level engagement with the Department's existing network of officials who are involved in the PQ process, supplemented by more regular communications from senior leaders about the importance of PQs;
- Monthly identification of the top and bottom three performing business areas in the Department and taking action to raise standards in poorly performing areas; and
- Improving the quality and frequency of training and making it mandatory for all those involved in answering PQs.

It is taking time for some of the benefits of this plan to be realised, but we are determined to make progress to ensure that we improve performance.

Performance in Responding to Correspondence from the Public

In 2013-14, Home Office Headquarters received 9,503 letters and emails from the public which required our response. We replied to 94% of this correspondence within the target of 20 working days.

Off-payroll engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm's length bodies must publish information on their highly paid and/or senior off-payroll engagements.

The tables below provides the total number of off-payroll engagements, who are earning in excess of £220 per day plus new engagements during the year and also a table showing those who were board members or senior officials during the year.

Table 1:

This table shows the number of off-payroll engagements as of 31 March 2014, for more than £220 per day and that last for longer than six months.

	Main Department	Agencies	ALBs
No. of existing engagements as of 31 March 2014	184	7	22
Of which:			
No. that have existed for less than one year at time of reporting.	104	6	18
No. that have existed for between one and two years at time of reporting.	43	–	4
No. that have existed for between two and three years at time of reporting.	17	–	–
No. that have existed for between three and four years at time of reporting.	13	1	–
No. that have existed for four or more years at time of reporting.	7	–	–

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2:

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014, for more than £220 per day and that last for longer than six months.

	Main Department	Agencies	ALBs
No. of new engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014	110	4	26
No. of the above which include contractual clauses giving the Department the right to request assurance in relation to income tax and National Insurance obligations	110	4	26
No. for whom assurance has been requested	110	4	26
Of which:			
No. for whom assurance has been received	110	4	14
No. for whom assurance has not been received	–	–	12
No. that have been terminated as a result of assurance not being received.	–	–	–

Table 3:

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2013 and 31 March 2014.

	Main Department	Agencies	ALBs
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	–	–	–
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	–	–	3

3 2013-14 ANNUAL ACCOUNTS

Directors' Report

Funding

The Home Office is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans is sought through the Main 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.

At the Supplementary Estimate stage, a number of changes were made to the Department's Estimate. These included:

- Funding was transferred to the National Crime Agency which was created on 7 October 2013. The transfers related to the Machinery of Government change amounted to £442 million net resource DEL, £17million resource AME and £37 million net capital;
- Budget Exchange was agreed with the Treasury which re-allocated £105 million from the Departmental Unallocated Provision into 2014-15 to cover transformation costs, Riot Damages Act costs and NATO Policing costs;
- A number of transfers into AME to cover estimated provisions and increases in Police superannuation costs; and
- A number of neutral transfers within the Department to reflect the new organisational structure.

Outturn

The Statement of Parliamentary Supply (SOPS), which is the main parliamentary control schedule, reports the outturn against Estimate (the Estimates Boundary). Additional detailed actual spending during 2013-14 against Estimate sub-heads is reported in the Analysis of Net Resource Outturn by Section (note 2.1 to the SOPS). Estimates for each sub-heading are finalised in the Supplementary Estimate with work to formulate these numbers taking place in December each year.

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:

a) The resource budgeting boundary excludes items such as capital grants provided by the Home Office to Local Authorities (resource budgeting boundary excludes all capital grants); and

b) The budgeting boundary includes items which are not reported in the Estimate or accounts, for example, on balance sheet PFIs. (HO Estimate boundary is the same as the budgeting boundary as it includes all our DEL and AME) Payments to suppliers are classified as resource expenditure for budgetary purposes.

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 overall resource spend for the year was in line with expectations at £11.950 billion.

The total DEL resource at £10.568 billion shows an under spend for 2013-14, against the Supplementary Estimate, of £49 million (a variance of 0.5%). This is broken down as follows:

- DEL admin under spend of £34 million; and
- DEL programme under spend of £15 million.

Following the publication of the Supplementary Estimate, there has been significant restructuring within the Home Office. This resulted in further internal reallocation of budgets between business areas as financial pressures developed. This means that the variances highlighted in note SOPS2.1 (Analysis of net resource outturn by section) do not reflect the actual variances between revised delegated budgets and outturn. The variances explained below compare actual expenditure with revised delegated budgets as reported to the Executive Management Board, rather than the Estimate rows as in note SOPS2.1.

The £49 million DEL under spend against delegated budgets used for Home Office reporting, which in total agrees to the under spend against the Estimate, is largely explained below:

- An underspend of £43 million largely reflecting the over recovery of income in UK Visas and Immigration;
- Additional, surplus income from HM Passport Office resulting from consistently high passport demand throughout the year providing a £10 million cost saving;
- Reduced expenditure (£7 million) in spending within the Office for Security and Counter Terrorism due to an over recovery from the asset recovery incentivisation scheme (ARIS) income and also from the regional organised crime grant funding changes;
- Reduced Immigration and Enforcement expenditure (£5 million) resulting from lower than expected detention costs (such as the delay in the opening of the Verne Immigration Removal Centre) and lower removals and escorted volumes;
- Crime and Policing Group (CPG) over spent by £6 million. This is largely due to over commitments on the police special grant, final resolution of the G8 funding and additional funding for the National Police Air service; and
- A £9 million overspend on Enablers relating to the impairment of assets that were transferred from the National Policing Improvement Agency.

Annually Managed Expenditure (AME), at £1,382 million, shows an under spend of £85 million, which was largely the result of reduced Police pension costs.

Capital at £363 million shows an under spend of £15 million. This is in line with expectations.

Cash Requirement

The overall cash requirement at 31 March 2014 was £11.979 billion, compared with a net control total figure of £12.148 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, notes 19 and 20 also disclose 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

The National Crime Agency was established on 7 October 2013 as a non Ministerial Government Department. It look over many of the activities of the Serious Organised Crime Agency, previously an non-departmental Public Body of the Home Office. The work of Crime and Financial Investigators (CFIs) also transferred from the Home Office to the NCA. This Machinery of Government Change was accounted for under merger accounting rules.

Other key organisational changes are listed below:

a) The UK Border Agency (UKBA) closed on 31 March 2013. The responsibilities of the agency transferred to the core Department on 1 April 2013;
b) The Identity & Passport Service was renamed Her Majesty's Passport Office on 1 April 2013;
c) On 1 October 2013, the Home Office legal branch transferred to the Treasury Solicitor's Department as part of a wider consolidation of government legal services;
d) The National Policing Improvement Agency (NPIA) largely ceased operational activity towards the end of 2012. It was formally closed on 6 October 2013; and
e) The National Fraud Authority closed on 31 March 2014. Its functions have been transferred to the National Crime Agency, the City of London Police, the Cabinet Office and the Home Office.

Going Concern

The Consolidated Statement of Financial Position as 31 March 2014 shows taxpayers' equity of £169 million, (2012-13 £302 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 £701,000 (2012-13 consolidated, £949,000 which included £237,000 for the UKBA audit), of which that for the core Department alone was £495,000 (£375,000 2012-13). The audit fee for the Department's non-departmental public bodies was not notional and totalled £326,000 (£403,000, 2012-13). No remuneration has been paid to the NAO during 2013-14 for non-audit work (2012-13 £nil).

In so far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditor is unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Political and Charitable Donations

The Home Office has not made any political or charitable donations during 2013-14.

Future developments

The 2013 Spending Round (SR13) imposed significant future reductions in departmental expenditure in the financial year 2015-16. The Department's resource expenditure limits (excluding depreciation) will reduce to £9,788 million (excluding adjustments made at the Main Estimate), which equates to a real reduction of 6.1 per cent compared to the 2014-15 baseline. Within this resource settlement, the Department's administration budget (excluding depreciation) will reduce to £408 million, equivalent to a real reduction of 50 per cent in real-terms compared to the 2010-11 baseline used in Spending Review 2010. 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 Department is currently undertaking an Efficiency Review in conjunction with HM Treasury and the Efficiency Reform Group of the Cabinet Office to help inform plans for meeting future fiscal pressures.

Events since the Year end

On 9 April 2014, the Prime Minister announced that the Gangmasters Licencing Authority (GLA – a Non-Departmental Public Body of the Department for Environment, Food and Rural Affairs) transferred to the Home Office from 1 April 2014.

Mark Sedwill
Accounting Officer

Lead Non-Executive Board Member's Report

Composition

There were several changes in Board membership during the year; of both Ministers and senior officials. This naturally created some discontinuity and, as a result, it has not been possible to implement all the actions identified last year. Despite this, the Board has continued to add value.

Quality

Board agendas have included varied 'deep-dive' items such as planning for Immigration System transformation; the emergency services mobile communications programme; spending round negotiations; National Crime Agency transition programme; criminality information; departmental planning and transformation; and employee engagement. Regular items include sessions on current issues and corporate reporting. This year's Supervisory Board Meetings included an 'awayday' to review the Home Office Transformation Plan.

Board members consider that meetings were of suitable length and effectively chaired; with good time management and participation. Agendas were relevant and set appropriately to afford Board insight and scrutiny. The logistics of meetings and communications to Board members were timely and well managed. The support of the Board Secretariat is appreciated by all Board members and especially by the NEDs.

Departmental Involvement of NEDs

During the year, NEDs have chaired and been members of the Nominations and Audit Committees and attended key appointment panels. They have also contributed to specific issues where an external perspective was helpful such as the Home Office Transformation programme and the closure of the UK Border Agency. Following the appointment of Mark Sedwill as Permanent Secretary, NEDs were invited to attend and contribute to the weekly thematic Executive Management Board meetings on an individual basis; an important and worthwhile development.

Conclusion & Recommendations

In summary, Board members continue to value the Supervisory Board, although there remains room for improvement. The Department has made good use of the external expertise NEDs provide; at the Board and in other forums and I would encourage the continuation of this.

The actions identified as a result of last year's evaluation that are outstanding should be revisited. The Board could particularly benefit from more informal opportunities to develop the relationship between members. Additionally a more settled membership remains an essential ingredient for the success of the Board. I am confident that, with this in place, the Board will continue to be a valuable asset to the Department.

Val Gooding
Home Office Lead Non-Executive

Our Ministers

The following ministers were responsible for the Department during 2013-14:

Rt Hon Theresa May	Secretary of State for the Home Office
Lord Taylor of Holbeach	Lords Minister and Minister for Criminal Information
James Brokenshire MP	Minister of State for Immigration and Security (from 8 February 2014) previously Security Minister
Karen Bradley MP	Minister for Modern Slavery and Organised Crime (from 8 February 2014)
Rt Hon Damian Green MP	Minister for Policing, Criminal Justice and Victims (jointly with the Ministry of Justice)
Norman Baker MP	Minister of State for Crime Prevention (from 7 October 2013)
Mark Harper MP	Immigration Minister (to 7 February 2014)
Jeremy Browne MP	Minister of State for Crime Prevention (to 6 October 2013)

Our Boards

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; and
- Risk – setting the Department's risk appetite and ensuring controls are in place to manage risk.

It is supported by sub-committees on Audit & Risk Assurance, Remuneration, Nominations and Governance sub-committees.

The membership of the Supervisory Board during 2013-14 is listed below:

<u>Ministers</u>

Rt Hon Theresa May MP	Secretary of State for the Home Office
Lord Taylor of Holbeach	Lords Minister and Minister for Criminal Information
James Brokenshire MP	Minister of State for Immigration and Security (from 8 February 2014) previously Security Minister
Karen Bradley MP	Minister for Modern Slavery and Organised Crime (from 8 February 2014)
Rt Hon Damian Green MP	Minister for Policing, Criminal Justice and Victims (jointly with the Ministry of Justice)
Norman Baker MP	Minister of State for Crime Prevention (from 7 October 2013)
Mark Harper MP	Immigration Minister (to 7 February 2014)
Jeremy Browne MP	Minister of State for Crime Prevention (to 6 October 2013)

Officials

Mark Sedwill	Permanent Secretary
Mike Anderson	Director General, International and Immigration Policy Group
Charles Farr	Director General, Office for Security and Counter-terrorism
Mary Calam	Director General, Crime and Policing Group (from 7 November 2013)
Stephen Rimmer	Director General, Crime and Policing Group (until 10 November 2013)
Mike Parsons	Chief Operating Officer (from 1 November 2013)
Peter Kane	Acting Director General, Finance and Corporate Services (from 19 August 2013 until 17 November 2013)
Helen Kilpatrick	Director General, Finance and Corporate Services (until 1 September 2013)
Jonathan Jones	Legal Advisor (until 28 February 2014)

Non-Executive Directors

Sue Langley	from 1 December 2013
Philip Augar	until 7 January 2014
Val Gooding	resigned 30 April 2014
John Allan	until 31 March 2014

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 almost weekly, is chaired by the Permanent Secretary. Members of the EMB were:

Officials

Mark Sedwill	Permanent Secretary
Mike Anderson	Director General, Immigration and International Policy Group
Charles Farr	Director General, Office for Security and Counter-terrorism
Mary Calam	Director General, Crime and Policing Group (from 7 November 2013)
Stephen Rimmer	Director General, Crime and Policing Group (until 10 November 2013)
Mike Parsons	Chief Operating Officer (from 1 November 2013 and, Interim Director General Operational Systems Transformation 1 September-31 October 2013)
Peter Kane	Acting Director General, Finance and Corporate services (from 19 August 2013 until 17 November 2013)
Helen Kilpatrick	Director General, Finance and Corporate Services (until 1 September 2013)
Rob Whiteman	Director General, Operational Systems Transformation (until 1 September 2013)
Sarah Rapson	Director General, UK Visas and Immigration (from 16 April 2013)
Charles Montgomery	Director General, Border Force
Kevin White	Director General, Human Resources
Jonathan Jones	Legal Advisor (until 28 February 2014)
Mandie Campbell	Director General, Immigration Enforcement (from 1 February 2014)
David Wood	Director General, Immigration Enforcement (until 31 January 2014)

Non-Executive Directors

Sue Langley	from 1 December 2013
Philip Augar	until 7 January 2014
Val Gooding	resigned 30 April 2014
John Allan	until 31 March 2014

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
Sue Langley	1 December 2013	30 November 2016
Phillip Augar	22 March 2012	7 January 2014
Val Gooding	4 January 2011	30 April 2014
John Allan	4 March 2011	31 March 2014

Our Staff

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).

Details on remuneration are set out in the Remuneration Report beginning on page 50.

Our diversity strategy

The Home Office's Diversity Strategy 2013-16 covers four strategic aims covering:

- Leadership;
- Creating a representative workforce;
- An inclusive working environment; and
- How we deliver services to the public.

A Diversity Strategy Programme Board oversees the delivery of the Diversity Strategy and meets quarterly to review the performance against the four strategic aims and hold business areas accountable. The Board is reviewing the diversity strategy with an emphasis on businesses evidencing the outcomes they achieve by embedding and mainstreaming diversity into the business to deliver their objectives.

Success during 2013–14

The Department continues to be one of the leading public sector organisations on diversity. In particular it:

- Was in the Top 10 of participating public sector organisations for both Race for Opportunity (Race) and Opportunity Now (Gender) Benchmark in 2013;
- Won the Transparency, Monitoring and Action Award at the 2013 Race for Opportunity Awards;
- Won the Highly Commended award for Employee Engagement for 2013 from the Employers Network for Equality and Inclusion (ENEI);
- Won the community engagement award at the Asian women of achievement awards;
- Was named as the top government employer of the year (2014) for lesbian, gay and bisexual (LGB) people, as assessed by the charity Stonewall; and

- Became the first ever organisation to achieve "Clear Assured" status for three consecutive years in recognition of its work and support in the recruitment and retention of disabled staff. This is a benchmark which helps ensure a consistent level of best practice across employers and talent providers.

During 2013-14 the Home Office continued to implement its disability programme, No Barriers, which included:

- Facilitation of workshops and focus groups with staff/managers to discuss key challenges and identify solutions to improve the engagement of disabled staff;
- Design, development and roll out of a mental health awareness training programme for staff and managers;
- Joint hosting with Defra (the Department for Food and Rural Affairs) of an event to mark International Day of Disabled People which included a presentation on best practice regarding disability and the sharing of information in the workplace;
- Launch of mental health newsletter, "Something in Mind", to highlight key initiatives and events about mental health across the Department;
- Commitment by Home Secretary, on behalf of the Department, to sign the Time to Change Pledge, which aims to combat stigma regarding mental health in the workplace; and
- Review of disability policies including reasonable adjustments policies.

The Department's work to engage more with staff has led to the diversity declaration by staff for ethnicity data improving from 63% in 2007 to 99% in 2013. The Home Office Staff Survey in 2013 also revealed an increase of 3% in engagement to 52% and a 4% increase in the response rate to 51%. Engagement questions on organisational pride, being a great place to work, inspiration and motivation all show an upward trend. Engagement across all protected characteristics shows a 3-4% improvement.

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. It 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, it provides internal support to staff with disabilities through the Home Office Disability Support Network (HODS).

We operate 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.

Consultation with employees

The Home Office has in place a consultative framework for engaging trade union representatives. There are four recognised Trade Unions and facility time is provided to allow union representatives to take part in industrial relations duties. Alongside this, we have 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. Resources are provided for these and other representative bodies. In October 2013 the Home Office introduced new union facility time arrangements which will limit the proportion of the paybill allocated to paid union facility time to 0.1% in line with the Cabinet Office Facility Time Framework.

Staff Health and Wellbeing

Following a Civil Service wide tender for occupational health) and employee assistance programmes, new contracts were let for both services and a new provider appointed. The transition period for the programmes was concluded in seamless fashion and all services were fully maintained with significant financial savings realised. The mediation service has been further enhanced through specific training for the mediators and fully embedded into the pan-civil service mediation service offering greater flexibility and efficiency. The Department's Stress policy was reviewed providing detailed advice for employees and line managers and, following staff survey feedback, a bullying and harassment helpline was introduced serviced via volunteers from the Department.

Staff Sickness

The rolling year average working days lost to sick absence for the Home Office as at 31 March 2014 is 7.11 days (7.52 days in 2012-13). This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.

Health and Safety

The Home Office has introduced a simplified risk management process that more readily identifies significant health and safety risks. The on-line Display Screen Equipment tool has been further developed to assess primary control points at front line border controls and utilising in house trained assessors is ensuring early interventions are identified and undertaken. To complement this, a musculoskeletal disorder project was completed during the period that has resulted in a toolkit being launched to identify at an early stage musculoskeletal disorder issues. Furthermore, a simplified on line accident reporting system has been introduced that will yield improved data relating to causation and trends.

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).

We recognise 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.

Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2014

Salary Bands	SCS within the range as at end of March 2013	Percentage
£60,000-£65,000	18	8.74%
£65,000-£70,000	31	15.05%
£70,000-£75,000	40	19.42%
£75,000-£80,000	24	11.65%
£80,000-£85,000	25	12.14%
£85,000-£90,000	13	6.31%
£90,000-£95,000	9	4.37%
£95,000-£100,000	5	2.43%
£100,000-£105,000	8	3.88%
£105,000-£110,000	6	2.91%
£110,000-£120,000	11	5.34%
£120,000-£130,000	8	3.88%
£130,000-£145,000	5	2.43%
£145,000-£150,000	0	0.00%
£150,000-£155,000	1	0.49%
£155,000-£180,000	0	0.00%
£180,000-£185,000	1	0.49%
£185,000-£200,000	0	0.00%
£200,000-£205,000	1	0.49%
Grand Total	**206**	**100.00%**

Remuneration Report

Remuneration Policy

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

The Review Body sometimes advise the Prime Minister 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;
- The Government's inflation target; and
- Evidence received about wider economic considerations and the affordability of recommendations provided.

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

- 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;
- Job weight in differentiating the remuneration for 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 sometimes make other recommendations to relate reward to performance where appropriate; maintain the confidence of those covered by the review body's remit that its recommendations have been fairly and properly determined and the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.
Further information about the work of the Review Body can be found at www.gov.uk/government/organisations/review-body-on-senior-salaries.
The disclosures within this Remuneration Report are subject to audit.

Service Contracts

The Constitutional Reform and Governance Act 2010 require 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 2013-14 are reported on page 45.

Membership of the Home Office Supervisory Board

The membership of the Supervisory Board during 2013-14 is reported on pages 45 to 46.

Executive Management Board (EMB)
The membership of the Executive Management Board during 2013-14 is reported on page 46.

Non executive directors

The information details relating to the non-executive directors are reported in Chapter 1 in this document on page 47.

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 2012-13 performance year the committees comprised:

Pay Band 3 Remuneration Committee
Mark Sedwill (Chair), Philip Augar, Sally Hulks
Pay Band 2 Remuneration Committee
Mark Sedwill (Chair), Kevin White, Helen Kilpatrick, Charles Farr, Stephen Rimmer, Rob Whiteman, Mike Anderson, Jonathan Jones, and Sir Charles Montgomery
Pay Band 1 Remuneration Committee
Mark Sedwill, Kevin White, Helen Kilpatrick, Charles Farr, Stephen Rimmer, Rob Whiteman, Mike Anderson, Jonathan Jones and Sir Charles Montgomery

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 – low 10% of performers

For the 2012-13 performance year, only Group 1 was eligible for a non-consolidated performance payment.

Arrangements for senior civil service pay and reward are determined centrally by the Cabinet Office following recommendations from the independent Senior Salaries Review Body (SSRB).

For the 2012-13 performance year Cabinet Office guidelines allowed for consolidated pay increases limited to an average award of 1%, and up to 3.3% of the SCS pay bill to be used for non-consolidated performance payments.

The Home Office awarded the staff in Groups 1 & 2 a pay increase of 0.92% and paid out 1.1% of the SCS pay bill on non-consolidated performance payments to staff in Group 1; this equates to £270,000.

Bonus payments for the 2012-13 performance year were paid in July 2013. 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 2013-14 performance year will be undertaken shortly.

Remuneration (including salary) and pension entitlements

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

Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration								
	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000)[4]		Total (to nearest £000)	
Ministers	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Rt Hon Theresa May MP Home Secretary	68,169	68,827	–	–	25,000	25,000	93,000	94,000
Lord Taylor of Holbeach[2]	105,076	59,835 (105,076)		4,200	N/A	N/A	105,000	60,000
James Brokenshire MP[3]	24,396 (32,344)	23,697	–	–	12,000	9,000	36,000	33,000
Karen Bradley MP *(from 8 February, 2014)*	3,360 (23,039)	–	–	–	1,000	–	4,000	–
Rt Hon Damian Green MP	32,344	33,002	–	–	12,000	12,000	44,000	45,000
Norman Baker MP *(from 7 October, 2013)*	15,650 (32,344)	–	–	–	5,000	–	21,000	–
Mark Harper MP[1] *(until 7 February 2014)*	35,713 (32,344)	18,885 (33,002)	–	–	10,000	6,000	46,000	25,000
Jeremy Browne MP[1] *(until 6 October 2013)*	24,780 (32,344)	18,885 (33,002)	–	–	6,000	5,000	31,000	24,000

1 Included in Mark Harper MP & Jeremy Browne MP Home Office salaries are £8,086 each, paid respectively as compensation in lieu of notice.
2 Lord Taylor of Holbeach sits in the House of Lords and is not in receipt of an MP's salary; therefore, his full ministerial salary is reported here. He received the Lords nightly allowance of £36,366 in 2013-14 inclusive in the salary
3 James Brokenshire was promoted in February 2014 resulting in the new salary disclosed.
4 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights,

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.

