



Home Office

# Annual Report and Accounts 2016-17

(For the year ended 31 March 2017)



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(For the year ended 31 March 2017)

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by Command of Her Majesty

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This is part of a series of departmental publications which, along with the Main Estimates 2017-18 and the document Public Expenditure: Statistical Analyses 2017, present the Government's outturn for 2016-17 and planned expenditure for 2017-18



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## Foreword

The Home Office mission to keep our citizens safe and our country secure is the most challenging and often the most contested in government. So the Department takes great pride both in everything achieved to cut crime, prevent terrorism, control immigration, protect the vulnerable and respond to crises, and in the timeless values of public service that have been essential to deliver these tasks.

The nation has been shocked by the tragedy of recent events. In these difficult and traumatic circumstances, we are extremely proud of and thankful to everyone who responded so professionally. I would like to thank colleagues working hard with the emergency services and the wider Home Office operational community who responded to the events. To the many other Home Office colleagues who were not directly involved, I know that you will continue to support your colleagues and deliver your vital part of our mission throughout this difficult time.

On a personal note, it is a great privilege to join the Home Office as Permanent Secretary. The Home Office is not only one of the great Departments of State but also it has a purpose and a mission which goes to the very heart of our country's existence; keeping our country and its people safe and secure.

I would also like to thank my predecessor, Mark Sedwill, for his leadership of and the significant contribution he made to the Home Office over the last 4 years.

The Home Office has very important work ahead on many fronts. I have been struck by the professionalism and commitment of Home Office staff to the Department's mission and to public service aims. I am delighted to be part of the Department, leading the Department as a whole in working to the very best of our abilities supporting the Secretary of State and the Ministerial team and the government of the day.

**Philip Rutnam**  
Permanent Secretary



# Performance Report

## Purpose and activities

The Home Office is the lead government department for immigration and passports, drugs policy, crime, fire, counter-terrorism and police.

### We are responsible for:

- working on the problems caused by illegal drug use
- shaping the alcohol strategy, policy and licensing conditions
- keeping the United Kingdom safe from the threat of terrorism
- reducing and preventing crime, and ensuring people feel safe in their homes and communities
- securing the UK border and controlling immigration
- considering applications to enter and stay in the UK
- issuing passports and visas
- supporting visible, responsible and accountable policing by empowering the public and freeing up the police to fight crime
- fire prevention and rescue

## Performance Summary

### Outturn and the Estimate

In accordance with the Government Financial Reporting Manual, explanations are provided for significant variances between the Net Estimate and Net Outturn.

The Net Estimate for the Resource Departmental Expenditure Limit (DEL) is £10.6 billion and the Outturn is £10.5 billion. The underspend is due to the following reasons:

- £32 million unspent depreciation following a review of asset lives;
- £28 million additional passport income from increased passport demand; and
- £35 million in year savings contribution across the Department.



The £18.6 million underspend in Capital is due mainly to the result of commercial savings within large Programmes.

The Estimate for Annually Managed Expenditure was £2.47 billion, Outturn £2.39 billion. This was the result of changes in the estimated funding requirement for Police and Fire Pensions.

### **Going Concern**

The Consolidated Statement of Financial Position as at 31 March 2017 shows taxpayers' equity of £(173.8) million, (as at 31 March 2016 £36.5 million (Restated)).

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.

### **Risk**

A statement on the key issues and risks that could affect the Home Office in delivering its objectives can be found in the Governance Statement on page 39.

## Our performance 2016 to 2017

### Home Office systems

This report is divided into the three main Home Office systems:

- Homeland Security system – responsible for counter-terrorism and serious organised crime including child abuse and exploitation.
- Public Safety system – responsible for crime, policing in England and Wales, fire in England, drug policy, supporting vulnerable people including victims of child abuse and modern slavery.
- Borders, Immigration and Citizenship system – responsible for UK immigration and passport controls, border security, visas, immigration applications in the UK, issuing UK passports and enforcing immigration laws and managing civil registration.

This section also includes an update on **sustainability** across the Department.