Single total figure of remuneration

	Salary (£)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000)[6]		Total (£000)	
Board members	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Mark Sedwill Permanent Secretary	180-185	30-35 (180-185)	–	–	–	–	35,000	4,000	215-220	30-35
Mike Anderson Director General, International and Immigration Policy Group	130-135	135-140 (130-135)	–	–	–	–	28,000	36,000	160-165	170-175
Charles Farr[1] Director General, Office for Security and Counter-Terrorism	140-145	140-145	5-10	5-10	–	–	48,000	54,000	185-190	190-195
Mary Calam Director General, Crime and Policing Group *(from 7 November, 2013)*	40-45 (110-115)	–	–	–	–	–	28,000	–	70-75	–
Stephen Rimmer Director General, Crime and Policing Group *(until 10 November, 2013)*	75-80 (125-130)	125-130	–	–	–	–	(5,000)	9,000	70-75	135-140
Michael Parsons[2] Chief Operating Officer *(from 1 November, 2013)* Interim Director General, Operational Systems Transformation *(from 1 September until 31 October, 2013)*	85-90 (150-155)	–	–	–	–	–	(7,000)	–	80-85	–
Peter Kane Acting Director General – Finance and Corporate Services *(from 19 August to 17 November 2013)*	35-40 (140-145)	55-60 (140-145)	–	–	–	–	(12,000)	5,000	20-25	60-65
Helen Kilpatrick[9] Director General – Finance and Corporate Services *(until 1 September 2013)*	115-120 (220-225)	220-225	5-10	5-10			56,000	104,000	170-175	131-315
Rob Whiteman Director Operational system transformation *(until 1 September, 2013)*	70-75 (175-180)	175-180	–	–	–	–	26,000	78,000	100-105	250-255
Sarah Rapson[3] Director General, UK Visas & Immigration *(from 16 April, 2013)*	125-130 (125-130)	–	–	–	–	–	21,000	–	145-150	–

Single total figure of remuneration

	Salary (£)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000)[6]		Total (£000)	
Board members	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Sir Charles Montgomery[4] Director General, Border Force	145-150 (140-145)	0-5 (140-145)	–	–	–	-	57,000	–	200-205	0-5
Kevin White Director General, Human Resources	140-145	140-145	–	–	–	-	9,000	–	150-155	140-145
Jonathan Jones[5] Legal adviser *(until 28 February 2014)*	70-75 (130-135)	65-70 (130-135)	5-10	–	–	–	(5,000)	7,000	65-70	70-75
Mandie Campbell Director General, Immigration Enforcement *(from 1 February 2014)*	20-25 (130-135)	–	–	–	–	–	18,000	–	40-45	–
Dave Wood[6] Interim Director General, Immigration Enforcement *(from 16 April 2013 until 31 January 2014)*	95-100 (110-115)	–	5-10	–	–	–	–	–	95-100	95-100
Non Executive Directors										
Sue Langley *(from 1 December 2014)*	5-10 (15-20)	–	–	–	–	–	–	–	5-10	–
Philip Augar[7] *(until 7 January 2014)*	25-30 (35-40)	15-20	–	–	–	–	–	–	25-30	15-20
Val Gooding	20-25	20-25	–	–	–	–	–	–	20-25	20-25
John Allan *(until 31 March 2014)*	15-20	15-20	–	–	–	–	–	–	15-20	15-20

1 Charles Farr is on secondment to Home Office from Foreign Commonwealth Office.
2 Michael Parsons' salary included an overpayment of £416.66 that will be recovered in 2014-15.
3 Sarah Rapson (interim Director General UK Visas & Immigration) became permanent in post from 5 March, 2014. Also her salary included £4,757.97 to cover child care expenses
4 Sir Charles Montgomery's salary included £4,962 for his March 2013 salary as he joined mid March, 2013
5 Jonathan Jones remains on Home Office Executive Management Board until 28th February, 2014, despite the move of Home Office legal team to Treasury Solicitors Department in September 2013.
6 David wood's salary included a performance related bonus of £7,000 for his previous role.
7 Philip Augar's salary included his salary costs as a Non Executive Director of former UKBA board.
8 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
9 Helen Kilpatrick's salary had been restated for 2012-13 to include her bonus payment.

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.

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, £66,396 from 1 April 2013) 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 Department and treated by HM Revenue and Customs as a taxable emolument. Minister 1 received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988. The Permanent Secretary had the private use of an allocated car in the circumstances permitted by the Civil Service Management Code.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2012-13 and the comparative bonuses reported for 2012-13 relate to the performance in 2011-12.

Pay multiples

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 until September in the financial year 2013-14 was £220,000 – £225,000 (2012-13, £220,000 – £225,000). This was 8 times (2012-13, 6.8 times) the median remuneration of the workforce, which was £32,695 (2012-13, £32,799). From 1 September 2013 the banded remuneration of the highest paid director in the Home Office was £180,000 – £185,000 (2012-13, £220,000 – £225,000). This was 6 times (2012-13, 6.8 times) the median remuneration of the workforce, which was £32,695 (2012-13, £32,799).

In 2013-14, 0 (2012-13, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £10,000 – £15,000 to £220,000 – £225,000 (2012-13, £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.

	2013-14 (from 1 September 2013)	2013-14 (until 1 September 2013)	2012-13
Band of Highest Paid Director's Total Remuneration (£000)	180-185	220-225	220-225
Median Total (£)	32,695	32,695	32,799
Remuneration Ratio	5.6	6.8	6.8

The highest paid director in the Home Office changed during the financial year 2013-14. Ratios are calculated using the remuneration of each, for comparison purposes. Under the current highest paid director (Mark Sedwill) the pay multiple has decreased due to a decrease in the highest paid director's remuneration. The median remuneration of all other employees has decreased slightly as a result of changes due to the 2013 pay award for core Home Office employees most notably the consolidation of London Location Allowance payments.

Pension Benefits

Ministers	Accrued pension at age 65 as at 31 March 2014	Real increase in pension at age 65	CETV at 31 March 2014	CETV at 31 March 2014	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Theresa May MP Home Secretary	5-10	0-2.5	96	68	16
Lord Taylor of Holbeach	–	–	–	–	–
James Brokenshire MP	0-5	0-2.5	32	22	5
Karen Bradley MP *(from 8 February, 2014)*	0-5	0-2.5	9	8	0.5
Rt Hon Damian Green MP	0-5	0-2.5	56	41	9
Norman Baker MP *(from 7 October, 2013)*	0-5	0-2.5	34	29	3
Mark Harper MP *(until 7 February 2014)*	0-5	0-2.5	30	22	4
Jeremy Browne MP *(until 6 October 2013)*	0-5	0-2.5	33	27	2

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 accrual rate has been 1/40th 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 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th 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 paid contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates will increase from April 2014.

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.

Officials	Accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV[1]	Employer contributions to partnership pension account
	£000	£000	£000	£000	£000	£000
Mark Sedwill Permanent Secretary	55-60	0-2.5	851	772	21	–
Mike Anderson Director General, International and Immigration Policy Group	20-25	0-2.5	365	316	20	–
Charles Farr Director General, Office for Security and Counter Terrorism	65-70 plus lump sum 195-200	0-2.5 plus lump sum 7.5-10	1,280	1,165	39	–
Mary Calam Director General, Crime and Policing Group *(from 7 November 2013)*	30-35 plus lump sum 90-95	0-2.5 plus lump sum 2.5-5	443	417	15	–
Stephen Rimmer Director General, Crime and Policing Group *(until 10 November 2013)*	45-50 plus lump sum 140-145	0-2.5 plus lump sum 0-2.5	832	787	3	
Michael Parsons Chief Operating Officer *(from 1 November 2013)* Interim Director General, Operational Systems Transformation *(from 1 September until 31 October 2013)*	0-5	0-2.5	44	42	(7)	–

Officials	Accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV[1]	Employer contributions to partnership pension account
	£000	£000	£000	£000	£000	£000
Peter Kane Acting Director General, Finance and Corporate Services *(from 19 August until 17 November 2013)*	50-55 plus lump sum 85-90	0-2.5 plus lump sum (0-2.5)	1,045	1,036	(1)	
Helen Kilpatrick Director General, Finance and Corporate Services *(until 1 September 2013)*	90-95	2.5-5	1,535	1,442	73	
Rob Whiteman Director Operational Systems Transformation *(until 1 September 2013)*	5-10	0-2.5	98	76	16	–
Sarah Rapson Director General, UK Visas and Immigration *(from 16 April 2013)*	20-25	0-2.5	326	282	7	
Sir Charles Montgomery Director General, Border Force	0-5	2.5-5	51	–	38	–
Kevin White Director General, Human Resources	35-40 plus lump sum 105-110	0-2.5 plus lump sum 0-2.5	761	737	8	
Jonathan Jones Legal Adviser *(until 28 February, 2014)*	40-45 plus lump sum 120-125	0-2.5 plus lump sum 0-2.5	711	674	5	–
Mandie Campbell Director General, Immigration Enforcement *(from 1 February, 2014)*	40-45 plus lump sum 130-135	0-2.5 plus lump sum 2.5-5	721	704	12	
Dave Wood Interim Director General, Immigration Enforcement *(from 16 April 2013 until 31 January 2014)*	–	–	–	–	–	–

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 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. 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 up rated 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

An actuarial valuation of the PCSPS is currently underway, with an effective date of 31 March 2012. This valuation is being conducted in line with Directions made by HM Treasury, made under the Public Service Pensions Act 2013. Provisional results of the valuation indicate that there will be an increase of 2.2 percentage points in the average employer contribution rate paid to the scheme from 1 April 2015, with the average employer contribution rising from 18.9% to 21.1%. The full results of the valuation, which will also set an employer cost cap for the scheme, will be published in the coming months.

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out 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.

Mark Sedwill, Accounting Officer
11 June 2014

Governance Statement

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 31 March 2014 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 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 three occasions between April 2013 and March 2014. 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. This has been delivered through a wide ranging programme of discussions at almost weekly board meetings, led by individual board members. EMBs focus thematically on operational, policy and enabling functions. During the year operational EMBs have incorporated an element of Ministerial oversight with a particular focus on the immigration system. The EMB met on 34 occasions between April 2013 and March 2014. Attendance at those meetings is outlined in the annex following this Governance Statement. The EMB meets three weeks out of every 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 six occasions between April 2013 and March 2014. Attendance at those meetings is outlined in the annex following this Governance Statement; and

- 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 meets quarterly and is a sub-committee of the EMB. The remit of this sub-committee is shortly to be widened to include further work to build departmental resilience against risk.

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

- The Portfolio and Investment Committee (PIC, a sub-committee of EMB), which is chaired by the Chief Operating Officer, considers and makes investment approval decisions on programme and project business cases; and reviews the overall Home Office portfolio and, by exception, scrutinises individual programmes and projects during their lifecycle;
- The Internal Audit Unit (IAU), which completes a risk based programme of audits annually and provides 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;
- 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; and
- The work of the Performance and Risk Directorate, which is responsible for modernising performance reporting and promoting continuous improvement across the Home Office.

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 Her Majesty's Passport Office (HMPO) 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.

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:

- Assurances relating to the corporate Home Office risk management policies and procedures;
- Actions taken by the executive in response to critical audit recommendations and the conclusions from the National Audit Office in relation to Value for Money reporting;
- The potential loss relating to EU grant income and the steps the Department has taken to mitigate this loss;
- The review of the management of 14 major departmental contracts to provide assurance that these are managed effectively;
- The reporting of departmental provisions and contingent liabilities to ensure these are effectively managed;
- Fraud and security updates from the Departmental Security Unit; and
- In addition to the Home Office Accounts, the final accounts of both the UK Border Agency and the National Policing Improvement Agency (NPIA) were reviewed.

The Chair has provided updates for the Supervisory Board on the work of the Audit Committee. The Chair also 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, the Permanent Secretary, the Chief Operating Officer and the Director General of Human Resources.

The Committee supports the Supervisory Board in its responsibilities in relation to identifying and developing leadership and high potential, scrutinising the incentive structure, succession planning and governance arrangements.

The Committee met for the third time on 26 February 2014 to review progress made over the previous 12 months. Members agreed that appropriate processes were being adhered to and the Department had made good progress on talent management and succession planning. Though the Home Office is relatively mature in its approach compared to most government departments, there is still scope for further enhancement and work is ongoing with the Cabinet Office to identify priority areas for improvement. Incentives and rewards for senior leaders are tightly controlled but the Committee agreed that the Department should consider more creative ways of attracting and retaining talented individuals in key roles.

Following each meeting, the Chair provides a summary of the discussion to the Supervisory Board updating it on the work of the Committee.

Risk Management

Risk management is one of the key processes in the Home Office. It is understood within the Department that good risk management underpins the critical role the Home Office plays in keeping the streets safe and the borders secure. Because of this, the Executive Management Board is committed to continuing to improve our risk management process throughout the year. The aim is to build a stronger capability to identify and respond to key threats, on a timely basis, throughout the Department. This includes encouraging staff at all levels to challenge things that concern them – taking responsibility to get things right first time and to speak up if something needs fixing.

Absolute clarity around where our risks lie and who is accountable for managing them is also important. One example of an improvement here has been the introduction of a 'Gold Command' system to ensure there is strong governance in some of our most challenging initiatives and work areas. In this system, lead roles are assigned to named senior staff, who take personal responsibility for delivering a successful outcome in a specific area/issue where a risk or problem has been identified. They provide assurance to the Executive Management Board that specific challenges are being addressed appropriately.

Some further improvements being made to the risk process at the moment, include the following:

- A dedicated 'Performance and Risk Directorate' has been set up to bring together a number of functions which support better risk management; and
- Widening the remit of the Risk Committee, focusing on improving further departmental resilience against risk.

However, while changes are planned and in progress, the fundamental principles of good risk management remain the same. Clear ownership and accountability for the risk management process has been maintained through Director-level representation at the Home Office Risk Committee. This approach reflects best practice and ensures responsibility for individual risks can be confirmed, and mitigating actions judged effective, by peer review and challenge. The Risk Committee performs an early warning role, advising the Executive Management Board of emerging risks so they can agree the actions being taken to manage them. Regular quarterly reviews of the Corporate Risk Register are part of this process.

As well as ensuring that the Executive Management Board is aware of current risk exposure and what is being done to manage it, we have continued to embed a risk management culture across the Home Office. Throughout the year, 'risk maturity' (measuring capability to manage risk) has continued to be monitored. Risk management continues to be reviewed regularly by the Home Office Audit and Risk Assurance Committee. The required departmental standard, set by the Risk Committee, is for the Department to have met all the 'functional' or 'application' risk management metrics within the departmental Risk Management Maturity Model.

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 actions 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; and
- A measurable risk management maturity tracker with metrics linked to knowledge, skills and behaviours.

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/programme levels. All the Director General-level risks have full mitigation strategies in place and, if they are black or red risks, contingency plans as well. The Department's approach to risk appetite is embedded within the risk processes and is overseen and moderated by the Risk Committee when it reviews the top level risks and advises the Executive Management Board 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. The robustness of the risk management process is formally audited every year by IAU, achieving an amber green (moderate assurance) rating in this past year.

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 the provisions outlined in the Code through the operation of the Home Office Supervisory Board, with one exception. The Chief Internal Auditor (CIA) does not receive an invitation to attend the Supervisory Board. However, 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. Additionally, the CIA also has a programme of one to one sessions with the Permanent Secretary.

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, up to four Non-Executive Directors. This Board sets the strategic direction of the Home Office and has oversight of delivery of the Department's Business Plan. Through its operation, the Supervisory 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.

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[19] are to:

- Cut crime;
- Reduce immigration;
- Prevent terrorism; and
- Promote growth by keeping the UK safe.

19 http://transparency.number10.gov.uk/business-plan/5

The nature of the Department's business means that the Department has to manage a range of significant risks across its operational, policy and enabling functions. The main strategic risks to the Department are recorded on the Home Office Corporate Risk Register. These top risks are currently under review, in line with best practice that boards periodically review what they consider the key risks to be. A refreshed set of strategic risks will be presented to the Board, and, when agreed or modified, will represent those Home Office risks which are considered to be the most critical to the security of the UK and safety of the public. Key corporate risks over the period of this report and accounts were:

- 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; and
- Failure to secure a sustainable budget for the Home Office and police.

In managing these risks the Board is assisted by the Home Office Risk Committee and the Home Office Audit and Risk Assurance Committee.

The most significant strategic issues that have occurred during the period are outlined below.

<u>Policing</u>

This period has seen crime continuing to fall and good progress made on the continuing transformation of the police, building on the election of Police and Crime Commissioners. Since June 2010, crime has fallen by more than 10% as measured both by the Crime Survey in England and Wales and Police Recorded Crime.

There is intense Parliamentary and media focus on police recorded crime figures, which should be seen in the context of wider concerns over police integrity, suggesting there is more to do to build public trust in crime statistics. The UK Statistics Authority (UKSA) removed national statistics status from police recorded crime figures. The Home Office is working with HMIC and the Office for National Statistics to meet the UKSA's requirements for regaining national statistics status.

Challenges remain in terms of keeping pace with changing technology and encouraging improvements in police leadership and public perception of police integrity. In particular we need to do more to achieve and demonstrate Value for Money (VfM) for the public across all aspects of policing. For example, we are currently developing, in collaboration with national policing leads, a portfolio plan for national police IT. This aims to improve both the efficiency and effectiveness of the contracts / services currently managed by the Home Office.

<u>Transforming Home Office Operations</u>

As set out in the Governance Statement for 2012-13, the former UK Border Agency ceased operations on 31 March 2013. Its responsibilities were brought within the core Department to ensure better governance and oversight and to ensure the organisation retained the capability and aptitude to achieve its objectives.

The restructure of the former UK Border Agency resulted in three new operational commands, each lead by a Director-General. These new commands are UK Visas & Immigration, Immigration Enforcement and Border Force. We have worked hard to embed these new organisational and governance arrangements throughout the year to deliver strong performance. Under this new structure, we have addressed the issues in last year's Governance Statement relating to the backlog of cases in the Migration Refusal Pool and the management of the funds allocated to the UK by the European Commission.

Backlogs have also been cleared in the UK based key migration routes and other smaller areas of work such as travel documents. A new emphasis on customer service was signalled with the introduction of new service standards, new business-like uniforms, modernised public-facing offices and a new website. We also launched the first phase of the Electronic Visa Waiver programme.

In order to mitigate the ever-present risk of abuse in the immigration system, we conducted more than 100,000 overseas student interviews, introduced credibility interviews in key routes and undertook more operations to identify non-compliant education providers.

But, as we look to the future, both external and organisational challenges remain. Demand in key markets and routes is expected to continue to grow, at a time when the threat from those who would harm the UK becomes more complex. The risk of abuse in the system continues as reported by a recent BBC Panorama programme on instances of abuse in language testing and the volume of legal challenges to our decisions continues to rise.

Asylum applications increased by around 8% last year. Partly due to this increase, there has been an increasing volume of claims awaiting processing and we are implementing plans to clear outstanding asylum claims whilst continuing to improve the quality of our decision making. Our focus is on ensuring all claims have had an initial decision, along with improving performance to deal with the new asylum intake for next year. In March 2014, we cleared all straightforward pre-2011 asylum decisions and we will clear all straightforward pre-2012 decisions by the end of June 2014. We aim to clear all pre-2014 cases and ensure all new claims receive a decision within the 6 months service standard by April 2015.

Work to improve the way we manage Foreign National Offenders has continued. Operation Nexus has been developed in conjunction with the police to confirm the identity of offenders at the point of first contact. In addition, it offers law enforcement agents an alternative way to manage problematic or high harm offenders.

The National Removals Command was implemented at the end of July 2013. This represented a major structural and strategic shift in the management of cases detained by Immigration, Enforcement & Compliance (ICE) teams for removal, from one of local disparate control to central management. Such a major change project resulted in a slowdown of performance against internal targets for enforced removals, whilst improvements were put in place for the management of individuals' detention, in line with findings and recommendations of the Independent Chief Inspector.

Following delays to the Warnings Index Migration (WIM) system and concerns over its technical feasibility, an operational risk assessment of the WI was commissioned. The subsequent report highlighted inadequacies in a range of areas of WIM, including concerns over its infrastructure, inadequate hosting arrangements, Disaster Recovery, Business Continuity and some vulnerabilities in network security. We have implemented action plans to address these issues and the majority are due to be completed by May 2014, with the work on network security due to be completed by the autumn. Once completed, this programme of work will significantly improve the resilience of the system.

During the year we created a new Border Force Operational Assurance Directorate (OAD) which implemented a new framework to provide central oversight of frontline assurance activities.

Corporate

On 15 October 2013, personal data relating to 1,598 main applicants in the family returns process was inadvertently released on the Home Office website as part of the regular transparency reporting by the Performance Unit. The data was spotted by colleagues and removed on 28 October 2013. Our official assessment is that the risk to those whose personal information was accessible for the period is low. We have put in place new procedures. We notified the Information Commissioner's Office (ICO) who concluded no regulatory action was necessary.

We received positive feedback from the EU Commission following a monitoring visit on the Refugee Fund and a systems audit that confirmed that our Management and Control Systems were working effectively. During the year we have written off £671,000, mainly relating to an organisation that had advanced unrecoverable funds when it ceased trading (£234,000) and programming issues relating to the 2009 and 2010 programme years (£419,000), when we were unable to reclaim reimbursement at the higher 75% rate and, instead, reclaimed at the 50% rate. This represents a significant improvement compared to the previous year, when write-offs totalled £8.6 million.

Contractual arrangements, including those relating to Immigration Enforcement activity, have been subject to a review by Moore Stephens LLP, under the auspices of a Cabinet Office review into the investigation into G4S and Serco following an issue that had been highlighted with the Ministry of Justice's electronic monitoring contract. Following this initial review a further investigation into a wider portfolio of contracts was commissioned. A follow-up review is anticipated in summer 2014.

The Cabinet Office and Home Office reviews established that we have strong financial management, but also highlighted some contract management vulnerabilities, particularly around lines of reporting and operational monitoring. An action plan has been produced and is being progressed. Many of the actions are already closed or have moved on significantly.

We are also responding to a report by Moore Stephens LLP which reported that in one contract that they reviewed, there was a lack of continuity in Home Office staff and Finance Team leadership which is likely to have been a reason why some invoices were not given sufficient challenge or scrutiny. Home Office finance teams are currently undergoing a restructuring which will provide additional capability and flexibility. Finance staff will also be involved in additional meetings with colleagues in our Commercial team to help identify and resolve issues that impact on billing.

<u>Arm's Length Bodies</u>

This year the Department has overseen the successful closure of its two largest arm's length bodies, the National Policing Improvement Agency (NPIA) and the Serious Organised Crime Agency (SOCA).

Much of the ongoing work from the NPIA relating to ICT was subsumed within the Home Office. Other ongoing work was transferred to the College of Policing. The College has been legally incorporated as a company limited by guarantee under the name of College of Policing Limited. The Department continues to provide assistance to the College in aiding its set-up until it becomes fully independent of the Department. Until that time it is currently recognised as a quasi-arm's length body. The College of Policing extended its first reporting period to 31 December 2013 following the transfer of functions and assets from the NPIA.

The National Crime Agency (NCA), a non-ministerial Department, was established successfully by the Home Office on 7 October 2013. It incorporated the ongoing work that had been undertaken by SOCA, which closed on 6 October 2013.

The Disclosure and Barring Service (DBS) began a transition to a new supplier and at the same time undertook work on the introduction of a filter system to remove old and minor convictions and cautions from their checks at short notice, in order to comply with court rulings. Changes to the initial filtering arrangements in turn required changes to the solution and caused operational difficulties, which have now been resolved. The supplier transition was achieved successfully in March 2014.

The Security Industry Authority (SIA) is a Non-Departmental Public Body accountable to Home Office (HO) Ministers. It has not yet published its accounts for 2012-13 due to an ongoing investigation. Home Office officials are working closely with SIA staff to resolve the causes of this delay and to ensure that controls are sufficient to enable timely financial reporting in the future.

<u>National Audit Office (NAO) reports</u>

The NAO has issued several reports on the work of the Home Office during 2013-14.

On 4 September 2013 they published a report entitled, "The Border Force: securing the border". This report stated that the Border Force implemented successfully full passenger checks and cut queuing times but at the cost of maintaining other aspects of border security.

A Public Accounts Committee (PAC) report on the Border Force, published on 10 December, echoed the comments in the NAO report but in its summary said that the Border Force had "insufficient and inflexible resources to meet demands, leading to weakening of security at some ports of entry and neglecting of some duties''.

The Border Force has taken on board these comments and has set-up the Border Force Workforce Planning Project which will, over the next 12 months, enable complex workforce planning to be achieved across Border Force, including:

- An assessment of re-deployment options;
- Increased visibility of workforce skills and profile at port, regional and national level;
- The ability to identify capability gaps to inform and improve recruitment activity and training investment; and
- The identification of specialist and secondary capabilities.

On 10 January 2014, the National Audit Office published a report on "*COMPASS contracts for the provision of accommodation for asylum seekers*". The investigation was in direct response to correspondence that NAO received during 2012 and 2013 from individuals and MPs, with concerns over the operation of the new contracts. The report focuses on the transition to the six new COMPASS contracts, used to provide accommodation and related services for asylum seekers in the UK, and the first 6 months of their operation. The report acknowledges that the transition was challenging, took longer than planned in some areas and that more could be done by the Home Office and its providers to resolve the outstanding commercial and supplier performance issues.

The COMPASS contracts are designed to save money for taxpayers, raise the standards of accommodation and ensure an adequate supply of accommodation. They are generating vital savings for the Department. We plan to deliver a total saving of more than £137 million over the life of the contracts, £8 million was saved in 2012-13 as reported by NAO, plus we forecast an additional £19 million saving in 2013-14. The Home Office continues to hold all COMPASS providers to account for their performance and to the end of February 2014 we have recovered £5.8 million from suppliers for service failures. Following publication of the NAO, and subsequent PAC reports, we have undertaken a clear plan of action to get to the level of service that we expect and to improve our commercial capability.

An NAO report titled "*Police accountability: Landscape review*" was published on 22 January 2014. This report looked at the policing landscape since the introduction of Police and Crime Commissioners in November 2012. In the report the NAO noted that the new framework has the potential to be an improvement on the system it has replaced, but that, after being in place for only one year, it was too early to judge whether PCCs provided the Department with full assurances on police spending.

The NAO acknowledged the policy intent of increasing local accountability for policing, whilst retaining, for the Permanent Secretary, overall accountability for the functioning of the system and securing value for money. The report also identified a number of potential gaps in the Home Office's policing oversight framework, which could limit the public's ability to hold elected Police and Crime Commissioners to account. The next section describes our response to this.

Accountability System Statement for Policing and Crime Reduction

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.

In April 2014 we published the revised Accountability System Statement for Policing and Crime Reduction. The statement describes the current funding systems, legislation and guidance which form the accountability system for funding voted by Parliament which is utilised at the local level for policing and crime reduction.

The statement was revised to: reflect the financial arrangements for 2014-15 and to include the new Innovation Fund; address the recommendations made by the NAO in their January 2014 Police Accountability: Landscape Review; reflect the increase in HMIC's budget for force inspections and their new Value for Money Profiles; clarify the function of external auditors; clarify the arrangements for counter terrorism police funding and references to the Strategic Policing Requirement; and provide clarity on the current transparency requirements on severance payments and reference the expected Cabinet Office guidance and its likely impact. It also sets out the Accounting Officer's responsibility for both issuing police grants and the health of the overall police accountability system.

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

Internal Audit reports

The Internal Audit Unit has undertaken a range of work across Home Office business areas. Summaries of finalised reports are received by the Department's Audit and Risk Assurance Committee.

Significant amongst these has been the audit of major contracts carried out in the wake of the cross government review of major contracts by the Cabinet Office. Internal Audit's review, conducted in partnership with Moore Stephens LLP consisted of an overview of contract management arrangements for 14 significant contracts selected on a risk basis. This was supplemented by detailed review and transaction testing of a smaller sample of five contracts.

The review has been finalised and has not revealed any evidence of deliberate overcharging by contractors. However it has revealed some vulnerabilities in the Department's arrangements for contract management in relation to the following areas:

- Assurance over accuracy and completeness of payments;
- Programme management;
- Ownership of contract management;
- Risk management; and
- Demonstrating value for money.

These weaknesses have resulted in the Internal Audit Unit offering a 'low' (Amber/Red) assurance rating. Furthermore, transaction testing identified a number of issues with one particular contract, which led to Moore Stephens producing an additional report. The review identified significant concerns as to the accuracy and completeness of expenditure incurred as part of this contract.

We have responded with a tiered action plan to develop stronger arrangements for the future. The IAU have provided assurances against the Home Office Assurance Framework encompassing all major business areas by conducting a comprehensive programme of audit work. The Chief Internal Auditor has indicated that the previous low overall assurance rating is still appropriate. This is on the basis of the programme of work performed. The specific reasons for assurance ratings and recommendations made in separate audits are many and varied. However, the IAU has identified the following as significant weaknesses:

- Absence of comprehensive operational procedures and guidance for staff;
- Actions in development plans and other commitments to deliver activity not having resources clearly aligned to them;
- Legacy IT systems that are not fully geared up to support staff and which need secondary systems and workarounds;
- Project and programme oversight which requires improvement to ensure successful delivery; and
- An inconsistent approach to the 'second line of defence' (controls and assurance checks operated by management) across Home Office business areas.

Financial Management

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

During the year an Efficiency Review was initiated. The review's purpose is to identify and make recommendations about how the Home Office, including the police, can make efficiency savings in order to live within existing and future Spending Review settlements, recognising the context of continued major pressure on public finances.

The Home Office's Financial Reporting Unit successfully prepared the accounts of all the agencies and also those of the Disclosure and Barring Service from 2012-13. It also prepared the final set of accounts for the National Policing Improvement Agency, which closed on 6 October 2013. Each of those bodies has access to a dedicated member of the core Home Office accounts production team. This assisted in improved two-way discussions that enabled greater understanding of the work in each of the areas covered.

Following last year's assessment against the NAO's financial management maturity model, we have begun to embed a Financial Improvement Programme. We have started by ensuring that there is the right expertise in all areas of the Department. We have embedded a flexible resourcing team of qualified accountants and experienced finance staff that is available to assist projects across 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 collective experience and expertise.

By the end of December 2013, we had consolidated the majority of core business area finance teams into the newly formed Finance and Estates Directorate. The 'Finance for the Future' Programme seeks to move the newly consolidated finance function to a new, more cost effective operating model which builds on the Home Office's good record of financial management but builds in flexibility and resilience in the face of a reduced staffing complement. The new structure will also enable us to strengthen our medium-term financial planning.

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 regarding 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 in '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.

As Accounting Officer, I am able to utilise 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.

Conclusion

During a sustained period of financial restraint, the Department continues to enhance capability, systems and processes to ensure delivery of business plan objectives in a cost effective manner. We successfully delivered a number of key programmes during the year, such as the establishment of the National Crime Agency and the closure of the National Policing Improvement Agency and the National Fraud Authority.

The Department continues to undergo significant organisational change, including the move to fully embed the responsibilities of the former UK Border Agency within the core Department. These changes will ensure that the Department is in the best possible position to deliver its future objectives.

We continue to make progress in improving our control frameworks and in introducing further measures to ensure effective controls operate consistently across the Home Office Group. However, the Chief Internal Auditor gave a low overall assurance rating for the year. We are working hard to implement the enhancements needed to improve this assessment. During the year ahead, we will continue to focus on delivering efficiency and value for money within declining budgets, challenging areas of the business to meet their current and future pressures and also to embed the efficiency gains that we already been achieved.

Mark Sedwill
Accounting Officer

Annex to the Governance Statement

Attendance at Supervisory Board Meetings

- Total meetings held: 3 including an Away Day
- Ministerial apologies also include those occasions where they were called to undertake Parliamentary Business, which takes precedence.

Name	Role	Meetings Attended	Meetings Invited	Apologies
Theresa May	Home Secretary	2	3	1
Mark Harper	Immigration Minister	2	3	1
Lord Taylor of Holbeach	Lords Minister and Minister for Criminal Information	–	3	3
Jeremy Browne (until 6 October 2013)	Minister of State for Crime Prevention	1	2	1
Norman Baker (from 7 October 2013)	Minister of State for Crime Prevention	–	1	1
Damian Green	Minister of State for Policing and Criminal Justice (jointly with Ministry of Justice)	2	3	1
James Brokenshire	Security Minister	2	3	1
Mark Sedwill	Permanent Secretary	3	3	–
Mike Anderson	Director General of the International and Immigration policy group	1	3	2
Charles Farr	Director General, Office for Security and Counter-terrorism	3	3	–
Stephen Rimmer (until 10 November 2013)	Director General, Crime and Policing group	2	2	–
Mary Calam (from 7 November 2013)	Director General, Crime and Policing group	1	1	–
Mike Parsons (from 1 November 2013)	Chief Operating Officer	1	1	–
Peter Kane (from 1 September 2013 until 17 November 2013)	Acting Director General, Finance and Corporate services	1	1	–
Jonathan Jones (until 28 February 2014)	Legal Advisor	1	2	1
Val Gooding	Non-executive board member	3	3	–
John Allan (until 31 March 2014)	Non-executive board member	2	3	1
Sue Langley (from 1 December 2013)	Non-executive board member	–	–	–
Philip Augur (until 7 January 2014)	Non-executive board member	3	3	–

Attendance at Executive Management Board meetings (Total meetings held = 33)

Name	Role	Meetings Attended	Meetings Invited	Apologies
Mark Sedwill	Permanent Secretary	33	33	0
Mike Anderson	Director General of the Immigration and International Policy group	25	28	3
Charles Farr	Director General, Office for Security and Counter-terrorism	25	26	1
Stephen Rimmer (until 10 November 2013)	Director General, Crime and Policing group	16	17	1
Mary Calam (from 7 November 2013)	Director General, Crime and Policing group	8	10	2
Mike Parsons (from 1 November 2013)	Chief Operating Officer	18	18	0
Helen Kilpatrick (from 1 April 2013 until 1 September 2013)	Director General, Finance and Corporate Services	9	9	0
Peter Kane (from 1 September 2013 until 17 November 2013)	Acting Director General, Finance and Corporate services	8	8	0
Rob Whiteman (until 1 September 2013)	Director General, Operational Systems Transformation	8	10	2
Sarah Rapson	Director General, UK Visas and Immigration	27	29	2
Kevin White	Director General, Human Resources	30	31	1
Jonathan Jones (until 28 February 2014)	Legal Advisor	27	27	0
Charles Montgomery	Director General, Border Force	30	31	1
David Wood (until 24 January 2014)	Director General, Immigration Enforcement	22	24	2
Mandie Campbell (from 14 February 2014)	Director General, Immigration Enforcement	5	5	0
Sue Langley (since 1 December 2013)	Non Executive Director	2	2	0
Philip Augar (until 7 January 2014)	Non Executive Director	5	5	0
Val Gooding	Non Executive Director	2	2	0
John Allan (until 31 March 2014)	Non Executive Director	5	5	0

Attendance at Audit and Risk Assurance Committee meetings (Total meetings held = 6)

Name	Role	Meetings Attended	Meetings Invited	Apologies
John Allan (until 31 March 2014)	Chair	6	6	–
Sue Langley (from 1 December 2013)	Deputy Chair	2	2	–
Val Gooding (until 30 November 2013)	Deputy Chair	2	5	3
Peter Conway	Independent Member	6	6	–
Anne Tutt	Audit Chair of HMPO (until 31 December 2013)	4	5	1
Anne Tutt (from 1 December 2013)	Independent Member	1	1	–
Isobel Sharp (from 18 February 2014)	Audit Chair of HMPO	1	1	–

Data Losses/Information Assurance

Information Assurance (IA) and managing information risk continue to be priorities for the Home Office with several key pieces of work being progressed in this area; An enhanced maturity assessment, encompassing all aspects of information management, has been developed for use throughout the Department and while streamlining the assessment process, will provide comprehensive assurance to our SIRO and ultimately, the Home Office Board. This process, implemented during the 2013/14 period, includes six month reviews and a bespoke action plan for each part of the Department, evidencing the Home Office's continued commitment and improvement in this area.

In response to significant organisational changes across the Department, a programme of work is underway to ensure that our records of information assets and their associated Information Asset Owners (IAOs) are accurate and properly maintained, in addition to providing the necessary training to those IAOs. This is delivering the base-line assurance necessary to build a robust IA culture.

A dedicated programme of communication, training and awareness has been undertaken throughout the year, preparing the Department for roll-out of the Government Security Classifications. Training has been deployed to all staff, with 74% having completed by 31 March, alongside face-to-face events run throughout the UK.

Data related incidents of all types are managed through the process designed by our Corporate Security Directorate (CSD). Any business area suffering an incident is supported by CSD through every stage, ranging from initial information gathering and necessary immediate action, to management of the associated risks and finally, lessons learned.

Personal Date Related Incidents

Table 1: SUMMARY OF OTHER PERSONAL DATA INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2013-14

A total of three incidents have been formally reported to the Information Commissioner's Office during the 2013-14 reporting period.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	3
V	Other	0

Table 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA INCIDENTS RECORDED IN 2013-14

Incidents deemed by the data controller not to fall within the criteria for report to the Information Commissioners 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 the table below.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	3
V	Other	1

Note: For the purpose of reporting, "Home Office Group" includes core Home Office, Her Majesty's Passport Office (HMPO) and National Fraud Authority (NFA) and excludes Non-Departmental Public Bodies (NDPBs) and other Arm's Length Bodies (ALBs).

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 2013 No.488 (together known as the 'Departmental group' consisting of the Department and sponsored bodies listed at note 24 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*[20] published by HM Treasury.

Mark Sedwill
Accounting Officer
11 June 2014

20 https://www.gov.uk/government/publications/managing-public-money

The Certificate 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 2014 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 2013. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 2014 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 2014 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 26 which describes the uncertainty as to the outcome of the arbitration process between the Home Office and Raytheon, who are both claiming damages from the other party. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

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 Strategic Report and the Directors' 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 **Date: 13 June 2014**
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

STATEMENT OF PARLIAMENTARY SUPPLY

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Home Office to prepare a Statement of Parliamentary Supply and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect to each budgetary control limit.

Summary of Resource and Capital Outturn 2013-14

£000								2013-14	2012-13
				Estimate			Outturn	Voted outturn compared with Estimate: saving/ (excess)	Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total		Total
Departmental Expenditure Limit									
– Resource	SOPS2	**10,616,200**	–	10,616,200	**10,567,520**	–	10,567,520	**48,680**	8,303,748
– Capital	SOPS2	**378,070**	–	378,070	**362,685**	–	362,685	**15,385**	442,109
Annually Managed Expenditure									
– Resource	SOPS2	**1,467,245**	–	1,467,245	**1,382,040**	–	1,382,040	**85,205**	1,260,214
– Capital	SOPS2	**–**	–	–	**–**	–	–	**–**	–
Total Budget		**12,461,515**	–	12,461,515	**12,312,245**	–	12,312,245	**149,270**	10,006,071
Non–Budget									
– Resource		–	–	–	–	–	–	–	–
Total		**12,461,515**	**–**	**12,461,515**	**12,312,245**	**–**	**12,312,245**	**149,270**	**10,006,071**
Total Resource		12,083,445	–	12,083,445	11,949,560	–	11,949,560	133,885	9,563,962
Total Capital		378,070	–	378,070	362,685	–	362,685	15,385	442,109
Total		**12,461,515**	**–**	**12,461,515**	**12,312,245**	**–**	**12,312,245**	**149,270**	**10,006,071**

Net Cash Requirement 2013-14

		2013-14		2013-14	2012-13
	Note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
Net Cash Requirement	SOPS4	**12,148,268**	**11,978,795**	**169,473**	**9,790,866**

Administration Costs 2013-14

	2013-14	2013-14	2012-13
	Estimate	Outturn	Outturn
SOPS3.2	512,503	**478,408**	477,448

Explanations to variances between Estimates and Outturn are given in the Directors' Report.
The notes on pages 79 to 86 form part of these accounts.

Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

SOPS1. Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SOPS1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system, and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budgetary Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SOPS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences.

Departments must include the following notes as appropriate, providing additional disclosure of other transactions accounted for differently between the Statement of Parliamentary Supply and IFRS-based accounts.

SOPS1.a) PFI and other service concession arrangements

The National Accounts basis for recognising service concession arrangements is broadly similar to UK-GAAP, applying a risk-based test to determine the financial reporting. In addition, where contracts were signed before 1 April 2009, the budgetary treatment is determined under UK-GAAP. IFRS-based recognition of service concession arrangements (IFRIC 12) is determined using control tests, which can result in a different on/off balance sheet treatment.

SOPS1.b) Capital Grants

Grant expenditure used for capital purposes are treated as capital (CDEL) items in the Statement of Parliamentary Supply. Under IFRS, as applied by the FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the Consolidated Statement of Comprehensive Net Expenditure.

SOPS1.c) Prior Period Adjustments (PPAs)

PPAs resulting from an error in previous recording, or from an accounting policy change initiated by the Department, need to be voted by Parliament in the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years. (PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment.)

SOPS1.d) Receipts in excess of HM Treasury agreement

This applies where HM Treasury has agreed a limit to income retainable by the Department, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. In 2013-14 excess income surrendered to the Consolidated Fund related to visa income received above limits agreed by HM Treasury.

SOPS1.e) Provisions – Administration and Programme expenditure

Provisions recognised in IFRS-based accounts are not recognised as DEL expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply differs from that reported in the IFRS-based accounts. A reconciliation is provided in SOPS note 3.2.

SOPS2. Net outturn

SOPS2.1 Analysis of net resource outturn by section

										2013-14	2012-13
							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	44,158	(834)	43,324	8,313,469	(11,048)	8,302,421	8,345,745	8,393,157	47,412	12,525	5,184,662
B – Office for Security and Counter-Terrorism	52,309	–	52,309	816,881	(173,356)	643,525	695,834	702,471	6,637	7,250	970,908
C – Immigration Enforcement	9,080	(1)	9,079	435,174	(6,647)	428,527	437,606	439,905	2,299	2,299	
D – UK Visas & Immigration	14,730	(4)	14,726	792,582	(1,060,543)	(267,961)	(253,235)	(253,205)	30	1,800	
E – International and Immigration Policy	23,918	(1)	23,917	12,016	(189)	11,827	35,744	35,601	(143)	200	
F – Border Force	3,970	(1,401)	2,569	510,436	(5,072)	505,364	507,933	555,530	47,597	4,661	611,243
G – HM Passport Office	43,179	(39,059)	4,120	282,527	(341,515)	(58,988)	(54,868)	(44,357)	10,511	–	(69,836)
H – Enablers	328,362	(20,005)	308,357	548,184	(87,050)	461,134	769,491	678,840	(90,651)	–	350,157
I – Arms Length Bodies (Net)	19,368	–	19,368	52,072	–	52,072	71,440	94,839	23,399	18,356	624,278
J – National Fraud Authority	639	–	639	11,191	–	11,191	11,830	13,418	1,588	1,588	8,809
K – European solidarity mechanism (Net)	–	–	–	–	–	–	–	1	1	1	908
– UK Border Agency	–	–	–	–	–	–	–	–	–	–	608,651
– Area Based Grants	–	–	–	–	–	–	–	–	–	–	28,751
– Criminal Records Bureau	–	–	–	–	–	–	–	–	–	–	(14,783)
	539,713	(61,305)	478,408	11,774,532	(1,685,420)	10,089,112	10,567,520	10,616,200	48,680	48,680	8,303,748
Annually Managed Expenditure											
Voted:											
L – AME charges	–	–	–	95,998	–	95,998	95,998	101,649	5,651	5,651	2,935
M – Police superannuation	–	–	–	1,286,042	–	1,286,042	1,286,042	1,365,596	79,554	79,554	1,232,859
– AME Charges Arms Length Bodies (Net)	–	–	–	–	–	–	–	–	–	–	24,420
	–	–	–	1,382,040	–	1,382,040	1,382,040	1,467,245	85,205	85,205	1,260,214
Total	539,713	(61,305)	478,408	13,156,572	(1,685,420)	11,471,152	11,949,560	12,083,445	133,885	133,885	9,563,962

SOPS2.2 Analysis of net capital outturn by section

						2013-14	2012-13
			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	126,992	(1,021)	125,971	111,110	(14,861)	–	138,202
B – Office for Security and Counter-Terrorism	65,026	(734)	64,292	59,849	(4,443)	–	77,126
C – Immigration Enforcement	4,678	(196)	4,482	3,279	(1,203)	–	
D – UK Visas & Immigration	9,553	(197)	9,356	6,859	(2,497)	–	
E – International and Immigration Policy	8,618	–	8,618	9,300	682	682	
F – Border Force	54,890	(171)	54,719	55,900	1,181	1,181	53,428
G – HM Passport Office	11,903	(462)	11,441	17,212	5,771	5,771	19,341
H – Enablers	58,097	(219)	57,878	64,270	6,392	6,392	22,020
I – Arms Length Bodies (Net)	25,928	–	25,928	50,291	24,363	1,359	45,022
J –National Fraud Authority	–	–	–	–	–	–	–
K – European solidarity mechanism (Net)	–	–	–	–	–	–	–
– UK Border Agency	–	–	–	–	–	–	86,970
	365,685	(3,000)	362,685	378,070	15,385	15,385	442,109
Annually Managed Expenditure							
Voted:							
L – AME charges	–	–	–	–	–	–	–
M – Police superannuation	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Total	365,685	(3,000)	362,685	378,070	15,385	15,385	442,109

SOPS3. Reconciliation of outturn to net operating cost and against administration budget

SOPS3.1 Reconciliation of net resource outturn to net operating cost

		Note	2013-14 £000 Outturn	Restated 2012-13 £000 Outturn
Net resource outturn in Statement of Parliamentary Supply	Budget	SOPS2	11,949,560	9,563,962
	Non-Budget	SOPS2	–	–
			11,949,560	9,563,962
Add:	Capital Grants		189,949	214,614
	PFI adjustments		22,715	2,110
			12,162,224	9,780,686
Less:	Income payable to the Consolidated Fund		124,293	88,923
	Machinery of Government Change	28	–	437,953
			124,293	526,876
Net operating cost in Consolidated Statement of Comprehensive Net Expenditure			12,037,931	9,253,810

SOPS3.2 Outturn against final administration budget and administration net operating cost

	Note	2013-14 £000 Outturn	Restated 2012-13 £000 Outturn
Estimate – administration costs limit		512,503	540,796
Outturn – Gross administration costs	SOPS2	539,713	558,326
Outturn – Gross Income relating to administration costs	SOPS2	(61,305)	(80,878)
Outturn – Net administration costs		478,408	477,448
Reconciliation to operating costs:			
Add: provisions movements (transfer from Programme)		(40,617)	4,445
Add: PFI adjustments		6,021	12,654
Add: Machinery of Government Change	28	–	(29,439)
Less: Admin consolidated fund extra receipts		(380)	(2,815)
Administration net operating costs		443,432	462,293

SOPS4. 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	SOPS2.1	**12,083,445**	**11,949,560**	**133,885**
Capital Outturn	SOPS2.2	**378,070**	**362,685**	**15,385**
Accruals to cash adjustments				
Adjustments to remove non-cash items:		**(313,247)**	**(333,450)**	**20,203**
Depreciation and amortisation		(225,405)	(227,097)	1,692
New provisions and adjustments to previous provisions		(104,690)	(137,162)	32,472
Departmental Unallocated Provision		–	–	–
Supported capital expenditure (revenue)		–	–	–
Prior Period Adjustments		–	–	–
Other non-cash items		(703)	(42,984)	42,281
Adjustments for NDPBs:				
Remove voted resource and capital		(145,130)	(113,704)	(31,426)
Add cash grant-in-aid		152,717	103,864	48,853
Adjustments to reflect movements in working balances:				
Increase/(decrease) in inventories		–	(1,300)	1,300
Increase/(decrease) in receivables		–	(28,125)	28,125
(Increase)/decrease in payables		–	63,438	(63,438)
(Increase)/decrease in pension liability		–	17	(17)
Use of provisions		9,964	49,603	(39,639)
		12,148,268	**11,978,795**	**169,473**
Removal of non-voted budget items:				
Consolidated Fund Standing Services		–	–	–
Other adjustments		–	–	–
Net cash requirement		**12,148,268**	**11,978,795**	**169,473**

SOPS5. Income payable to the Consolidated Fund

SOPS5.1 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 2013-14		Outturn 2012-13	
		£000		£000
	Income	*Receipts*	Income	*Receipts*
Operating income outside the ambit of the Estimate	82,394	*83,042*	78,886	*79,189*
Excess cash surrendable to the Consolidated Fund	41,899	*41,899*	10,037	*10,037*
Total income payable to the Consolidated Fund	**124,293**	***124,941***	**88,923**	***89,226***

SOPS5.2 Consolidated Fund Income

Consolidated Fund income shown in note SOPS 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 without HM Treasury approval. In 2013-14 HM Treasury allowed the Department to retain £3 million of this income (£3 million in 2012-13), the remaining income is surrendered to the Consolidated Fund. In accordance with HM Treasury guidelines, the non-retainable 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. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

SOPS5.2.1 Penalties raised	2013-14	2012-13
	£000	£000
Immigration Penalties Raised	(2,631)	(2,552)
Civil Penalties Raised	(19,573)	(8,912)
Total Penalties Raised	(22,204)	(11,464)
less: Element retained by the Home Office	3,000	3,000
	(19,204)	**(8,464)**

SOPS5.2.2 Write-offs

	2013-14	2012-13
	£000	£000
Immigration Penalties	–	–
Civil Penalties	1,602	7,804
	1,602	**7,804**

SOPS5.2.3 Receivables

	2013-14	2012-13
	£000	£000
Immigration Penalties	460	644
Civil Penalties	26,310	16,714
	26,770	17,358
Accrued Income	113	130
less: Provision for Doubtful Receivables	(11,904)	(10,048)
	14,979	**7,440**

SOPS5.2.4 Payable to the Consolidated Fund

	2013-14	2012-13
	£000	£000
Total Payable to the Consolidated Fund	**14,979**	**7,440**

Consolidated Statement of Comprehensive Net Expenditure

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

for the year ended 31 March 2014

				2013-14 £000			Restated 2012-13 £000
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Administration Costs:							
Staff costs	3	239,546	261,778	286,333	169,816	257,428	282,869
Other costs	4	204,514	224,138	233,377	168,199	241,061	271,841
Income	6	(41,469)	(80,528)	(76,278)	(34,821)	(83,694)	(92,417)
Programme Costs:							
Staff costs	3	869,979	950,579	1,026,937	381,443	849,526	929,316
Other costs	5	12,213,261	12,424,594	12,576,483	8,316,360	9,634,339	9,842,455
Income	6	(1,428,945)	(1,841,464)	(2,008,921)	(421,635)	(1,872,531)	(1,980,254)
Grant in Aid to NDPBs		103,864	103,864	–	241,903	245,891	–
Net Operating Costs for the year ended 31 March 2014		12,160,750	12,042,961	12,037,931	8,821,265	9,272,020	9,253,810
Total expenditure		13,631,164	13,964,953	14,123,130	9,277,721	11,228,245	11,326,481
Total income		(1,470,414)	(1,921,992)	(2,085,199)	(456,456)	(1,956,225)	(2,072,671)
Net Operating Costs for the year ended 31 March 2014		12,160,750	12,042,961	12,037,931	8,821,265	9,272,020	9,253,810

All activities are continuing operations.

The 2012-13 results have been restated to take account Machinery of Government changes (see Note 28 for details).

On 1 April 2013, the UK Border Agency (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2012-13 figures was made for this restructuring (see Note 27 for details).

Other Comprehensive Net Expenditure

				2013-14 £000			Restated 2012-13 £000
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Net (gain)/loss on:							
– revaluation of property plant & equipment	8	(54,256)	(55,176)	(58,568)	(11,170)	(20,871)	(18,552)
– Intangibles	9	1,604	1,989	2,651	(9,501)	(22,806)	(25,843)
Pensions – Actuarial (gains)/losses		–	–	–	–	–	(2,301)
Total comprehensive expenditure for the year ended 31 March 2014		12,108,098	11,989,774	11,982,014	8,800,594	9,228,343	9,207,114

The notes on pages 93 to 149 form part of these accounts.

Consolidated Statement of Financial Position

This statement presents the financial position of the Home Office. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

as at 31 March 2014

		31 March 2014 £000			Restated 31 March 2013 £000			Restated 31 March 2012 £000		
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Non-current assets:										
Property, plant and equipment	8	1,022,704	1,089,725	1,123,086	646,982	1,156,518	1,187,642	407,078	927,291	1,160,973
Intangible assets	9	401,354	487,538	532,738	123,312	506,097	542,782	58,568	398,452	513,927
Investments	13	–	–	–	–	–	–	1	1	468
Trade receivables and other non-current assets	16	42	42	1,497	–	1,049	3,200	–	–	3,625
Total non-current assets		1,424,100	1,577,005	1,657,321	770,294	1,663,664	1,733,624	465,647	1,325,744	1,678,993
Current assets:										
Assets classified as held for sale	7	22,961	22,961	22,961	–	–	–	–	–	–
Inventories	14	6,650	11,043	11,043	–	12,343	12,343	–	8,307	8,307
Trade and other receivables	16	297,460	321,243	334,174	249,405	348,361	363,448	201,445	355,723	348,051
Cash and cash equivalents	15	206,173	206,173	236,869	32,962	46,183	86,110	53,100	53,722	83,660
Total current assets		533,244	561,420	605,047	282,367	406,887	461,901	254,545	417,752	440,018
Total assets		**1,957,344**	**2,138,425**	**2,262,368**	**1,052,661**	**2,070,551**	**2,195,525**	**720,192**	**1,743,496**	**2,119,011**
Current liabilities:										
Provisions	18	135,580	136,829	138,903	11,295	41,592	42,798	62,237	93,191	97,027
Trade and other payables	17	1,379,883	1,472,678	1,506,014	956,869	1,369,921	1,399,990	989,472	1,433,599	1,470,352
Total current liabilities		1,515,463	1,609,507	1,644,917	968,164	1,411,513	1,442,788	1,051,709	1,526,790	1,567,379
Non-current assets plus/less net current assets/ liabilities		**441,881**	**528,918**	**617,451**	**84,497**	**659,038**	**752,737**	**(331,517)**	**216,706**	**551,632**
Non-current liabilities:										
Other payables	17	290,362	293,173	307,490	230,301	296,777	299,416	222,348	290,709	305,634
Provisions	18	131,646	137,120	139,337	79,601	141,691	146,073	36,533	87,106	102,058
Pensions Liability		332	332	1,916	–	–	5,392	–	–	7,641
Total non-current liabilities		422,340	430,625	448,743	309,902	438,468	450,881	258,881	377,815	415,333
Assets less liabilities		**19,541**	**98,293**	**168,708**	**(225,405)**	**220,570**	**301,856**	**(590,398)**	**(161,109)**	**136,299**
Taxpayers' equity and other reserves:										
General fund		(170,781)	(100,978)	(32,110)	(305,414)	45,323	130,909	(635,990)	(287,785)	(3,643)
Revaluation reserve		190,654	199,603	202,734	80,009	175,247	176,339	45,592	126,676	147,583
Pensions Reserve		(332)	(332)	(1,916)	–	–	(5,392)	–	–	(7,641)
Total equity		**19,541**	**98,293**	**168,708**	**(225,405)**	**220,570**	**301,856**	**(590,398)**	**(161,109)**	**136,299**

The 2012-13 results have been restated to take account of Machinery of Government changes (see Note 28 for details).

On 1 April 2013, the UK Border Agency (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2012-13 figures was made for this restructuring (see Note 27 for details).

The notes on pages 93 to 149 form part of these accounts.

Mark Sedwill
Accounting Officer
11 June 2014

Consolidated Statement of Cash Flows

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Home Office during the reporting period. The statement shows how the Home Office generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Departments' future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

for the year ended 31 March 2014

	Note		2013-14		Restated 2012-13
		Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Cash flows from operating activities					
Net operating cost		(12,042,961)	(12,037,931)	(9,272,020)	(9,253,810)
Adjustments for non-cash transactions		477,017	474,098	281,704	340,208
(Increase)/decrease in trade and other receivables	16	28,125	30,977	6,313	(14,972)
less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(2,402)	(3,020)	(9,508)	(9,895)
(Increase)/decrease in inventories	14	1,300	1,300	(4,036)	(4,036)
Increase/(decrease) in trade payables	17	99,153	114,098	(57,610)	(76,580)
less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(174,775)	(188,384)	23,110	33,106
Use of provisions	18	(49,603)	(49,950)	(44,065)	(46,638)
Reduction in pension liability		(17)	(156)	–	–
Net cash outflow from operating activities		(11,664,163)	(11,658,968)	(9,076,112)	(9,032,617)
Cash flows from investing activities					
Purchase of property, plant and equipment		(96,845)	(105,744)	(107,534)	(114,250)
Purchase of intangible assets		(57,157)	(84,849)	(146,710)	(159,314)
Proceeds of disposal of property, plant and equipment		193	4,204	(6)	(103)
Proceeds of disposal of intangibles		45	4,699	56	56
Loans to other bodies		(198,700)	(198,700)	–	–
(Repayments) from other bodies		198,700	198,700	–	–
Payments to acquire investments		–	–	–	–
Receipts from sale of investments		–	–	–	–
Net cash outflow from investing activities		(153,764)	(181,690)	(254,194)	(273,611)
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		12,134,815	12,134,815	9,473,723	9,473,723
From the Consolidated Fund (Supply) – prior year		–	–	26,659	26,659
Advances from the Contingencies Fund		198,700	198,700	–	–
Repayments to the Contingencies Fund		(198,700)	(198,700)	–	–
Capital element of payments in respect of finance leases and on balance sheet (SoFP) PFI contracts		(49,813)	(36,288)	(63,085)	(73,323)
Net financing		12,085,002	12,098,527	9,437,297	9,427,059
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		267,075	257,869	106,991	120,833
Payments of amounts due to the Consolidated Fund		(107,085)	(107,110)	(114,530)	(118,381)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**159,990**	**150,759**	**(7,539)**	**2,450**
Cash and cash equivalents at the beginning of the period		46,183	86,110	53,722	83,660
Cash and cash equivalents at the end of the period		206,173	236,869	46,183	86,110

The 2012-13 results have been restated to take account of Machinery of Government changes (see Note 28 for details).

The notes on pages 93 to 149 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the different reserves held by the Home Office, analysed into 'general fund reserves' (i.e. Those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

for the year ended 31 March 2014

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Restated Total Reserves £000
Balance at 31 March 2012		(3,643)	147,583	(7,641)	136,299
Border Force opening adjustment		(11,737)	1	–	(11,736)
Restated balance at 1 April 2012		(15,380)	147,584	(7,641)	124,563
Net Parliamentary Funding – drawn down		9,473,723	–	–	9,473,723
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		(9,253,810)	–	–	(9,253,810)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	18,552	–	18,552
Net gain/(loss) on revaluation of intangible assets	9	–	25,843	–	25,843
Movements in Reserves:					
Non–cash charges – auditor's remuneration	4,5	949	–	–	949
External transfers		14,778	(509)	–	14,269
Actuarial gain/loss in year		–	–	2,301	2,301
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		130,909	176,339	(5,392)	301,856

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2013		130,909	176,339	(5,392)	301,856
Opening balance adjustment		(7,851)	(1)	–	(7,852)
Restated balance at 1 April 2013		123,058	176,338	(5,392)	294,004
Net Parliamentary Funding – drawn down		12,134,815	–	–	12,134,815
Net Parliamentary Funding – deemed		13,454	–	–	13,454
Supply payable/(receivable) adjustment		(169,473)	–	–	(169,473)
Amounts payable to the Consolidated Fund		(124,293)	–	–	(124,293)
Comprehensive Net Expenditure for the year		(12,037,931)	–	–	(12,037,931)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	58,568	–	58,568
Net gain/(loss) on revaluation of intangible assets	9	–	(2,651)	–	(2,651)
Net gain/(loss) on revaluation of investments		–	–	–	–
Movements in Reserves:					
Non–cash charges – auditor's remuneration	4,5	701	–	–	701
Notional charges and income	4	944	–	–	944
External transfers		(2,737)	(13)	3,320	570
Actuarial gain/loss in year		–	–	–	–
Release of reserves to the Statement of Comprehensive Net Expenditure		–	–	–	–
Transfers between reserves		29,352	(29,508)	156	–
Balance at 31 March 2014		(32,110)	202,734	(1,916)	168,708
Of which:					
Core department		(170,780)	190,654	–	19,874
Agencies		69,802	8,949	–	78,751
NDPBs		68,868	3,131	(1,916)	70,083
		(32,110)	202,734	(1,916)	168,708

Statement of Changes in Taxpayers' Equity (Core Department and Agencies)

for the year ended 31 March 2014

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Restated Total Reserves £000
Balance at 31 March 2012		(287,785)	126,676	–	(161,109)
Border Force opening adjustment		(11,737)	1	–	(11,736)
Restated balance at 1 April 2012		(299,522)	126,677	–	(172,845)
Net Parliamentary Funding – drawn down		9,473,723	–	–	9,473,723
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		(9,272,020)	–	–	(9,272,020)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	20,871	–	20,871
Net gain/(loss) on revaluation of intangible assets	9	–	22,806	–	22,806
Movements in Reserves:					
Non-cash charges – auditor's remuneration	4,5	949	–	–	949
External transfers		227,816	19,946	–	247,762
Consolidated Fund payable adjustment		(2,157)	–	–	(2,157)
Transfers between reserves		15,053	(15,053)	–	–
Balance at 31 March 2013		45,323	175,247	–	220,570

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2013		45,323	175,247	–	220,570
Opening balance adjustment		(1,748)	(1)	–	(1,749)
Restated balance at 1 April 2013		43,575	175,246	–	218,821
Net Parliamentary Funding – drawn down		12,134,815	–	–	12,134,815
Net Parliamentary Funding – deemed		13,454	–	–	13,454
Supply payable/(receivable) adjustment		(169,473)	–	–	(169,473)
Amounts payable to the Consolidated Fund		(124,268)	–	–	(124,268)
Comprehensive Net Expenditure for the year		(12,042,961)	–	–	(12,042,961)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	55,176	–	55,176
Net gain/(loss) on revaluation of intangible assets	9	–	(1,989)	–	(1,989)
Movements in Reserves:					
Non-cash charges – auditor's remuneration	4,5	701	–	–	701
External transfers		14,379	(13)	(349)	14,017
Transfers between reserves		28,800	(28,817)	17	–
Balance at 31 March 2014		(100,978)	199,603	(332)	98,293

The notes on pages 93 to 149 form part of these accounts.

Notes to the departmental accounts for the period ending 31 March 2014

1. Statement of accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the 2013-14 *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 2014 shows taxpayers' equity of £169 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 2012-13 Results

The results for 2012-13 have been restated to:

a) exclude the financial data of the Serious Organised Crime Agency (SOCA), which closed on 6 October 2013 prior to the creation of the National Crime Agency (NCA)

b) exclude the financial data relating to Crime and Financial Investigators who transferred from the Home Office to the National Crime Agency on its creation

1.3 Basis of consolidation

These accounts include the non-agency parts of the Department (the core Department) and its executive agencies, Her Majesty's Passport Office (HMPO) and the National Fraud Authority (NFA). 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), National Policing Improvement Agency (NPIA), Office of the Immigration Services Commissioner (OISC), Security Industry Authority (SIA) and the Disclosure and Barring Service (DBS). The College of Policing (CoP) is also consolidated as a quasi-NDPB.

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.

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 rules in accordance with the FReM. See note 1.2 above. The Department had two Machinery of Government changes: the move of the Serious Organised Crime Agency to the National Crime Agency and the move of Crime and Financial Investigator work to the National Crime Agency. The impact of these Machinery of Government changes to the accounts is detailed in Note 28. In addition to this the UK Border Agency became part of the Core Home Office on 1 April 2013 (see Note 27 for details).

1.4 Judgments and key sources of estimation uncertainty

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

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

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. Among these provisions are: a) those relating to the potential reparation costs and consequential losses related the riots that took place in August 2011, and b) dilapidation provisions and a conservation provision for departmental leasehold/freehold properties. In relation to the riot damages provision, uncertainty remains as to the valuation of successful claims given the ongoing litigation. We have used estimates provided by suitably qualified professionals to determine the potential liability at year-end.

Police Pensions accrual
The Department makes a grant to police forces to match the estimated deficit in their police pension schemes for the year (see note 1.18). The grant is based on estimates provided in-year by the police forces and adjusted for actual outturns from prior years. The Department recognises an accrual at the year-end for the element of the grant that has not been paid by the year-end. There are inherent uncertainties involved with the calculation of the pension grant, for example the number of retirees and amounts taken in lump sums, which means that the accrual is the best estimate of the liability at the year-end. The value of the accrual as at 31 March 2014 was £251 million.

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

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

There were no key sources of estimation uncertainty.

1.5 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.

1.6 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. These valuations are carried out by the Valuations Office Agency (VOA). The last valuation was performed by Roy G Mitchell BSc (Hons) MRICS ACIArb of the VOA, who is a registered valuer recognised by the Royal Institute of Chartered Surveyers.

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 20 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.

1.7 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 9 to the accounts refers to these assets as Information Technology (IT).

Assets under construction
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.

1.8 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 23 to the accounts.

1.9 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.

1.10 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 1.9 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 1.6 above) and intangible assets (section 1.7 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.

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

Financial assets at fair value through the statement of comprehensive net expenditure
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. 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.

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.

1.12 Inventories

Immigration inventories are valued at the lower of current replacement costs and net realisable value, and comprise blank visa vignettes, other vignettes, travel documents and travel tickets.

HM Passport Office inventories are valued at weighted average cost and comprise books which are used to produce passports and blank certificates.

1.13 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.

1.14 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 (1.8% for early departure provisions at 31 March 2014).

1.15 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.

1.16 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 Her Majesty's Passport Office 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 Her Majesty's Passport Office

- income is receivable for fees charged in respect of applications for visas and immigration documents. Cash is received at the point of application; however, income is not recognised until the application process has been completed and a decision is made.

- some income streams are charged below the cost of delivery where the Department has to maintain its international competitiveness. To compensate for this, some fees are set above the cost of delivery. In particular, the income for certain in-country applications is set at a level that allows for a contribution towards immigration related activities, in addition to covering the cost of processing applications. The overall aim is to ensure that income contributes to the end-to-end costs of the immigration system

- 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

- 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

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.

The Department receives European Union (EU) funding for a number of internal and external projects. This funding is used to provide assistance in the resettlement and integration of refugees and third country nationals, and the return of foreign nationals to their home country. EU expenditure is recognised in the Consolidated Statement of Comprehensive Net Expenditure on a pro-rata basis as the projects progress, the income receivable from the EU is recognised to match this expenditure.

Non-retainable income includes immigration and civil penalties that, when received, are not permitted to be retained by the Department, and are surrendered to the Consolidated Fund. Immigration and civil penalties relate to fines imposed against businesses for illegally employing foreign nationals and for allowing the movement of non-EU visitors into the UK with insufficient travel documentation.

1.17 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.

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).

Broadly By Analogy:
The core Department and IPCC also operate Broadly By Analogy (BBA) pension schemes, a pension arrangement entitling the recipient to benefits similar to those provided by the PCSPS scheme. The former Chairman of the 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 the core Department and the 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.

Addition information in relation to Home Office pension schemes is included at Note 3.

1.18 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.

Main Police Grants
The Home Office provides Police revenue grant funding to Police and Crime Commissioners (PCCs), based on funding levels agreed in the Police Grant Report (England and Wales) 2013-14.

Police Pensions top-up Grant
The Department is responsible for the payment of any shortfall of employer and employee contributions to Police Pension schemes through a top-up grant, equal to the difference between outgoing pension expenditure and incoming pension contributions in a single year. An accrual is recognised in the Department's financial statement for the estimated shortfall on Police Pension schemes not already covered by the top-up grant.

College of Policing funding
The College of Policing was funded in the financial year 2013-14 by taking an agreed percentage (top-slice) from the total Home Office funds available to provide for policing including grants to PCCs.

Counter terrorism Grants
Dedicated Security Posts funding provides police forces with funding towards the cost of providing protection for members of the Royal Family and their residences; and those holding certain Ministerial posts and other public figures and their residences.

The purpose of the Counter Terrorism Specific Grant is to support the UK's counter terrorism strategy (CONTEST) by maintaining and strengthening the Lead Forces counter terrorism capability.

Asylum Grants
The Department provides central funding to local authorities that support unaccompanied asylum seeking children (UASC). If the funding was not provided the local authorities would not be able to meet the costs of providing this support from their own income streams.

European Grants
The European Return fund supports the efforts of EU Member States to improve the management of return in all its dimensions through the use of the concept of integrated management.

The European Integration Fund supports the efforts of EU member states in enabling third-country nationals of different economic, social, cultural, religious, linguistic and ethnic backgrounds to fulfil the conditions of residence and to facilitate their integration into European societies.

The European Refugee Fund supports and encourages efforts made by the EU Member States in receiving, and in bearing the consequences of receiving, refugees and displaced persons, taking account of Community legislation on those matters, by co-financing the actions provided for in the corresponding decision.

1.19 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.

1.20 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.

1.21 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 2 to these accounts.

1.22 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.

A large element of the Department's deferred income relates to visa income, where the Department receives payment in advance with the visa application, but where the income is not recognised until the application process is completed (see 1.16).

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.

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

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 and has been adopted by the EU. This will be effective from 2015-16. 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.

2. Statement of Operating Costs by Operating Segment

for the year ended 31 March 2014

					2013-14
	Administration Expenditure	**Programme Expenditure**	**Gross Expenditure**	**Income**	**Net**
Reportable Segment	**£000**	**£000**	**£000**	**£000**	**£000**
Crime and Policing Group	77,952	10,065,422	10,143,374	(214,975)	9,928,399
Office for Security and Counter-Terrorism	52,210	876,652	928,862	(174,071)	754,791
Border Force	3,970	508,742	512,712	(12,916)	499,796
UK Visas & Immigration	14,730	796,961	811,691	(1,105,391)	(293,700)
Immigration Enforcement	9,080	434,408	443,488	(19,653)	423,835
HM Passport Office	41,217	280,742	321,959	(451,578)	(129,619)
National Fraud Authority	639	11,191	11,830	–	11,830
International and Immigration Policy Group	23,918	14,394	38,312	(190)	38,122
Enablers	295,994	614,908	910,902	(106,425)	804,477
Net Expenditure	519,710	13,603,420	14,123,130	(2,085,199)	12,037,931
Reconciliation between Operating Segments and SOPS Note 2					
Capital Grants	–	(189,949)	(189,949)	–	(189,949)
PFI adjustment	(6,021)	(16,694)	(22,715)	–	(22,715)
Consolidated Fund Extra Receipts	–	–	–	124,293	124,293
NDPB income (reported as net expenditure in SOPS Note 2)	(14,593)	(167,457)	(182,050)	182,050	–
Provisions utilised adjustment	40,617	(40,617)	–	–	–
Actuarial Gain on police pension	–	–	–	–	–
EU Income (reported as net expenditure in SOPS Note 2)	–	(32,131)	(32,131)	32,131	–
Net Resource Outturn	539,713	13,181,572	13,721,285	(1,746,725)	11,974,560

Reportable Segment	Total Assets £000	Total Liabilities £000	Net Assets £000
Crime and Policing Group	327,811	(652,410)	(324,599)
Office for Security and Counter-Terrorism	55,115	(179,792)	(124,677)
Border Force	242,597	(63,407)	179,190
UK Visas & Immigration	210,607	(291,247)	(80,640)
Immigration Enforcement	249,657	(38,394)	211,263
HM Passport Office	182,469	(100,762)	81,707
National Fraud Authority	166	(1,567)	(1,401)
International and Immigration Policy Group	33,885	(8,849)	25,036
Enablers	960,062	(757,232)	202,830
Total balance	2,262,369	(2,093,660)	168,709

for the year ended 31 March 2013

Reportable Segment	Administration Expenditure £000	Programme Expenditure £000	Gross Expenditure £000	Income £000	Restated 2012-13 Net £000
Crime and Policing Group	57,864	5,672,802	5,730,666	(64,414)	5,666,252
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	1,437,802	1,553,495	(964,483)	589,012
HM Passport Office	39,953	278,603	318,556	(456,028)	(137,472)
National Fraud Authority	583	8,226	8,809	–	8,809
Central Home Office	265,185	1,529,738	1,794,923	(304,160)	1,490,763
Net Expenditure	554,710	10,771,771	11,326,481	(2,072,671)	9,253,810

Reportable Segment	Total Assets £000	Total Liabilities £000	Restated Net Assets £000
Crime and Policing Group	74,777	(448,399)	(373,622)
Office for Security and Counter-Terrorism	55,621	(104,272)	(48,651)
Border Force	232,266	(125,267)	106,999
UK Border Agency	828,579	(478,165)	350,414
HM Passport Office	201,028	(92,000)	109,028
National Fraud Authority	272	(1,121)	(849)
Central Home Office	802,982	(644,445)	158,537
Total balance	2,195,525	(1,893,669)	301,856

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.

Home Office Business Segments

The Crime and Policing Group (CPG), and the services the group oversee, play vital roles in achieving the Home Office's core purpose of protecting the public. CPG are responsible for the implementation of crime and policing policy and sponsor the Disclosure and Barring Service, the Independent Police Complaints Commission, the Security Industry Authority and The College of Policing.

The Office for Security and Counter-Terrorism (OSCT) was established to give strategic direction to the UK's work to counter the threat from international terrorism. Its primary objective is to protect the public from terrorism by working with others to develop and deliver the UK's counter-terrorism strategy (CONTEST).

Border Force is a professional law enforcement command within the Home Office. It has approximately 8,000 officers, responsible for securing the UK border and controlling migration at 138 ports and airports across the UK and overseas.

UK Visas and Immigration is responsible for considering applications from visitors to come to or remain in the UK. It is a high-volume service that aims to become a globally trusted operator delivering excellent customer service and secure decisions. UK Visas and Immigration sponsor the Office of the Immigration Services Commissioner.

Immigration enforcement is responsible for preventing abuse, pursuing immigration offenders and increasing compliance with immigration law. It works with partners to regulate migration in line with the law and government policy and supports economic growth.

The International and Immigration Policy Group was established to provide the Department with a focused cross-cutting capability to help it meet the government's agenda. This is done through a mixture of strategy and policy work, casework, management of external programmes, and coordinating and liaising with colleagues across the Department and externally.

Her Majesty's Passport Office (formerly Identity and Passport Service), provides accurate and secure records of key events and has responsibility for producing passports. It is an executive agency of the Home Office. Her Majesty's Passport Office delivers the following services:

– it provides passport services for British nationals residing in the UK and, in association with the Foreign and Commonwealth Office, to those residing overseas

– it administers civil registration in England and Wales

The National Fraud Authority (NFA) was established following the government's 2006 fraud review and is responsible for increasing the UK economy's protection against the harm caused by fraud. It is an executive agency of the Home Office. The NFA runs Action Fraud, the national reporting centre for fraud and internet crime, and works with a wide range of partners across government, law enforcement, industry and the voluntary and charity sectors to focus and coordinate the fight against fraud in the UK.

Enablers includes Corporate Services, Communications Directorate, Human Resources Directorate and Strategy, Delivery and Private Office Group.

3. Staff numbers and related costs

Staff costs comprise:

					2013-14 £000 Departmental Group	Restated 2012-13 £000 Departmental Group
	Total	Permanently employed staff	Others	Ministers	Special advisers	Total
Wages and salaries	1,076,416	944,396	131,480	309	231	986,976
Social security costs	72,306	72,245	7	29	25	67,224
Other pension costs	166,807	166,755	–	–	52	160,571
Sub Total**	1,315,529	1,183,396	131,487	338	308	1,214,771
Less recoveries in respect of outward secondments	(2,259)	(2,259)	–	–	–	(2,586)
Total net costs*	1,313,270	1,181,137	131,487	338	308	1,212,185
Of which:						
Core Department	1,109,525	998,699	110,180	338	308	551,259
Core Department and Agencies	1,212,357	1,100,465	111,246	338	308	1,106,954
Departmental Group	1,313,270	1,181,137	131,487	338	308	1,212,185

	2013-14	2012-13
*Of which:		
Departmental Group -		
Charged to administration costs	286,333	282,869
Charged to programme costs	1,026,937	929,316
	1,313,270	1,212,185
Core Department & Agencies -		
Charged to administration costs	261,778	257,428
Charged to programme costs	950,579	849,526
	1,212,357	1,106,954
Core Department -		
Charged to administration costs	239,546	169,816
Charged to programme costs	869,979	381,443
	1,109,525	551,259

** The total amount of capitalised staff costs not included in the figures above is £5.7 million (£4.7 million in 2012-13).

Staff Costs by Business Segment

Business Segment	Total	Permanently employed staff	Others	Ministers	Special advisers	Total
					2013-14 £000 Departmental Group	Restated 2012-13 £000 Departmental Group
Crime and Policing Group	143,096	110,271	32,825	–	–	115,807
Office for Security and Counter-Terrorism	38,756	36,413	2,343	–	–	32,085
Border Force	367,088	358,454	8,634	–	–	362,832
UK Visas & Immigration	235,939	178,925	57,014	–	–	–
Immigration Enforcement	185,635	172,850	12,785	–	–	–
International and Immigration Policy	24,812	24,333	479	–	–	–
UK Border Agency	–	–	–	–	–	450,232
HM Passport Office	100,647	99,705	942	–	–	95,026
Criminal Records Bureau	–	–	–	–	–	9,900
National Fraud Authority	2,185	2,061	124	–	–	3,076
Total	1,098,158	983,012	115,146	–	–	1,068,958
Enablers	215,112	198,125	16,341	338	308	143,227
Total Staff Costs	1,313,270	1,181,137	131,487	338	308	1,212,185

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 other bodies included within the consolidated departmental accounts.

Business Segment	Total	Permanently employed staff	Others	Ministers	Special advisers	Total
					2013-14	Restated 2012-13
Crime and Policing Group	2,741	2,424	317	-	-	3,011
Office for Security and Counter-Terrorism	930	834	96	-	-	537
Border Force	8,080	7,892	188	-	-	8,008
UK Visas & Immigration	6,315	5,082	1,233	-	-	-
Immigration Enforcement	4,811	4,403	408	-	-	-
International and Immigration Policy Group	381	366	15	-	-	-
UK Border Agency	-	-	-	-	-	13,554
HM Passport Office	3,352	3,352	-	-	-	3,151
Criminal Records Bureau	-	-	-	-	-	322
National Fraud Authority	39	36	3	-	-	48
Enablers	4,555	4,036	510	6	3	3,188
Total	**31,204**	**28,425**	**2,770**	**6**	**3**	**31,819**
Of which:						
Core Department	**25,651**	**23,123**	**2,519**	**6**	**3**	**12,407**
Core Department and Agencies	**29,042**	**26,511**	**2,522**	**6**	**3**	**29,422**
Departmental Group	**31,204**	**28,425**	**2,770**	**6**	**3**	**31,819**

Included within the staff numbers above are 49 members of staff who were engaged in capital projects (162 in 2012-13).

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

Civil Service Compensation Scheme

	Core Department			Core Department & Agencies			Departmental Group		
Exit Package cost band	Number of compulsory redund-ancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redund-ancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redund-ancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	– (–)	– (–)	– (–)	1 (1)	– (–)	1 (1)	1 (1)	3 (14)	4 (15)
£10,000 – £25,000	– (3)	3 (3)	3 (6)	2 (15)	3 (8)	5 (23)	2 (16)	9 (37)	11 (53)
£25,000 – £50,000	2 (4)	6 (3)	8 (7)	4 (5)	7 (8)	11 (13)	4 (6)	11 (23)	15 (29)
£50,000 – £100,000	1 (2)	15 (5)	16 (7)	2 (2)	15 (6)	17 (8)	2 (2)	18 (13)	20 (15)
£100,000 – £150,000	– (–)	4 (6)	4 (6)	– (–)	5 (9)	5 (9)	– (–)	5 (11)	5 (11)
£150,000 – £200,000	– (–)	2 (2)	2 (2)	– (–)	3 (4)	3 (4)	– (–)	3 (5)	3 (5)
£200,000 – £250,000	– (–)	– (1)	– (1)	– (–)	– (1)	– (1)	– (–)	– (2)	– (2)
£250,000 – £300,000	– (–)	– (–)	– (–)	– (–)	1 (1)	1 (1)	– (–)	1 (1)	1 (1)
£300,000 – £350,000	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Total number of exit packages by type	3 (9)	30 (20)	33 (29)	9 (23)	34 (37)	43 (60)	9 (25)	50 (106)	59 (131)
Total resource cost (£000)	150 (335)	2,129 (1,769)	2,279 (2,104)	357 (557)	2,678 (3,146)	3,035 (3,703)	357 (623)	3,112 (5,405)	3,469 (6,028)

Comparative figures are shown in brackets. These comparative figures have been restated to take account of the Machinery of Government change as a result of the creation of the National Crime Agency (see Note 28 for details).

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 and as amended by the Superannuation Act 2010. 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 2013-14, employers' contributions of £165.8 million were payable to the PCSPS (£161.5 million in 2012-13 (restated)) 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 2013-14 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 £680.9k (£547.2k in 2012-13 (restated)) 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 £10.0k (£33.2k in 2012-13 (restated)), 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 2014 were £13.5 million (£12.7 million in 2012-13 (restated)). Contributions prepaid were £nil (£nil in 2012-13).

24 persons (29 in 2012-13 (restated)) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £65.4k (£84.2k in 2012-13 (restated)).

(c) By Analogy Pension Scheme

The Home Office also operates a 'Broadly by Analogy' (BBA) Pension Scheme. This scheme is analogous with the Principal Civil Service Pension Scheme (PCSPS). The BBA pensions are unfunded, with benefits being paid as they fall due. Liabilities for the scheme rest with the Home Office 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). 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 size of this scheme is small and there are only a few former members of the Police Complaints Authority within the Home Office who are provided pensions under this arrangement. The exact value of the scheme is therefore not disclosed here.

4. Other Administration Costs

	Note	2013-14 £000 Core Department	2013-14 £000 Core Department & Agencies	2013-14 £000 Departmental Group	Restated 2012-13 £000 Core Department	Restated 2012-13 £000 Core Department & Agencies	Restated 2012-13 £000 Departmental Group
Rentals under operating leases		1,159	1,159	2,305	3,767	3,767	4,960
PFI and other service concession arrangements service charges (*)		51,274	51,274	51,854	34,189	43,643	44,130
Other IT and accommodation related service charges (*)		36,017	39,913	39,731	26,118	39,045	40,859
Non-cash items							
Depreciation	8	16,543	18,968	19,084	18,465	21,862	22,178
Amortisation	9	1,458	1,992	2,608	3,122	4,983	5,384
Impairment	10	2,248	2,248	2,248	131	339	339
(Profit)/loss on disposal of property, plant and equipment		680	744	721	448	454	529
PFI Interest charges		23,675	23,675	23,675	23,804	23,804	23,804
Notional charges		–	–	944	–	–	–
Auditor's remuneration and expenses		495	701	701	375	949	949
Provision movements	18	9,096	9,153	9,216	1,111	4,445	4,422
Bad debt movement		(320)	(58)	(58)	167	174	174
Other							
Publication stationery & printing		1,287	1,437	1,636	1,431	1,910	2,051
Facilities management and staff services		30,268	35,674	37,683	12,290	27,036	47,269
Travel, subsistence and hospitality		13,961	16,297	18,064	10,180	15,515	16,573
Professional fees		8,994	10,853	11,925	15,526	19,783	21,284
Auditor's remuneration and expenses		–	–	259	–	–	195
Media and IT		4,222	4,303	5,259	8,035	8,439	10,370
Early retirement costs		3,089	3,089	3,216	2,557	3,439	3,430
Other administration expenditure		368	2,716	2,306	6,483	21,474	22,941
Total		**204,514**	**224,138**	**233,377**	**168,199**	**241,061**	**271,841**

(*) PFI and other service concession arrangements, and other service charges have been split out. These were previously combined in the notes to the accounts. The 2012-13 numbers have been restated to reflect this change.

On 1 April 2013, the UK Border Agency (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2012-13 figures was made for this restructuring (see Note 27 for details).

No remuneration has been paid to the National Audit Office for non-audit work (2012-13, £nil).

5. Programme Costs

		2013-14 £000			Restated 2012-13 £000		
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Rentals under operating leases		2,763	2,763	4,965	1,279	1,384	5,137
Interest charges		–	–	–	–	–	–
PFI and other service concession arrangements service charges (*)		272,762	302,257	306,402	130,073	234,281	363,104
Other IT and accommodation related service charges (*)		263,028	267,151	338,095	121,437	168,299	169,214
Non-cash items							
Depreciation	8	92,255	101,294	105,200	42,649	86,207	104,553
Amortisation	9	141,318	150,438	164,306	23,247	99,695	109,055
Impairment	10	11,073	11,111	11,115	1,643	4,506	4,552
(Profit)/loss on disposal of property, plant and equipment		497	890	918	59	1,495	1,525
PFI Interest charges		812	812	894	–	36,966	37,201
Finance lease interest charge		6,541	6,541	6,541	493	7,139	7,139
Notional charges		–	–	–	–	–	103
Provision movements	18	131,078	128,009	129,561	7,028	32,977	31,950
Bad debt movement		2,596	2,460	3,078	72	9,334	9,721
Grants							
Grants – current (**)		8,807,849	8,810,067	8,810,990	6,241,164	6,342,147	6,344,959
Grants – capital		189,950	190,222	190,222	214,528	214,533	214,533
Grants – EU		32,131	32,131	32,131	–	21,957	21,957
Grants – pension costs		1,286,042	1,286,042	1,286,042	1,232,859	1,232,859	1,232,859
Other							
Publication stationery and printing		3,521	4,747	5,393	869	5,418	5,832
Passport printing and stationery		–	127,723	127,723	–	133,905	133,905
Facilities management and staff services		157,651	180,842	187,802	84,528	201,510	209,794
Travel, subsistence and hospitality		43,920	46,001	50,930	22,230	36,094	40,958
Professional fees		146,560	147,537	150,183	24,320	133,335	135,149
Auditor's remuneration and expenses		–	–	67	–	–	208
Media and IT		3,638	5,868	7,838	2,388	2,966	42,226
Early retirement		2,511	3,229	3,209	241	2,674	1,773
Asylum costs		200,209	200,209	200,209	400	201,248	201,248
Detention costs		143,549	143,549	143,549	359	132,696	132,696
UK Visas & Immigration commercial partner costs		83,456	83,456	83,456	–	46,162	46,162
Asset recovery costs		80,148	80,148	80,148	75,609	75,609	75,609
FCO Management Charge		36,302	36,302	36,302	–	38,454	38,454
Other programme costs		71,101	72,795	109,214	88,885	130,489	120,879
Total		**12,213,261**	**12,424,594**	**12,576,483**	**8,316,360**	**9,634,339**	**9,842,455**

(*) PFI and other service concession arrangements, and other service charges have been split out. These were previously combined in the notes to the accounts. The 2012-13 numbers have been restated to reflect this change.

On 1 April 2013, the UK Border Agency (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2012-13 figures was made for this restructuring (see Note 27 for details).

(**) From 1 April 2013, grant funding which in previous years has been paid to local policing bodies by the Secretary of State for Communities and Local Government under Section 78A of the Local Government Finance Act 1988 is paid instead by the Home Office. This is as a result of the Government's decision that local policing bodies should be funded from outside of the business rates retention scheme.

No remuneration has been paid to the National Audit Office for non-audit work (2012-13, £nil).

6.1 Income

	2013-14 £000			Restated 2012-13 £000		
	Core Department	**Core Department & Agencies**	**Departmental Group**	**Core Department**	**Core Department & Agencies**	**Departmental Group**
Retained Income						
Passport fees	–	357,734	357,734	–	369,211	369,211
Visa and Immigration income	1,052,613	1,052,613	1,052,613	–	923,990	923,990
Asset recovery income	162,973	162,973	162,973	152,976	152,976	152,976
Hendon data centre income	95,743	95,743	95,743	33,696	33,696	33,696
Other administration income	39,294	39,296	35,021	33,400	39,407	48,128
Other Programme income	34,396	57,234	224,691	220,947	330,487	434,359
EU income	32,131	32,131	32,131	339	21,388	21,388
Total Retained Income	1,417,150	1,797,724	1,960,906	441,358	1,871,155	1,983,748
Payable to Consolidated Fund						
Passport fees	–	70,946	70,946	–	67,468	67,468
Excess visa and Immigration income	41,699	41,699	41,699	–	–	–
Other excess receipts	200	200	200	4,673	6,208	10,037
Other administration income	355	355	380	154	2,814	2,816
Other programme income	11,010	11,068	11,068	10,271	8,580	8,602
Other CFER receipts	–	–	–	–	–	–
Total payable to Consolidated Fund	53,264	124,268	124,293	15,098	85,070	88,923
Total	1,470,414	1,921,992	2,085,199	456,456	1,956,225	2,072,671
Of which						
Administration income	41,469	80,528	76,278	34,821	83,694	92,417
Programme income	1,428,945	1,841,464	2,008,921	421,635	1,872,531	1,980,254
	1,470,414	1,921,992	2,085,199	456,456	1,956,225	2,072,671

A regional analysis of overseas income generated by UK Visas and Immigration is given below:

	2013-14 £000			2012-13 £000		
	Core Department	**Core Department & Agencies**	**Departmental Group**	**Core Department**	**Core Department & Agencies**	**Departmental Group**
Africa	71,152	71,152	71,152	–	72,970	72,970
Americas	35,970	35,970	35,970	–	34,176	34,176
Euro-Med	110,690	110,690	110,690	–	85,344	85,344
Pacific	103,617	103,617	103,617	–	87,143	87,143
South Asia	83,055	83,055	83,055	–	78,561	78,561
The Gulf	96,054	96,054	96,054	–	86,565	86,565
	500,538	500,538	500,538	–	444,759	444,759

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

							2013-14
			Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target
Segment		**Note**	**£000**	**£000**	**£000**	**%**	**%**
Crime and Policing Group	Animal Licences (scientific procedures)	1	3,978	4,866	(888)	82	100
Crime and Policing Group	DBS Disclosures – Enhanced	2	127,718	130,192	(2,474)	98	100
Crime and Policing Group	DBS Disclosures – Standard	2	5,802	5,518	284	105	100
Crime and Policing Group	DBS – Update Service	2	1,318	1,387	(69)	95	100
Crime and Policing Group	College of Policing – People Development	3	15,912	41,571	(25,659)	38	100
Crime and Policing Group	SIA – Licensing Income	4	23,515	23,838	(323)	99	100
Crime and Policing Group	SIA – ACS Income	4	2,116	2,080	36	102	100
Border Force	Border Force	5	3,893	3,962	(69)	98	100
UK Visas & Immigration	International Group – Visas	6	528,245	449,195	79,050	118	100
UK Visas & Immigration	Immigration Group – in country	7	524,300	208,428	315,872	252	189
UK Visas & Immigration	OISC – Registration Fees	8	1,090	4,041	(2,951)	27	100
HM Passport Office	Passports	9	435,982	371,277	64,705	117	100
HM Passport Office	Certificate Services	10	15,532	22,756	(7,224)	68	100
Enablers	Information Services	11	104,388	519,733	(415,345)	20	100
Enablers	Centre for Applied Science and Technology	12	1,100	1,099	1	100	100
			1,794,889	**1,789,943**	**4,946**		

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) Animal Licences relate to income generated from the licences required by organisations for the use of living animals in scientific procedures, which falls under the Animals (Scientific Procedures) Act 1986 (ASPA) in England, Scotland and Wales.

2) An Enhanced DBS 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 DBS 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 DBS 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 DBS Update Service enables applicants keep their DBS certificates up to date online and allows employers to check a certificate online.

3) People Development includes exams and assessments, learning and development services and leadership development services.

4) The SIA licensing income is the application fee for an individual SIA licence. Individuals working in specific sectors of the private security industry are required by law to hold a SIA licence. 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.

5) 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%.

6) UKVI International Group is responsible for issuing Visas. The Group's cost recovery target is 100%.

7) UKVI Immigration Group deals with UK based applications for permanent settlement and Nationality applications. The Group's cost recovery target is 189% with the additional income from fees contributing to the overhead costs within the Department.

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

9) 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.

10) 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.

11) 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.

12) CAST generates income from OGDs and overseas bodies – notably the Centre for the Protection of National Infrastructure, the Department for Transport and the Ministry of Justice. This income comes in two main forms: cost sharing to deliver projects and services of mutual benefit to CAST and its partner organisations; and contracted services where CAST carries out work on behalf of another organisation.

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

7. Assets held for sale

	2013-14			2012-13		
	Core Department	Core Department & Agencies	Department Group	Core Department	Core Department & Agencies	Department Group
	£000	£000	£000	£000	£000	£000
Land	3,120	3,120	3,120	–	–	–
Buildings	18,700	18,700	18,700	–	–	–
Plant and equipment	563	563	563	–	–	–
Furniture and fittings	578	578	578	–	–	–
	22,961	22,961	22,961	–	–	–

Assets are continually reviewed to ensure they support the service delivery objectives of the Department. The assets identified as held for sale are surplus to departmental requirements in meeting these objectives. The sale of these assets is actively pursued by the Department with an expectation that the assets will be sold within 12 months of the date of classification. The assets are not depreciated during this time.

At 31 March 2014 two properties, were held for sale having been identified as surplus to departmental requirements. These properties were marketed in 2013-14.

8. Property, plant and equipment

2013-14 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 2013	46,105	951,618	47,901	369,789	482,526	61,712	177,031	2,136,682
Additions	1,235	10,365	6,986	4,773	4,752	4,211	93,782	126,104
Disposals	–	(20,331)	(2,046)	(27,000)	(7,062)	(3,341)	(1,085)	(60,865)
Impairment	–	(14,721)	–	(918)	–	–	(10,505)	(26,144)
External transfers	(1)	–	(725)	(2)	1,839	–	(8,577)	(7,466)
Transfers to assets held for sale	(3,120)	(33,045)	–	(11)	(1,887)	(664)	–	(38,727)
Reclassifications	–	15,136	1,694	39,026	2,342	175	(125,331)	(66,958)
Revaluations	2,246	(56,213)	674	(2,434)	9,729	228	1	(45,769)
At 31 March 2014	46,465	852,809	54,484	383,223	492,239	62,321	125,316	2,016,857
Depreciation								
At 1 April 2013	–	(400,690)	(32,814)	(237,992)	(234,366)	(43,178)	–	(949,040)
Charged in year	–	(24,534)	(4,783)	(45,295)	(42,996)	(6,676)	–	(124,284)
Disposals	–	19,318	1,722	25,657	5,436	2,889	–	55,022
Impairment	–	14,168	–	634	–	–	–	14,802
External transfers	–	(1,425)	327	(2,770)	(1,050)	(3)	–	(4,921)
Transfers to assets held for sale	–	14,345	–	11	1,324	86	–	15,766
Reclassifications	–	3	(945)	(2,514)	(1,254)	1	–	(4,709)
Revaluations	–	107,061	–	1,613	(4,940)	(141)	–	103,593
At 31 March 2014	–	(271,754)	(36,493)	(260,656)	(277,846)	(47,022)	–	(893,771)
Net book value at 31 March 2014	46,465	581,055	17,991	122,567	214,393	15,299	125,316	1,123,086
Net book value at 1 April 2013	46,105	550,928	15,087	131,797	248,160	18,534	177,031	1,187,642
Asset financing:								
Owned	46,465	296,968	17,991	90,098	203,371	11,766	125,316	791,975
Finance leased	–	42,425	–	85	–	–	–	42,510
On balance sheet PFI/other concession arrangements	–	241,662	–	32,384	11,022	3,533	–	288,601
Net book value at 31 March 2014	46,465	581,055	17,991	122,567	214,393	15,299	125,316	1,123,086
Analysis of property, plant and equipment at 31 March 2014								
Of the total:								
Core Department	44,306	541,777	17,422	89,973	208,521	9,048	111,657	1,022,704
Agencies	1,361	20,442	–	29,615	5,020	1,430	8,853	66,721
Non-Departmental Public Bodies	798	18,836	569	2,979	852	4,821	4,806	33,661
Net book value at 31 March 2014	46,465	581,055	17,991	122,567	214,393	15,299	125,316	1,123,086

Buildings comprises freehold, long leasehold (leases with 50+ years to run from the period ending 31 March 2014) 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 Communication assets when transferred to the Core Home Office, were categorised as Plant and Machinery, they were 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.

Restated 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	44,254	935,566	42,716	343,635	468,154	73,090	117,607	2,025,022
Additions	1,851	19,892	6,172	13,846	9,919	1,780	48,867	102,327
Disposals	–	(1,792)	(565)	(10,282)	(2,130)	(11,234)	(23)	(26,026)
Impairment	–	(1,486)	(12)	(16,956)	(1,643)	(2,748)	(3,359)	(26,204)
External transfers	–	(1,617)	(987)	(14,956)	(1,344)	(108)	(6,442)	(25,454)
Reclassifications	–	1,046	–	25,506	1,519	27	20,315	48,413
Revaluations	–	9	577	28,996	8,051	905	66	38,604
At 31 March 2013	46,105	951,618	47,901	369,789	482,526	61,712	177,031	2,136,682
Depreciation								
At 1 April 2012	–	(379,093)	(30,330)	(215,079)	(191,950)	(47,597)	–	(864,049)
Charged in year	–	(24,760)	(3,477)	(55,539)	(35,107)	(7,784)	–	(126,667)
Disposals	–	856	525	9,883	2,051	10,760	–	24,075
Impairment	–	1,243	10	16,696	1,630	1,851	–	21,430
External transfers	–	1,428	943	12,943	1,105	23	–	16,442
Reclassifications	–	(364)	–	8,663	(8,665)	1	–	(365)
Revaluations	–	–	(485)	(15,559)	(3,430)	(432)	–	(19,906)
At 31 March 2013	–	(400,690)	(32,814)	(237,992)	(234,366)	(43,178)	–	(949,040)
Net book value at 31 March 2013	46,105	550,928	15,087	131,797	248,160	18,534	177,031	1,187,642
Net book value at 1 April 2012	44,254	556,473	12,386	128,556	276,204	25,493	117,607	1,160,973
Asset financing:								
Owned	46,105	283,801	15,087	79,345	91,439	13,032	177,031	705,840
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	46,105	550,928	15,087	131,797	248,160	18,534	177,031	1,187,642
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	5,540	80,538	13,543	7,779	69,026	509,536
Non-Departmental Public Bodies	713	15,754	553	3,135	2,340	4,481	4,148	31,124
Net book value at 31 March 2013	46,105	550,928	15,087	131,797	248,160	18,534	177,031	1,187,642

9. Intangible assets

2013-14 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 2013	758,735	79,626	3,804	79,391	921,556
Additions	79,195	3,720	–	1,934	84,849
Disposals	(16,999)	(9,535)	–	(1,285)	(27,819)
Impairments	(1,713)	(252)	–	(293)	(2,258)
Reclassifications	78,232	20,850	(2,902)	(20,251)	75,929
Transfers	122	104	–	8,705	8,931
Revaluations	(4,149)	(276)	(5)	–	(4,430)
At 31 March 2014	893,423	94,237	897	68,201	1,056,758
Amortisation					
At 1 April 2013	(408,030)	29,585	(329)	–	(378,774)
Charged in year	(156,664)	(10,086)	(164)	–	(166,914)
Disposals	13,889	9,231	–	–	23,120
Impairments	208	29	–	–	237
Reclassifications	(3,462)	(803)	2	–	(4,263)
Transfers	(60)	111	–	–	51
Revaluations	2,343	176	4	–	2,523
At 31 March 2014	(551,776)	28,243	(487)	–	(524,020)
Carrying amount at 31 March 2014	341,647	122,480	410	68,201	532,738
Carrying amount at 1 April 2013	350,705	109,211	3,475	79,391	542,782
Asset financing:					
Owned	270,954	116,613	410	54,287	442,264
Finance leased	–	–	–	–	–
On balance sheet PFI/other concession arrangements	70,693	5,867	–	13,914	90,474
Carrying amount at 31 March 2014	341,647	122,480	410	68,201	532,738
Analysis of intangible assets at 31 March 2014					
Of the total:					
Core department	323,091	27,887	333	50,043	401,354
Agencies	2,134	80,853	77	3,120	86,184
Non-Departmental Public Bodies	16,422	13,740	–	15,038	45,200
Carrying amount at 31 March 2014	341,647	122,480	410	68,201	532,738

	Information Technology £000	Software Licenses £000	Websites £000	Payments on Account & Assets under Construction £000	Restated 2012-13 Departmental Group Total £000
Cost or valuation					
At 1 April 2012	415,726	102,353	379	267,427	785,885
Additions	114,523	8,096	497	36,198	159,314
Disposals	(26,496)	(6,168)	–	–	(32,664)
Impairments	(1,148)	(2,693)	–	(80)	(3,921)
Reclassifications	192,695	(17,275)	462	(224,325)	(48,443)
Transfers	14,609	(8,152)	2,405	171	9,033
Revaluations	48,826	3,465	61	–	52,352
At 31 March 2013	758,735	79,626	3,804	79,391	921,556
Amortisation					
At 1 April 2012	(224,991)	(46,869)	(98)	–	(271,958)
Charged in year	(106,654)	(7,597)	(187)	–	(114,438)
Disposals	26,491	6,117	–	–	32,608
Impairments	1,095	2,624	–	–	3,719
Reclassifications	(76,342)	76,727	(9)	–	376
Transfers	(3,158)	586	–	–	(2,572)
Revaluations	(24,471)	(2,003)	(35)	–	(26,509)
At 31 March 2013	(408,030)	29,585	(329)	–	(378,774)
Carrying amount at 31 March 2013	350,705	109,211	3,475	79,391	542,782
Carrying amount at 1 April 2012	190,735	55,484	281	267,427	513,927
Asset financing:					
Owned	282,441	104,773	3,475	65,238	455,927
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	109,211	3,475	79,391	542,782
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	6,207	2,900	14,153	36,685
Carrying amount at 31 March 2013	350,705	109,211	3,475	79,391	542,782

10. Impairments

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

	Note	2013-14 £000	Restated 2012-13 £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	4,5	13,363	4,683
Charged to the Revaluation Reserve		–	273
		13,363	4,956

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

		2013–14 £000	Restated 2012–13 £000
Property, Plant and Equipment – Buildings	8	553	243
Property, Plant and Equipment – Vehicles	8	–	2
Property, Plant and Equipment – IT	8	284	260
Property, Plant and Equipment – Plant and Machinery	8	–	2
Property, Plant and Equipment – Furniture and Fittings	8	–	896
Property, Plant and Equipment – Assets under Construction(*)	8	10,505	3,283
Intangible – IT	9	1,505	39
Intangible – Software	9	223	76
Intangible – Assets under Construction	9	293	155
		13,363	4,956

(*) £9.2 million of 2013-14 assets under construction impairments relate to assets transferred over from the National Policing Improvement Agency to the Home Office, which were subsequently revalued downwards.

11. Capital and other commitments

11.1. Capital Commitments

	2013-14			Restated 2012-13		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Contracted capital commitments of over £100,000 as at 31 March not otherwise included in these financial statements						
Property, Plant & Equipment	14,393	14,393	14,393	22,696	27,005	27,005
Intangible assets	16,556	21,034	21,034	13,617	16,752	18,426
	30,949	35,427	35,427	36,313	43,757	45,431

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 £7.8 million has been committed.

The Border Systems Programme (BSP) is responsible for IT systems at the UK borders. There is currently a capital commitment with Fujitsu approximating £5.7 million.

Immigration Platform Technology (IPT) is undertaking a project to deliver Biometrics Residence Permit, Biometrics Travel Documents and Digital Customer Journey capability. There are currently capital commitments of £11.2 million relating to this project.

11.2. Commitments under leases

11.2.1 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:

			2013-14			Restated 2012-13
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Land						
Not later than one year	1,214	1,214	1,232	332	1,324	1,324
Later than one year and not later than five years	4,857	4,857	4,857	1,330	5,561	5,561
Later than five years	96,798	96,798	96,798	3,270	20,891	20,891
	102,869	102,869	102,887	4,932	27,776	27,776
Buildings						
Not later than one year	1,035	13,333	18,509	1,407	36,264	38,778
Later than one year and not later than five years	1,702	33,730	45,560	3,608	102,735	110,319
Later than five years	813	16,927	17,514	1,346	102,474	102,652
	3,550	63,990	81,583	6,361	241,473	251,749
Other						
Not later than one year	595	595	617	94	417	440
Later than one year and not later than five years	779	779	788	50	901	916
Later than five years	–	–	–	–	3,095	3,095
	1,374	1,374	1,405	144	4,413	4,451
Total Commitment	**107,793**	**168,233**	**185,875**	**11,437**	**273,662**	**283,976**

11.2.2 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:

	2013-14			2012-13		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Buildings						
Not later than one year	9,006	9,006	9,006	638	9,168	9,168
Later than one year and not later than five years	37,182	37,182	37,182	2,552	37,808	37,808
Later than five years	105,664	105,664	105,664	3,582	119,199	119,199
	151,852	151,852	151,852	6,772	166,175	166,175
Less interest element	76,732	76,732	76,732	2,881	87,278	87,278
Present value of obligations	75,120	75,120	75,120	3,891	78,897	78,897
Total Commitment	**75,120**	**75,120**	**75,120**	**3,891**	**78,897**	**78,897**

Present value of obligations under finance leases for the following periods comprise:

	2013-14			2012-13		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Buildings						
Not later than one year	9,006	9,006	9,006	638	9,168	9,168
Later than one year and not later than five years	29,952	29,952	29,952	1,824	30,045	30,045
Later than five years	36,162	36,162	36,162	1,429	39,684	39,684
Total present value of obligations	**75,120**	**75,120**	**75,120**	**3,891**	**78,897**	**78,897**

One of the core Department's finance lease properties, Status Park, has been vacated. Its commitment has therefore been removed from the 2013-14 totals.

11.3. Commitments under PFI and other service concession arrangements

11.3.1 "Off balance sheet" (SoFP)

Airwave

In 2000, the Police Information Technology Organisation (PITO), which later became part of the NPIA and is now part of the National Crime Agency, 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 was 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 was estimated to cost £290 million over the 19 year life of the initiative and is paid by the Police Forces. The menu service charge has therefore been excluded from the commitment table below.

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.

Computer Sciences Corporation

Under the terms of the 10 year contract signed in 2009, Computer Sciences Corporation (CSC) work with HM Passport Office in supporting and upgrading the Agency's IT systems. This includes the recent upgrade of the Agency passport application and enrolment system, which incorporates new capabilities to process applications for passports, enabling customers to apply online; and the upgrade of the existing Omnibase application, which is a secure database used across government that stores historic passport records.

The total cost of this contract is £354.89 million, of which £92 million relates to capital.

De La Rue

Under the terms of the 10 year Passport Design and Production (PDP) contract signed in 2009, HM Passport Office has outsourced an element of its passport printing to De La Rue (DLR). Under the terms of the contract, which was signed in 2009, DLR builds infrastructure on behalf of HM Passport Office and uses this infrastructure in the production of passports. DLR is also responsible for ongoing support and maintenance of the infrastructure.

The total cost of this contract is £363.86 million, of which £37.24 million relates to capital.

			2013-14			2012-13
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & 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	187,019	266,710	266,710	191,787	259,284	259,284
Later than one year and not later than five years	709,903	965,867	965,867	734,241	985,971	985,971
Later than five years	195,796	207,746	207,746	376,426	451,296	451,296
	1,092,718	1,440,323	1,440,323	1,302,454	1,696,551	1,696,551

11.3.2 "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).

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 the Home Office.

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.

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).

The remaining commitment for Hewlett Packard has been removed from the 2013-14 totals as it is not considered material.

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.

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.

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.

Disclosure and Barring Service

A new five year PFI contract was signed with Tata Consultancy Services (TCS) which commenced March 2014. The overall value of the contract is £169 million. As the contract began in 2013-14, a payment of £3.04 million has been made to TCS in year. A milestone payment of £4.7 million has been accounted for over 2012-13 and 2013-14. An additional amount of £14 million was capitalised in 2013-14 relating to the development of a technological solution. The total financial commitments detailed below for TCS total £151 million. Capital commitments under the contract total £15 million.

	2013-14			Restated 2012-13		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & 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	103,759	103,759	157,181	43,967	93,981	162,482
Later than one year and not later than five years	178,529	178,529	278,086	174,845	259,027	356,033
Later than five years	604,997	604,997	605,064	651,040	651,040	673,609
	887,285	887,285	1,040,331	869,852	1,004,048	1,192,124
Less interest element	352,276	352,276	356,390	376,412	376,412	381,928
Present Value of Obligations	535,009	535,009	683,941	493,440	627,636	810,196

	2013-14			Restated 2012-13		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & 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	103,759	103,759	155,410	43,967	93,981	160,800
Later than one year and not later than five years	148,996	148,996	246,277	146,911	231,093	324,433
Later than five years	282,254	282,254	282,254	302,562	302,562	324,963
Total Present Value of Obligations	535,009	535,009	683,941	493,440	627,636	810,196

11.3.3 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 £358,256k (2012-13 £407,234k (restated)) and the payments to which the Department is committed is as follows.

	2013-14			Restated 2012-13		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	261,283	330,734	371,340	240,723	357,933	361,217
Later than one year and not later than five years	764,657	1,020,621	1,130,519	845,082	1,176,361	1,188,814
Later than five years	396,639	408,589	410,513	591,469	666,339	670,913
	1,422,579	1,759,944	1,912,372	1,677,274	2,200,633	2,220,944

11.4 Other financial commitments

The Home Office has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements):

The Home Office launched the COMPASS project in July 2009 to procure new accommodation and transport services contracts for asylum applicants. In 2012, the Home Office entered into six 5 year contracts with Clearel, G4S and Serco for the provision of accommodation, transport and associated services. The remaining commitments to the three providers are Clearel £114.3 million, G4S £145.3 million and Serco £165.3 million.

The Home Office entered into two 5 year contracts with VF Worldwide Holdings and Teleperformance Limited for the management of visa applications globally. The contracts will commence from 1 April 2014, with the option to extend twice for a further two years each time. The fixed element of the commitment to the two suppliers are VF Worldwide Holdings £64.3 million and Teleperformance Limited £49 million.

The Home Office entered into contracts with Capita and Sodexo for Contract Management and Caseworking of Immigration Offenders. The remaining commitments to the two providers are Capita £13.4 million which started 29 October 2011 and ends 28 October 2016 and Sodexo £17 million which started 28 May 2013 and ends 27 May 2016.

The Home Office entered a contract with Serco on 4 October 2005 for the provision of technical support for the Fixed Radiation Detection Systems and Radionuclide Identification Systems. The remaining commitment is £33.7 million and the contract will complete on 31 March 2017.

The Home Office has a contract with IBM for the Border Systems Programme (BSP) which is responsible for IT systems at the UK borders. This contract has £7.8 million remaining and runs from 8 June 2012 to 30 April 2015.

The Home Office has a remaining commitment of £6.4 million for Airwave Licences.

The Home Office has entered into an eight year contract with MITIE Care and Custody Ltd to manage and maintain the Colnbrook and Harmondsworth Immigration Removal Centres near Heathrow. The contract will commence from 1 September 2014 with the option to extend a further three years. The current commitment for the contract is £4 million.

HM Passport Office has entered into non-cancellable contracts (which are not leases or PFI contracts) for the provision of contracted out services for cashiering and application scanning, provision of a telephone contact centre, Facial Recognition system development and services, secure hosting maintenance, software support and address matching services. The remaining commitments is £27.5 million.

The payments to which the Department is committed, analysed by the period during which the commitment expires are as follows:

			2013-14			Restated 2012-13
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	202,689	211,710	211,710	41,884	341,347	358,646
Later than one year and not later than five years	444,432	462,869	462,869	71,376	493,127	493,127
Later than five years	1,753	1,753	1,753	212	77,832	77,832
	648,874	676,332	676,332	113,472	912,306	929,605

12. 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 for goods and services in line with the Department's expected purchase and usage requirements and the Department is, therefore, exposed to little credit, liquidity or market risk.

31 March 2014

	Loans and receivables £000	Equity investments £000	Amortised cost £000	Total book value £000	Fair value £000
Financial assets					
Cash	236,869	–	–	236,869	236,869
Trade and other receivables	276,477	–	–	276,477	276,477
Financial liabilities					
Finance lease and hire purchase obligations	–	–	(347,405)	(347,405)	(347,405)
Trade and other payables	–	–	(1,259,274)	(1,259,274)	(1,259,274)
	513,346	–	(1,606,679)	(1,093,333)	(1,093,333)

As per IFRS 7.37, an aged debt analysis of trade and other receivables categories from note 16 as at 31 March 2014 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	109,377	2,503	12,624	124,504

31 March 2013					Restated
	Loans and receivables £000	Equity investments £000	Amortised cost £000	Total book value £000	Fair value £000
Financial assets					
Cash	86,110	–	–	86,110	86,110
Trade and other receivables	232,806	–	–	232,806	232,806
Financial liabilities					
Finance lease and hire purchase obligations	–	–	(357,762)	(357,762)	(357,762)
Trade and other payables	–	–	(1,100,098)	(1,100,098)	(1,100,098)
	318,916	–	(1,457,860)	(1,138,944)	(1,138,944)

Financial Assets	0-30 days £000	31-60 days £000	After 60 days £000	Total £000
Trade and other receivables	95,026	4,269	26,361	125,656

13. Investments in other public sector bodies

The Home Office did not hold any investments as at 31 March 2014 (£nil at 31 March 2013 (restated)).

14. Inventories

			31 March 2014			31 March 2013
	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	6,650	8,219	8,219	–	10,804	10,804
Work in Progress	–	2,824	2,824	–	1,539	1,539
	6,650	11,043	11,043	–	12,343	12,343

Inventories comprise blank passports, birth certificates, death certificates, marriage certificates, visa vignettes, travel documents, travel tickets and associated consumables.

Work in progress relates to partially completed passports, which are valued based on the stage of completion reached.

15. Cash and cash equivalents

	2013-14			Restated 2012-13		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	32,962	46,183	86,110	53,100	53,722	83,660
Balance transferred on 1 April 2013 from UKBA	13,219	–	–	–	–	–
Net change in cash and cash equivalent balances	159,992	159,990	150,759	(20,138)	(7,539)	2,450
Balance at 31 March	206,173	206,173	236,869	32,962	46,183	86,110
The following balances at 31 March were held at:						
Government Banking Service (GBS)	206,132	206,132	222,997	32,923	46,144	63,962
Commercial banks and cash in hand	41	41	13,872	39	39	22,148
Balance at 31 March	206,173	206,173	236,869	32,962	46,183	86,110

The year-end Core Department cash balance was significantly higher than at the previous year-end. This reflected changes implemented at the Supplementary Estimate and a large late receipt from another government department.

16. Trade receivables, financial and other assets

	31 March 2014			Restated 31 March 2013			Restated 31 March 2012		
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000
Amounts falling due within one year:									
Trade receivables	100,718	112,036	122,016	62,537	79,564	81,684	33,255	80,120	85,349
VAT receivables net of payables	28,514	28,514	28,077	32,976	32,976	32,209	33,205	33,174	33,174
Staff receivables	1,442	1,624	1,726	7,694	11,913	12,016	4,218	9,298	9,386
Receivables – government departments	9,229	9,229	4,154	–	9,566	9,525	26,703	28,075	28,075
Other receivables	1,620	1,620	2,446	8,936	10,699	11,295	9,175	11,042	7,180
Prepayments and accrued income	155,937	168,220	175,060	137,262	203,643	216,024	68,229	167,354	157,080
Current part of PFI and other service concession arrangements prepayment	–	–	695	–	–	695	–	–	1,147
Amounts due from the Consolidated Fund in respect of supply	–	–	–	–	–	–	26,660	26,660	26,660
	297,460	321,243	334,174	249,405	348,361	363,448	201,445	355,723	348,051

	31 March 2014			Restated 31 March 2013			Restated 31 March 2012		
	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:									
Other receivables	42	42	42	–	1,049	1,049	–	–	–
Prepayments and accrued income	–	–	1,455	–	–	2,151	–	–	3,625
	42	42	1,497	–	1,049	3,200	–	–	3,625

16.1 Intra-Government balances

	31 March 2014			Restated 31 March 2013			Restated 31 March 2012		
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000
Current									
Balances with other central government bodies	27,892	31,852	23,939	125,930	134,774	124,193	117,500	124,554	96,507
Balances with local authorities	25,508	25,532	29,061	38,404	38,621	43,410	41,746	46,306	54,269
Balances with NHS Bodies	–	230	966	1	1	1,101	–	1,116	1,141
Balances with public corporations and trading funds	–	6,221	6,369	39	364	572	14	339	364
Subtotal: intra-government balances	53,400	63,835	60,335	164,374	173,760	169,276	159,260	172,315	152,281
Balances with bodies external to government	244,060	257,408	273,839	85,031	174,601	194,172	42,185	183,408	195,770
Total receivables at 31 March	297,460	321,243	334,174	249,405	348,361	363,448	201,445	355,723	348,051

	31 March 2013			Restated 31 March 2012			Restated 31 March 2011		
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000
Non-current									
Balances with other central government bodies	42	42	42	–	–	–	–	–	–
Balances with bodies external to government	–	–	1,455	–	1,049	3,200	–	–	3,625
Total receivables at 31 March	42	42	1,497	–	1,049	3,200	–	–	3,625

Included within receivables is £17.6 million (2012-13: £10.7 million) that will be due to the Consolidated Fund once debts are collected.

17. Trade payables and other current liabilities

	31 March 2014			Restated 31 March 2013			Restated 31 March 2012		
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000
Amounts falling due within one year:									
Other taxation and social security	(1,327)	(1,327)	812	(44)	(50)	1,924	–	–	10,659
Trade payables	30,196	41,049	26,316	17,567	31,658	19,473	25,857	41,893	40,620
Other payables	2,844	2,844	6,607	(3)	11,747	15,648	38	57	(4,264)
Staff payables	–	–	450	–	–	437	–	–	430
Accruals and deferred income	1,065,520	1,147,462	1,177,068	840,535	1,203,455	1,232,774	851,247	1,249,888	1,278,540
Payables – government departments	9,604	9,604	14,654	1,482	10,904	12,731	8	12,299	12,304
Current part of finance leases	9,006	9,006	9,006	638	9,168	9,168	638	9,062	9,062
Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements	27,086	27,086	34,147	31,283	39,294	44,083	31,938	40,644	43,245
Amounts issued from the Consolidated Fund for supply but not spent at year end	169,473	169,473	169,473	13,454	13,454	13,454	–	–	–
Consolidated Fund extra receipts due to be paid to the Consolidated Fund									
– received	49,896	49,896	49,896	41,263	39,597	39,604	69,051	69,061	69,061
– receivable	17,585	17,585	17,585	10,694	10,694	10,694	10,695	10,695	10,695
	1,379,883	1,472,678	1,506,014	956,869	1,369,921	1,399,990	989,472	1,433,599	1,470,352
Amounts falling due after more than one year:									
Other payables, accruals and deferred income	–	2,811	3,238	–	–	84	–	–	179
Imputed finance lease element of on-balance sheet (SoFP) PFI contracts and other service concession arrangements	224,248	224,248	238,138	227,048	227,048	229,603	218,950	218,950	233,696
Finance leases	66,114	66,114	66,114	3,253	69,729	69,729	3,398	71,759	71,759
	290,362	293,173	307,490	230,301	296,777	299,416	222,348	290,709	305,634

17.1 Intra-Government balances

			31 March 2014			Restated 31 March 2013			Restated 31 March 2012
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000
Current									
Balances with other central government bodies	334,605	339,891	359,282	169,118	167,093	170,145	216,985	215,202	205,522
Balances with local authorities	432,415	432,509	432,842	451,918	495,573	503,913	102,717	146,372	150,834
Balances with NHS Bodies	124	406	406	116	870	891	497	1,251	1,827
Balances with public corporations and trading funds	4,341	4,341	4,531	1,228	3,217	3,266	598	2,587	2,770
Subtotal: intra-government balances	771,485	777,147	797,061	622,380	666,753	678,215	320,797	365,412	360,953
Balances with bodies external to government	608,398	695,531	708,953	334,489	703,168	721,775	668,675	1,068,187	1,109,399
Total payables at 31 March	1,379,883	1,472,678	1,506,014	956,869	1,369,921	1,399,990	989,472	1,433,599	1,470,352
Non current									
Balances with bodies external to government	290,362	293,173	307,490	230,301	296,777	299,416	222,348	290,709	305,634
Total payables at 31 March	290,362	293,173	307,490	230,301	296,777	299,416	222,348	290,709	305,634

18. Provisions for liabilities and charges

	2013-14			Restated 2012-13		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	90,896	183,283	188,871	98,770	180,297	199,085
Balance transferred at 1 April 2013 from UKBA	80,633	–	–	–	–	–
Provided in the year	201,787	202,333	205,163	8,800	58,290	58,597
Provisions not required written back	(62,922)	(66,453)	(67,190)	(1,481)	(24,597)	(25,890)
Provisions utilised in the year	(47,584)	(49,603)	(49,950)	(26,304)	(44,065)	(46,638)
Transfer of provisions	3,107	3,107	–	10,290	9,628	–
Borrowing costs (unwinding of discounts)	1,309	1,282	1,346	821	3,730	3,717
Balance at 31 March	**267,226**	**273,949**	**278,240**	**90,896**	**183,283**	**188,871**
Comprising:						
Current liabilities						
Not later than one year	135,580	136,829	138,903	11,295	41,592	42,798
Non–current liabilities						
Later than one year and not later than five years	113,246	115,440	117,599	60,041	101,952	105,955
Later than five years	18,400	21,680	21,738	19,560	39,739	40,118
Balance at 31 March	**267,226**	**273,949**	**278,240**	**90,896**	**183,283**	**188,871**

	Early Departure	Dilapidations	Legal Claims	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2013	34,706	48,230	64,580	41,355	188,871
Balance transferred at 1 April 2013 from UKBA	–	–	–	–	–
Provided in the year	2,568	6,935	193,108	2,552	205,163
Provisions not required written back	(795)	(7,227)	(38,829)	(20,339)	(67,190)
Provisions utilised in the year	(10,504)	(2,177)	(32,678)	(4,591)	(49,950)
Transfer of provisions	–	–	–	–	–
Borrowing costs (unwinding of discounts)	1,433	(87)	–	–	1,346
Balance at 31 March 2014	**27,408**	**45,674**	**186,181**	**18,977**	**278,240**
Comprising:					
Current liabilities					
Not later than one year	9,590	6,368	111,050	11,895	138,903
Non-current liabilities					
Later than one year and not later than five years	16,677	21,102	72,738	7,082	117,599
Later than five years	1,141	18,204	2,393	–	21,738
Balance at 31 March 2014	**27,408**	**45,674**	**186,181**	**18,977**	**278,240**
Of the total:					
Core Department	23,162	39,187	185,970	18,907	267,226
Core Department & Agencies	25,375	43,548	186,119	18,907	273,949
Departmental Group	27,408	45,674	186,181	18,977	278,240

	Early Departure	Dilapidations	Legal Claims	Other	Restated Total
	£000	£000	£000	£000	£000
Balance at 1 April 2012	40,929	39,721	75,905	42,530	199,085
Balance transferred at 1 April 2013 from UKBA					–
Provided in the year	4,343	11,227	31,832	11,195	58,597
Provisions not required written back	(138)	(4,586)	(15,813)	(5,353)	(25,890)
Provisions utilised in the year	(11,700)	(469)	(27,344)	(7,125)	(46,638)
Transfer of provisions	–	–	–	–	–
Borrowing costs (unwinding of discounts)	1,272	2,337	–	108	3,717
Balance at 31 March 2013	**34,706**	**48,230**	**64,580**	**41,355**	**188,871**
Comprising:					
Current liabilities					
Not later than one year	11,372	9,019	16,651	5,756	42,798
Non-current liabilities					
Later than one year and not later than five years	20,483	20,094	47,616	17,762	105,955
Later than five years	2,851	19,117	313	17,837	40,118
Balance at 31 March 2013	**34,706**	**48,230**	**64,580**	**41,355**	**188,871**
Of the total:					
Core Department	16,182	1,342	36,847	36,525	90,896
Core Department & Agencies	31,034	46,501	64,449	41,299	183,283
Departmental Group	34,706	48,230	64,580	41,355	188,871

18.1 Early Departure Costs

The Department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amount to PCSPS to cover the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding on the Home Office by establishing a provision or accrual for the estimated payments. Early retirement provisions are discounted at the HM Treasury discount rate of 1.8% 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.

18.2 Dilapidations

The Home Office, its agencies and NDPB's makes provisions to cover its obligations for the reinstatement of its leasehold buildings to their original state before its occupation.

18.3 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 20. A significant provision within legal claims is listed below:

Riot Damages Act

A provision was established following the August 2011 riots. During the year the provision increased from £35.4 million to £162 million as a result of further claims related to the Riot Damages Act.

18.4 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:

Cost of Conservation work – Bramshill

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.

Confiscation Orders

A provision of £5.1 million relates to payments made against three Confiscation orders to the Nigerian Authorities in relation to the assets of a Nigerian Official being restrained in the UK. Under a UN convention on corruption (UNCAC) the UK has to repatriate the funds paid against the Confiscation Orders.

Forensic Science Service

As at 31 March 2014, £0.5 million of the provision for the winding up of the FSS by 1 April 2012 remained.

19. Financial Guarantees, Indemnities and Letters of Comfort

The Department has entered into the following quantifiable guarantees, indemnities or provided letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39.

Managing Public Money requires that the full potential costs of such contracts be reported to Parliament. These costs are reproduced in the table below.

	Restated 1 April 2013 £000	Increase in year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 March 2014 £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 8 July 2008.	5,000	–	–	–	5,000
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
	272,000	**–**	**–**	**–**	**272,000**

The below quantifiable operational indemnities have been confirmed by HM Treasury as not required to be reported to Parliament.

	Restated 1 April 2013 £000	Increase in year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 March 2014 £000
Indemnity from Home Office to Raytheon to protect against intellectual property rights breach post novation of contract, limited to £5 million.	5,000	–	–	–	5,000
Total	**5,000**	**–**	**–**	**–**	**5,000**

In addition to the above mentioned indemnities, there is a €10 million, £8.3 million indemnity relating to Cyclamen with Eurotunnel converted at the rate at 4 April 2014 from the European Central Bank website. This indemnity is 'live' until 31 March 2017 under the Hosting Agreement.

20. 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.

The Home Office is currently in dispute with two former accommodation providers relating to asylum support accommodation contracts. The claims are likely to be in the region of £25.1 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 26 for details.

Not disclosed under IAS 37

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.

UKVI New Detection Technology (NDT)

The following minutes have been used to notify Parliament of the contingent liability relating to the UKVI 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 Department 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 UKVI 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 UKVI 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 Home Office 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 Department'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.

20.1 Contingent assets disclosed under IAS 37

The Home Office has challenged the service level provided from a supplier in the previous financial year. If the supplier accepts negligence the Home Office could receive an estimated credit note of £1 million.

21. Losses and Special Payments

21.1 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.

Situations where recurring or individual circumstances result in multiple losses of equivalent nature are grouped together. This group is subsequently counted as one case. This results in greater visibility where circumstances result in significant total values of cases despite individual cases being low value.

						2013-14						2012-13
	Core Department		Core Department & Agencies		Departmental Group		Core Department		Core Department & 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 £300,000	948	758	1,366	790	1,378	799	2,039	198	3,168	1,274	3,185	1,407
Losses over £300,000	3	2,493	3	2,493	3	2,493	1	382	9	21,859	10	22,163
Total	**951**	**3,251**	**1,369**	**3,283**	**1,381**	**3,292**	**2,040**	**580**	**3,177**	**23,133**	**3,195**	**23,570**
Cases over £300,000 comprise:												
Constructive Losses	2	2,192	2	2,192	2	2,192	1	382	6	5,826	7	6,130
Claims Waived or Abandoned	–	–	–	–	–	–	–	–	3	16,033	3	16,033
Exchange rate fluctuations	1	301	1	301	1	301	–	–	–	–	–	–
Total	**3**	**2,493**	**3**	**2,493**	**3**	**2,493**	**1**	**382**	**9**	**21,859**	**10**	**22,163**

Constructive Losses

A payment of £1.744 million was made as a result of cancelled scheduled flight costs which are non-recoverable.

A payment of around £448,000 was made for the decommissioning of an IT system which is no longer required following staff relocation.

Exchange Rate Fluctuations

A loss of £301,000 on accrued income from EU commission pre-financing payments was made as a result of exchange rate fluctuations.

21.2 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.

Situations where recurring or individual circumstances result in multiple special payments of equivalent nature are grouped together. This group is subsequently counted as one case. This results in greater visibility where circumstances result in significant total values of cases despite individual cases being low value.

	2013-14						Restated 2012-13					
	Core Department		Core Department & Agencies		Departmental Group		Core Department		Core Department & 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 payments under £300,000	3,272	33,306	5,272	33,432	5,350	33,530	500	1,490	4,657	21,626	4,674	21,855
Special payments over £300,000	2	15,569	2	15,569	3	16,033	1	713	6	2,359	6	2,359
Total	**3,274**	**48,875**	**5,274**	**49,001**	**5,353**	**49,563**	**501**	**2,203**	**4,663**	**23,985**	**4,680**	**24,214**

An amount totalling £13.8 million relates to payments for adverse legal costs relating to Asylum Support cases. A further £1.8 million relates to professional legal fees relating to Asylum Support cases and Removals.

A compensation payment of £464,000 was paid by the College of Policing in respect of an employee who suffered from post traumatic stress disorder.

22. Related-party Transactions

At 31 March 2014 the Home Office was the parent department of Her Majesty's Passport Office (HMPO) and the National Fraud Authority (NFA). The Home Office was the sponsor of the Non-Departmental Public Bodies listed in Note 24. 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. In particular there have 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 3 to these accounts.
- The Foreign and Commonwealth Office relating to overseas Visa income collection.

The Forensic Archive Ltd is considered a related party operating under the 'guardianship' of the Home Office with Home Office senior management sitting on the board.

Ministers' interests are declared and maintained through the Register of Member's Interests at the House of Commons and the Register of Lords' Interest at the House of Lords.

Board members and key senior management staff are subject to a standard annual interests review, 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. It is confirmed that no Board members, key managers or other related parties have undertaken any material transactions with the Home Office during the financial year.

Notes 16 and 17 provide details of intra-government balances. The Remuneration Report provides information on key management compensation.

Details of related party transactions of HMPO, NFA and NDPBs are disclosed in their audited accounts.

23. Third-party assets

The Home Office receives applications from foreign nationals to obtain British nationality. The application money includes a ceremony fee of £80 (2012-13 £80), and the local authorities who carry out the ceremonies are entitled to the whole of the fee after the ceremony has been completed. To maintain control over these assets the Home Office holds the funds in its GBS account on behalf of the local authority until the ceremony has taken place.

Under the Proceeds of Crime Act 2002 and Section 24 of the UK Borders Act 2007 assets can be appropriated by the Home Office and other law enforcement bodies. The Home Office 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, is either returned to the owner or transferred to the Home Office as a seized asset. Monies are held in separate bank accounts depending on currency to eliminate any exchange rate transactions.

Under the legal system in Scotland, the Home Office 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 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.

	2013-14 £000	Restated 2012-13 £000
Citizenship Ceremony Fee	6,168	5,875
Proceeds of Crime (GPB)	3,274	5,227
Bail Bond Accounts	233	239
Total GBP	9,675	11,341

	2013-14 €000	2012-13 €000
Proceeds of Crime (Euro)	1,349	3,038
Total Euro	1,349	3,038

	2013-14 $000	2012-13 $000
Proceeds of Crime (US Dollar)	244	487
Total US Dollar	244	487

The Proceeds of Crime (GBP) held in 2012-13 by the Serious Organised Crime Agency (SOCA) has been removed from the totals above as SOCA is now part of the National Crime Agency (NCA).

Seized assets

During the financial year, the Department recognised £163 million (£154.8 million in 2012-13) of retained income in relation to amounts recovered under the Proceeds of Crime Act 2002 and earlier legislation. 2012-13 has been restated as SOCA moved to the NCA.

24. Entities within the departmental boundary

The entities within the departmental boundary during 2013-14 were as follows:

Entities consolidated

The Home Office departmental boundary encompassed the central government department, two executive agencies and five Non-Departmental Public Bodies. The accounts of these entities form part of the Home Office's consolidated financial statements.

Executive Agencies

Her Majesty's Passport Office
National Fraud Authority (closed on 31 March 2014)

Non-Departmental Public Bodies (NDPBs)

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

Disclosure and Barring Service
Independent Police Complaints Commission
Office of the Immigration Services Commissioner
Security Industry Authority
National Policing Improvement Agency (until closure on 6 October 2013)

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

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.

Entities within the Core Department

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

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

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

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

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

Other

Biometrics Commissioner
Forensic Science Regulator
HM Inspectorate of Constabulary
Independent Chief Inspector of Borders and Immigration
Independent Reviewer of Terrorism Legislation
Intelligence Services Commissioner
Interception of Communications Commissioner
National Crime Agency Remuneration Review Body
Surveillance Camera Commissioner

25. Organisational Change within the Departmental Boundary

The entities consolidated within the departmental boundary during 2013-14 are listed in Note 24. The Department continues to undergo significant re-organisation. The key changes are listed below:

a the UK Border Agency (UKBA) closed on 31 March 2013. The responsibilities of the agency transferred to the core Department on 1 April 2013

b the Identity & Passport Service was renamed Her Majesty's Passport Office on 1 April 2013

c on 1 October 2013, the Home Office legal branch transferred to the Treasury Solicitor's Department as part of a wider consolidation of government legal services

d during the year, under the 'Finance for the Future' initiative, the Department consolidated local finance teams from across the Home Office into a single finance team covering the core Department and agencies

e the National Policing Improvement Agency (NPIA) largely ceased operational activity towards the end of 2012. It was formally closed on 6 October 2013

f the National Fraud Authority closed on 31 March 2014 and its functions were transferred as follows:

- strategic development and threat analysis is now led by the National Crime Agency
- Action Fraud, the national fraud and financially-motivated internet crime reporting centre, became the responsibility of the City of London Police
- work to raise awareness of fraud, including delivery of the national e-confidence campaign, transferred to the Home Office, and
- development of the Counter Fraud Checking Service is now led by the Cabinet Office.

26. 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 initiated arbitration proceedings on 18 August 2010 (Notice of Referral to Arbitration and request for Arbitration). 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 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. The e-Borders programme has continued, as part of the Border Systems Programme, with development, enhancement and replacement 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 all 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 residual value of RP1 was substantially depreciated by 31 March 2013.

Contingent liability

The e-Borders contract with RSL was terminated for cause. RSL is disputing the termination.

The dispute remains in arbitration. The Home Office has made a claim for damages. RSL has alleged that the termination by the agency was not valid and has made a counter-claim for damages.

The Home Office recognises that there is an inherent risk in all litigation. Consequently, as at 31 March 2014, the Home Office has disclosed this issue as a contingent liability (as was the case in the 2011-12 and 2012-13 accounts). Due to the complexity of the Home Office's claim and RSL's counterclaim 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 transferred a contract between RSL and one of its subcontractor's so that the contract was directly between the Home Office and the subcontractor. 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 and the liability remains until April 2017.

Future developments

The Home Office has taken forward e-Borders as part of its wider programme of investment in border security.

27. UK Border Agency Internal Restructure

On 1 April 2013, the UK Border Agency ceased to be an executive agency of the Home Office and was consolidated into the Core Home Office. This was an internal restructure and as such no restatement was made to the 2012-13 Core Home Office numbers to reflect the change. The analysis below shows the 2012-13 Core Home Office accounts Statement of Comprehensive Net Expenditure and Statement of Financial Position if a restatement had occurred.

	2012-13	2012-13	2012-13	2013-14
	Core Home Office	UK Border Agency	Combined Core Home Office	Core Home Office
	£000	£000	£000	£000
Statement of Comprehensive Net Expenditure				
Administrative staff costs	169,816	60,015	229,831	239,546
Other Administrative costs	168,199	55,678	223,877	204,514
Administration income	(34,821)	(4,377)	(39,198)	(41,469)
Programme staff costs	381,443	387,678	769,121	869,979
Other Programme costs*	8,316,360	1,050,316	9,366,676	12,213,261
Programme income	(421,635)	(960,086)	(1,381,721)	(1,428,945)
Grant-in-Aid	241,903	3,988	245,891	103,864
Total	**8,821,265**	**593,212**	**9,414,477**	**12,160,750**
Statement of Financial Position				
Property, plant and equipment	646,982	412,752	1,059,734	1,022,704
Intangible assets	123,312	317,227	440,539	401,354
Long term trade and other receivables	-	1,049	1,049	42
Assets classified as held for sale	-	-	-	22,961
Inventories	-	8,864	8,864	6,650
Trade and other receivables	249,405	70,161	319,566	297,460
Cash and cash equivalents	32,962	13,219	46,181	206,173
Trade and other payables	(956,869)	(326,852)	(1,283,721)	(1,379,883)
Provisions	(90,896)	(80,633)	(171,529)	(267,226)
Long term trade and other payables	(230,301)	(66,476)	(296,777)	(290,362)
Pensions Liability	-	-	-	(332)
Total Assets Less Liabilities	**(225,405)**	**349,311**	**123,906**	**19,541**
General fund	(305,414)	264,099	(41,315)	(170,781)
Revaluation reserve	80,009	85,212	165,221	190,654
Pensions reserve	-	-	-	(332)
Total	**(225,405)**	**349,311**	**123,906**	**19,541**

* From 1 April 2013, grant funding which in previous years has been paid to local policing bodies by the Secretary of State for Communities and Local Government under Section 78A of the Local Government Finance Act 1988 is paid instead by the Home Office. This is as a result of the Government's decision that local policing bodies should be funded from outside of the business rates retention scheme.

28. Machinery of Government changes

On 7 October 2013, the Serious Organised Crime Agency (SOCA) ceased to be consolidated within the Home Office, but instead formed part of the National Crime Agency. In addition, the Border Investigators transferred from the Home Office on 7 October 2013 to form part of the National Crime Agency.

	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
	SOCA	Impact on Core Department	Border Investigators	Impact on Core Dept & Agencies	SOCA	Impact on Departmental Group
	£000	£000	£000	£000	£000	£000
Statement of Comprehensive Net Expenditure						
Administrative staff costs	–	–	–	–	(20,789)	(20,789)
Other Administrative costs	–	–	–	–	(8,650)	(8,650)
Administration income	–	–	–	–	–	–
Programme staff costs	–	–	(15,019)	(15,019)	(218,764)	(233,783)
Other Programme costs	–	–	(5,274)	(5,274)	(180,354)	(185,628)
Programme income	–	–	–	–	10,878	10,878
Grant-in-Aid (SOCA)	(309,750)	(309,750)	–	(309,750)	309,750	–
Total	**(309,750)**	**(309,750)**	**(20,293)**	**(330,043)**	**(107,929)**	**(437,972)**
Statement of Financial Position						
Property, plant and equipment	–	–	(545)	(545)	(123,713)	(124,258)
Intangible assets	–	–	–	–	(25,485)	(25,485)
Long term trade and other receivables	–	–	–	–	(11)	(11)
Inventories	–	–	–	–	–	–
Trade and other receivables	–	–	(20)	(20)	(13,074)	(13,094)
Cash and cash equivalents	–	–	–	–	(9,605)	(9,605)
Trade and other payables	–	–	8	8	54,238	54,246
Provisions	–	–	–	–	15,980	15,980
Long term trade and other payables	–	–	–	–	3,553	3,553
Pensions Liability	–	–	–	–	531,806	531,806
Total Assets Less Liabilities	**–**	**–**	**(557)**	**(557)**	**433,689**	**433,132**
General fund	–	–	(560)	(560)	45,180	44,620
Revaluation reserve	–	–	3	3	(10,381)	(10,378)
Pensions reserve	–	–	–	–	398,890	398,890
Total	**–**	**–**	**(557)**	**(557)**	**433,689**	**433,132**

	2011-12 SOCA	2011-12 Impact on Core Department	2011-12 Border Investigators	2011-12 Impact on Core Dept & Agencies	2011-12 SOCA	2011-12 Impact on Departmental Group
	£000	£000	£000	£000	£000	£000
Statement of Financial Position						
Property, plant and equipment	–	–	–	–	(139,844)	(139,844)
Intangible assets	–	–	–	–	(30,699)	(30,699)
Long term trade and other receivables	–	–	–	–	(45)	(45)
Inventories	–	–	–	–	–	–
Trade and other receivables	–	–	–	–	(38,071)	(38,071)
Cash and cash equivalents	–	–	–	–	(48,869)	(48,869)
Trade and other payables	–	–	–	–	47,184	47,184
Provisions	–	–	–	–	11,535	11,535
Long term trade and other payables	–	–	–	–	3,871	3,871
Pensions Liability	–	–	–	–	506,650	506,650
Total Assets Less Liabilities	**–**	**–**	**–**	**–**	**311,712**	**311,712**
General fund	–	–	–	–	(64,542)	(64,542)
Revaluation Reserve	–	–	–	–	(9,395)	(9,395)
Pensions Reserve	–	–	–	–	385,649	385,649
Total	**–**	**–**	**–**	**–**	**311,712**	**311,712**

An additional in-year Machinery of Government change mentioned above, there was a movement of proceeds of crime responsibilities from the National Policing Improvement Agency to the National Crime Agency on 7 October 2013. 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.

29. Events after the Reporting Period

On 9 April 2014, the Prime Minister announced that the Gangmasters Licensing Authority (GLA – a Non-Departmental Public Body of the Department for Environment, Food and Rural Affairs) transferred to the Home Office. The GLA was formed following the Morecambe Bay cockling disaster of 2004. The remit of the GLA is to licence businesses that supply temporary workers and prevent their exploitation.

These financial statements were authorised for issue on the same date that the Comptroller and Auditor General signed his certificate.

ANNEX – Core Tables

HOME OFFICE

Total departmental spending 2009-10 to 2015-16

Table 1 – Public Spending **£'000**

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Resource DEL							
Crime and Policing Group	5,642,682	9,139,314	8,881,331	8,322,662	8,345,745	8,496,997	8,372,445
Office for Security and Counter Terrorism	814,501	807,786	880,553	970,908	695,834	684,296	671,740
UK Border Agency	1,713,561	1,704,436	1,311,786	608,651	–	–	–
Immigration Enforcement	–	–	–	–	437,606	443,494	436,721
UK Visas & Immigration	–	–	–	–	(253,235)	(264,728)	(261,564)
International & Immigration Policy	–	–	–	–	35,744	37,264	35,498
Border Force	–	–	–	611,243	507,933	519,184	508,686
HM Passport Office	90,439	5,002	(43,245)	(69,836)	(54,868)	3,000	1,670
Enablers	251,147	195,492	166,444	350,157	769,491	696,110	667,459
Arms Length Bodies (Net)	433,470	417,854	409,008	234,402	71,440	114,093	110,299
National Fraud Authority	3,943	4,021	5,995	8,809	11,830	–	–
Area Based Grants	80,925	71,243	66,909	28,751	–	–	–
European Solidarity Mechanism	(1)	–	–	908	–	1	1
DUP	–	–	–	–	–	100	–
Criminal Records Bureau	(4,616)	1,527	270	(14,783)	–	–	–
Total Resource DEL	**9,026,051**	**12,346,675**	**11,679,051**	**11,051,872**	**10,567,520**	**10,729,811**	**10,542,955**
Of which:							
Staff costs	1,311,529	1,385,698	1,265,042	1,248,002	1,325,322	1,297,316	1,266,781
Purchase of goods and services	1,991,201	2,208,954	1,793,737	2,038,938	2,021,023	1,998,523	1,957,412
Income from sales of goods and services	(1,170,091)	(1,366,056)	(1,192,944)	(1,206,327)	(1,365,630)	(1,191,320)	(1,172,545)
Current grants to local government (net)	6,414,746	9,903,879	9,537,501	9,044,789	8,670,253	8,973,391	8,844,570
Current grants to persons and non-profit bodies (net)	446,340	124,731	178,019	44,389	30,107	77,219	76,111
Current grants abroad (net)	(13,556)	(18,730)	(28,689)	(42,895)	(31,807)	(81,756)	(80,583)
Subsidies to private sector companies	–	–	–	272,020	4,587	–	–
Rentals	308,680	–	278,027	100,339	128,446	–	–
Depreciation [1]	161,721	443,992	175,942	202,314	233,227	271,050	254,488

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Take up of provisions	–	–	11,754	–	–	–	
Other resource	(424,519)	(335,793)	(339,338)	(649,697)	(448,008)	(615,152)	(603,666)
Unallocated funds - resource	–	–	–	–	–	540	387
Resource AME							
AME Charges	(102,713)	179,006	1,424	2,935	95,998	3,682	3,540
Police Superannuation	754,193	720,594	1,059,297	1,232,860	1,286,042	1,374,540	1,321,460
AME Charges Arms Length Bodies (Net)	28,138	14,708	7,454	(3,368)	–	–	–
Total Resource AME	**679,618**	**914,308**	**1,068,175**	**1,232,427**	**1,382,040**	**1,378,222**	**1,325,000**
Of which:							
Current grants to local government (net)	763,262	728,336	1,066,899	1,239,647	1,292,411	1,380,922	1,327,596
Net public service pensions [2]	–	–	–	–	–	–	–
Depreciation[1]	30,126	69,750	7,803	7	194	–	–
Take up of provisions	39,420	117,418	83,146	42,454	139,475	4,357	4,188
Release of provision	(152,839)	(1,196)	(90,126)	(49,962)	(50,070)	(7,057)	(6,784)
Other resource	(351)	–	453	281	30	–	–
Total Resource Budget	**9,705,669**	**13,260,983**	**12,747,226**	**12,284,299**	**11,974,560**	**12,108,033**	**11,867,955**
Of which:							
Depreciation[1]	191,847	513,742	183,745	202,321	233,421	271,050	254,488
Capital DEL							
Crime and Policing Group	284,949	261,641	105,853	137,671	125,971	127,500	118,285
Office for Security and Counter Terrorism	206,824	153,103	92,103	77,124	64,292	102,182	94,797
UK Border Agency	182,750	163,333	173,188	86,970	–	–	–
Immigration Enforcement	–	–	–	–	4,482	–	–
UK Visas & Immigration	–	–	–	–	9,356	6,000	5,566
International & Immigration Policy	–	–	–	–	8,618	6,000	5,566
Border Force	–	–	–	53,430	54,719	75,400	69,951
HM Passport Office	111,382	67,295	23,272	19,341	11,441	18,450	17,117
Enablers	2,633	(2,497)	34,003	22,020	57,878	44,950	41,701
Arms Length Bodies (Net)	151,184	56,943	28,434	17,889	25,928	39,900	37,017
National Fraud Authority	274	67	207	–	–	–	–
Area Based Grants	–	–	–	–	–	–	–

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Criminal Records Bureau	354	4,054	1,931	–	–	–	–
Total Capital DEL	**940,350**	**703,939**	**458,991**	**414,445**	**362,685**	**420,382**	**390,000**
Of which:							
Capital support for local government (net)	317,455	285,971	173,640	174,462	169,792	167,300	155,209
Capital grants to persons & non-profit bodies (net)	(1,564)	(10)	–	1,108	(5)	–	–
Capital grants to private sector companies (net)	46,168	22,950	28,236	18,132	20,162	16,350	15,168
Capital support for public corporations	–	28,700	–	–	–	–	–
Purchase of assets	527,631	301,862	243,972	199,170	155,473	217,532	201,811
Income from sales of assets	(4,181)	(4,391)	(4,507)	–	(3,000)	–	–
Other capital	54,841	68,857	17,650	21,573	20,263	19,200	17,812
Capital AME							
Of which:							
Total Capital Budget	**940,350**	**703,939**	**458,991**	**414,445**	**362,685**	**420,382**	**390,000**
Total departmental spending[3]	10,454,172	13,451,180	13,022,472	12,496,423	12,078,824	12,257,365	12,003,467
of which:							
Total DEL	9,804,680	12,606,622	11,962,100	11,264,003	10,696,978	10,879,143	10,678,467
Total AME	649,492	844,558	1,060,372	1,232,420	1,381,846	1,378,222	1,325,000

1 *Includes impairments.*

2 *Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.*

3 *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.*

HOME OFFICE

Table 2 – Public Spending Control, Outturn year, 2013-14 **£'000**

	2013-14 Original Plans		2013-14 Adjusted Plans†		2013-14 Final Plans		2013-14 OUTTURN	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
Spending in Departmental Expenditure Limits (DEL)								
Voted expenditure	**11,210,828**	**405,300**	**10,768,691**	**368,700**	**10,616,200**	**378,070**	**10,567,520**	**362,685**
Of which:								
Crime and Policing Group	8,031,522	111,152	8,031,522	111,152	8,393,157	111,110	8,345,745	125,971
Office for Security and Counter Terrorism	734,916	65,627	713,853	65,627	702,471	59,849	695,834	64,292
UK Border Agency	800,357	63,461	800,357	63,461	–	–	–	–
Her Majesty's Passport Office	4,252	31,730	4,252	31,730	(44,357)	17,212	(54,868)	11,441
Immigration Enforcement	–	–	–	–	439,905	3,279	437,606	4,482
Enablers	449,913	21,962	449,913	21,962	678,840	64,270	769,491	57,878
Arms Length Bodies (Net)	496,710	57,520	95,636	25,920	94,839	50,291	71,440	25,928
UK Visas & Immigration	–	–	–	–	(253,205)	6,859	(253,235)	9,356
Departmental Unallocated Provision (DUP)	97,944	–	77,944	(5,000)	–	–	–	–
International & Immigration Policy	–	–	–	–	35,601	9,300	35,744	8,618
National Fraud Authority	10,049	–	10,049	–	13,418	–	11,830	–
Border Force	585,164	53,848	585,164	53,848	555,530	55,900	507,933	54,719
European Solidarity Mechanism (Net)	1	–	1	–	1	–	–	–
Total Spending in DEL	**11,210,828**	**405,300**	**10,768,691**	**368,700**	**10,616,200**	**378,070**	**10,567,520**	**362,685**

	2013-14 Original Plans		2013-14 Adjusted Plans†		2013-14 Final Plans		2013-14 OUTTURN	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
Spending in Annually Managed Expenditure (AME)								
Voted expenditure	**1,249,649**	**–**	**1,232,245**	**–**	**1,467,245**	**–**	**1,382,040**	**–**
Of which:								
AME Charges	1,253	–	1,253	–	101,649	–	95,998	–
Police Superannuation	1,248,396	–	1,230,992	–	1,365,596	–	1,286,042	–
Total Spending in AME	**1,249,649**	**–**	**1,232,245**	**–**	**1,467,245**	**–**	**1,382,040**	**–**
Total	**12,460,477**	**405,300**	**12,000,936**	**368,700**	**12,083,445**	**378,070**	**11,949,560**	**362,685**
Of which:								
Voted expenditure	12,460,477	405,300	12,000,936	368,700	12,083,445	378,070	11,949,560	362,685

† Figures for Adjusted Plans have been adjusted for machinery of government changes effected during 2013 to reflect the Final Plans structure where applicable.

Table 3 – Capital Employed **£’000**

HOME OFFICE	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 plans	2015-16 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	487,580	463,201	440,041
Tangible	1,177,624	1,170,331	940,547	927,292	1,089,425	1,019,060	963,551
of which:							
Land and Buildings	641,366	559,415	536,892	550,353	607,886	577,492	548,617
Plant and Machinery	71,739	63,607	132,464	128,353	213,541	202,864	192,721
Vehicles	21,343	13,561	13,709	11,486	17,422	16,551	11,167
Information Technology	65,745	90,561	116,983	107,686	119,588	97,715	92,829
Furniture and Fittings	28,664	23,998	21,653	20,170	10,478	9,954	9,456
Payment on Account and Assets under Construction	348,767	419,189	118,846	109,244	120,510	114,485	108,760
Other	-	-	-	-	-	-	-
Investments	18,068	18,068	1	1	-	-	-
Current Assets	651,528	803,131	525,458	419,575	561,420	533,349	506,682
Liabilities							
Payables (<1 year)	(1,445,927)	(1,431,338)	(1,392,610)	(1,434,247)	(1,472,678)	(1,399,044)	(1,329,092)
Payables (>1 year)	(307,456)	(299,950)	(301,171)	(290,709)	(293,173)	(278,514)	(264,589)
Provisions	(234,803)	(87,658)	(190,381)	(180,297)	(274,281)	(260,567)	247,539
Capital employed within core department	**(32,163)**	**395,635**	**(134,719)**	**(159,934)**	**98,293**	**77,485**	**69,054**
ALB net assets	(30,077)	(166,359)	8,290	(24,122)	70,415	66,894	63,550
Total capital employed in departmental group	**(62,240)**	**229,276**	**(126,429)**	**(184,056)**	**168,708**	**144,379**	**132,604**

Table 4 – Administration Budgets £'000

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Resource DEL							
Crime and Policing Group	32,143	39,576	34,191	38,735	43,324	39,040	36,658
Office for Security and Counter Terrorism	57,028	56,557	54,599	48,444	52,309	52,095	48,897
UK Border Agency	236,310	240,748	160,911	106,910	–	–	–
Immigration Enforcement	–	–	–	–	9,079	8,655	8,123
UK Visas & Immigration	–	–	–	–	14,726	13,578	12,745
International & Immigration Policy	–	–	–	–	23,917	22,192	20,830
Border Force	–	–	–	21,675	2,569	5,490	5,153
HM Passport Office	47,579	2,631	5,381	3,463	4,120	3,000	2,816
Enablers	226,696	179,881	146,479	180,730	308,357	244,558	229,558
Arms Length Bodies (Net)	80,127	70,673	63,042	47,498	19,368	27,683	25,995
National Fraud Authority	3,943	–	861	583	639	–	–
DUP	–	–	–	–	–	18,324	17,225
Criminal Records Bureau	(4,616)	6,269	6,472	(29)	–	–	–
Total administration budget	**679,210**	**596,335**	**471,936**	**448,009**	**478,408**	**434,615**	**408,000**
Of which:							
Staff costs	229,097	235,923	275,225	290,909	289,347	253,233	237,687
Purchase of goods and services	427,411	478,313	166,891	133,614	139,806	251,076	235,657
Income from sales of goods and services	(153,023)	(142,237)	(83,779)	(17,779)	(24,086)	(35,536)	(33,353)
Current grants to persons and non-profit bodies (net)	–	–	–	7	63	–	–
Current grants abroad (net)	(367)	–	(865)	–	20	–	–
Rentals	155,345	–	89,398	102,586	117,284	–	–
Depreciation	6,301	12,894	11,841	10,214	11,873	6,319	6,000
Take up of provisions	–	–	10,924	–	–	–	–
Other resource	14,446	11,442	2,301	(71,542)	(55,899)	(56,392)	(52,929)
Unallocated funds – resource	–	–	–	–	–	15,915	14,938

Table 5 – Staff in Post

Home Office Staff Numbers – Headcount Full Time Equivalent 2011-12 to 2013-14[1, 2, 3, 4, 5]

	2011-12	2012-13	2013-14	Key workforce changes during 2013-14: Internal and Machinery of Government (MoG)				
				1.4.2013	4.9.2013	7.10.2013	31.3.2014	2013-14
	Outturn	Outturn	Outturn	UKBA[6] Internal	LAB[7] MoG	NCA[8] MoG	NFA[9] MoG	Leavers
Home Office – Core[10]								
Civil Servants Paid[11]	10,245	11,152	22,246	10,426	(50)	**	10	(833)
Civil Servants Unpaid[11]	646	700	1,330	469	(12)	**	–	(312)
Non-Civil Servants[9]	250	604	2,752	1,372	–	–	–	–
Total	**11,141**	**12,456**	**26,328**	**12,267**	(62)	**(253)**	**10**	**(1,145)**
United Kingdom Border Agency								
Civil Servants Paid	10,831	10,426	–	(10,426)				
Civil Servants Unpaid	477	469	–	(469)				
Non-Civil Servants	208	1,372	–	(1,372)				
Total	**11,516**	**12,267**	**–**	**(12,267)**				
HM Passport Service								
Civil Servants Paid	3,046	3,180	3,361					(127)
Civil Servants Unpaid[12]	80	99	108					(39)
Non-Civil Servants[12]	8	5						–
Total	**3,134**	**3,284**	**3,469**					**(166)**
Criminal Records Bureau								
Civil Servants Paid	481	–	–					
Civil Servants Unpaid	7	–	–					
Non-Civil Servants	–	–	–					
Total	**488**	**–**	**–**					
National Fraud Authority[13]								
Civil Servants Paid	42	46	**				(33)	**
Civil Servants Unpaid	5	4	–				(11)	**
Non-Civil Servants	2	–	**				–	–
Total	**49**	**50**	**9**				**(44)**	**(7)**

				Key workforce changes during 2013-14: Internal and Machinery of Government (MoG)				
	2011-12	**2012-13**	**2013-14**	**1.4.2013**	**4.9.2013**	**7.10.2013**	**31.3.2014**	**2013-14**
	Outturn	**Outturn**	**Outturn**	**UKBA[6] Internal**	**LAB[7] MoG**	**NCA[8] MoG**	**NFA[9] MoG**	**Leavers**
Total Home Office including Agencies								
Civil Servants Paid	24,645	24,804	25,609					(967)
Civil Servants Unpaid [14]	1,214	1,271	1,437					(353)
Non-Civil Servants	468	1,981	2,760					–
Unknown [14, 15]	57	81	73					
Total	**26,384**	**28,137**	**29,879**					**(1,319)**
Non Departmental Public Bodies [16]								
Paid Staff	6,075	5,293	1,457					
Unpaid Staff	63	82	18					
Agency/Contractors	190	167	62					
Total	**6,328**	**5,542**	**1,537**					
Total Home Office including Agencies and Non Departmental Public Bodies								
Grand Total	**32,712**	**33,679**	**31,416**					

Notes:

(1) This information has been extracted from Data View, the Department's single source of Office for National Statistics (ONS) compliant monthly snapshot corporate Human Resources data.

(2) Outturn 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) Staff numbers are National Statistics published on the ONS website and have been collated on a different basis to the staff numbers in note (7) in the main body of the annual accounts, which are based on average numbers for the financial year 2013-14.

(5) Figures are reported using ONS Definitions:
- Civil Servants Paid includes permanent, temporary, fixed-term appointments (FTA), incoming loans paid (Other Government Departments (OGD)), outgoing loans paid (OGD) and outgoing secondments paid (Non-OGD).
- Civil Servants Unpaid includes permanent unpaid, temporary unpaid, FTA unpaid, incoming loans unpaid (OGD) and outgoing loans unpaid (OGD).
- Non-Civil Servants includes agency employees, incoming secondments unpaid (Non-OGD) and contractors non-paid.

Key workforce changes in 2013-14 include:

(6) 12,268 (FTE) United Kingdom Border Agency staff moved into core Home Office, forming two new directorates (Immigration Enforcement and United Kingdom Visas and Immigration), on 1st April 2013.

(7) 62 (FTE) Home Office Legal Advisors Branch staff transferred to the Treasury Solicitors Department, a non-ministerial department, on 4th September 2013.

(8) 253 (FTE) Home Office Criminal and Financial Investigation staff transferred to the newly formed National Crime Agency, a non-ministerial department, on 7th October 2013.

(9) 44 (FTE) National Fraud Authority staff transferred to the National Crime Agency, City of London Police, Cabinet Office and core Home Office due to the closure of the agency, on 31st March 2014.

(10) Core Home Office figures for 2013-14 include Home Office staff paid via the Foreign and Commonwealth Office employee records system (PRISM) for the first time.

Statistical disclosure controls have been introduced with the 2013-14 information to comply with the UK Statistics Authority Code of Practice and the Data Protection Act. Controls used are noted below:

(11) Figures for core Home Office for paid civil servants and unpaid civil servants who moved to NCA have been redacted and replaced with ** to prevent the disclosure of figures less than 5.

(12) Figures for HM Passport Office for unpaid civil servants and non civil servants have been merged, as the FTE of non civil servants is less than 5.

(13) Figures for the National Fraud Authority for paid civil servants and non civil servants and for paid and unpaid civil servant leavers have been redacted and replaced with ** to prevent the disclosure of figures less than 5.

(14) Total figures for leavers for unpaid civil servants and "unknown" have been merged as the FTE of "unknown" is less than 5.

(15) Unknown: these employees were moving between businesses within the department at 31 March each year.

(16) The Non Departmental Public Bodies (NDPBs) are:
- Disclosure and Barring Service (DBS)
- Independent Police Complaints Commission (IPCC)
- Office of the Immigration Service Commissioner (OISC)
- Security Industry Authority (SIA)

Country and Regional Analysis – Core Tables 6, 7 & 8

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 the November 2013 release. The figures were largely taken from the **O**nline **S**ystem for **C**entral **A**ccounting and **R**eporting (OSCAR) during the summer of 2013 and the regional distributions were completed by the following autumn (taking on board any revisions to departmental totals). 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 2013.

4. The data feature both identifiable and non-identifiable spending:
   a. Identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions.
   b. Expenditure that is incurred for the benefit of the UK as a whole and cannot be disseminated by individual country or region is considered to be non-identifiable.

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 November 2013 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, 2008-09 to 2012-13 *£ million*

Home Office	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
North East	73	75	58	59	67
North West	202	208	160	160	182
Yorkshire and the Humber	144	149	115	117	134
East Midlands	113	119	92	95	110
West Midlands	154	159	123	125	142
East	145	151	118	121	141
London	320	323	247	241	264
South East	214	224	175	179	208
South West	131	137	106	110	128
Total England	1,497	1,544	1,194	1,206	1,375
Scotland	63	73	59	67	79
Wales	82	85	66	66	74
Northern Ireland	22	25	20	23	27
UK identifiable expenditure	1,663	1,727	1,339	1,361	1,555
Outside UK	–	–	–	–	–
Total identifiable expenditure	1,663	1,727	1,339	1,361	1,555
Non–identifiable expenditure	2,089	2,197	1,769	1,663	1,522
Total expenditure on services	3,752	3,924	3,108	3,024	3,077

Table 7

Total identifiable expenditure on services by country and region, per head 2008-09 to 2012-13 *£ per head*

Home Office	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
North East	28	29	22	23	26
North West	29	30	23	23	26
Yorkshire and the Humber	28	29	22	22	25
East Midlands	26	27	20	21	24
West Midlands	28	29	22	22	25
East	25	26	20	21	24
London	41	41	31	29	32
South East	25	26	20	21	24
South West	25	26	20	21	24
England	29	30	23	23	26
Scotland	12	14	11	13	15
Wales	27	28	22	22	24
Northern Ireland	12	14	11	12	15
UK identifiable expenditure per head	27	28	21	22	24

Table 8

Expenditure on services by sub-function, 2012-13

£ million

	National Statistics															
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	Outside UK	Not Identifiable	Grand Total
3. Public order and safety																
3.1 Police services	50	134	99	81	105	104	195	154	94	1,016	61	55	21	–	1,521	2,674
of which: immigration and citizenship	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,513	1,513
of which: other police services	50	134	99	81	105	104	195	154	94	1,016	61	55	21	–	8	1,162
3.2 Fire-protection services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.3 Law courts	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.4 Prisons	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.5 R&D public order and safety	1	4	3	2	3	3	6	5	3	31	2	2	1	–	–	35
3.6 Public order and safety n.e.c.	16	43	32	26	34	34	63	50	31	329	16	18	5	–	1	368
Total public order and safety	**67**	**182**	**134**	**110**	**142**	**141**	**264**	**208**	**128**	**1,375**	**79**	**74**	**27**	**–**	**1,522**	**3,077**
TOTAL HOME OFFICE EXPENDITURE ON SERVICES	**67**	**182**	**134**	**110**	**142**	**141**	**264**	**208**	**128**	**1,375**	**79**	**74**	**27**	**–**	**1,522**	**3,077**

ISBN 978-1-4741-0547-7

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