### Homeland Security system

The main elements of the governance structure are:

#### Counter Terrorism

We remain committed to continued investment in capabilities to protect ourselves from terrorist attack. Attacks this year, both here in Manchester and London and also in France, Belgium, Germany, Turkey and other parts of the world have demonstrated that the threat from terrorism is more acute and more complex than ever before. Our strategic approach to terrorism is well established and we are reviewing CONTEST, the UK's counter-terrorism strategy. The strategy sets out how we reduce the risks from all forms of terrorism to the UK, and its citizens and interests overseas.

#### Prevent

The **Prevent statutory duty** has prompted a significant step forward in the delivery of Prevent work. Since 2012, more than 800,000 individuals including teachers and NHS staff have received training such as our Workshops to Raise Awareness of Prevent, which give guidance on identifying those vulnerable to radicalisation as well as providing information on Prevent support mechanisms.

Our police **Counter Terrorism Internet Referral Unit** is world-leading, responsible for ensuring the referral of terrorist content online. It refers, seeking to block, content that they assess as contravening UK terrorism legislation to Communication Service Providers.

We have continued to **prevent individuals from travelling overseas to Syria and Iraq to join terrorist organisations**. During 2015-16, 65 children were protected by the courts from being taken to a conflict area. This crucial work is a collaborative effort including police officers, social workers and education professionals. It relies on strong international partnerships. In response to increasing numbers of incidents in which children and young people were being taken to Syria and Iraq, we **supported local authorities' use of the family courts to safeguard children**.

We have led cross government work to prepare for the return of individuals who have engaged in Syrian conflict. Everyone who returns from taking part in the conflict in Syria or Iraq must expect to be reviewed by the police to determine if they have committed criminal offences, and to ensure that they do not pose a threat to our national security.

### **Pursue**

Our Pursue strand will **continue to seek to disrupt terrorist attacks happening in this country and against UK interests overseas**. Our security and intelligence agencies work around the clock to protect our people and our interests. **We have increased resources for counter-terrorism police and security and intelligence agencies to pursue terrorists** through the 2015 Spending Review. By 2021, the security and intelligence agencies will have invested an additional £2.5 billion in their capability to deliver against national security priorities. We are on track to recruit over 1,900 additional security and intelligence staff to deter and respond to those behind global threats.

Our intelligence and security agencies need to continue to acquire intelligence and evidence from electronic communications in order to investigate, understand and disrupt threats to national security. **The Investigatory Powers Act 2016**, which received Royal Assent in November 2016, brings together the powers available to law enforcement and the security and intelligence agencies to acquire communications and communications data. It puts those powers on a single, clear statutory footing and ensures they are subject to strict safeguards and robust oversight.

In January 2017 the **Policing and Crime Act 2017** received Royal Assent. The Act will provide the police with an additional power to enter premises to search for and seize British passports cancelled under the Royal Prerogative and extends existing powers to enable the police to seize invalid foreign travel documents. It will also allow for the DNA and fingerprints of individuals arrested under counter-terrorism powers to be retained on the basis of a previous conviction anywhere within or outside the UK.

## Protect

Protect activity **strengthens our protection against a terrorist attack and reduces our vulnerabilities**. We must continue to protect our national infrastructure and crowded places. The UK has some of the most advanced capabilities in the world to identify and disrupt people and goods that could threaten national security. We carry out 100% immigration and security checks on entry to the UK, including advance checks where available and intelligence-led targeting at ports.

The threat to aviation remains elevated. **We have more than doubled our spending on aviation security around the world**, enabling us to substantially increase the number of British experts who can be deployed overseas. In March 2017, we judged that there was a heightened threat to aviation in a number of locations and that it was necessary to introduce new protective measures.

## Prepare

The purpose of our Prepare work is to **mitigate the impact of a terrorist incident if it occurs**. This includes work to bring a terrorist attack to an end rapidly, and to recover from its aftermath. Since 2015 we have made a considerable investment to increase the number of armed police officers in England and Wales and some individual police forces are also uplifting their armed capability. Building on lessons learned from previous attacks, we are working to ensure that victims of terrorism receive the support they need. The Home Office has started to coordinate cross-government efforts to provide effective support to UK citizens directly affected by acts of terrorism, either at home or abroad, which lead to significant loss of life, injuries, or psychological consequences for significant numbers of those affected.

The new Home Office based Joint International Counter Terrorism Unit established in April 2016, has become **the strategic centre for UK counter-terrorism work overseas**, bringing together the expertise of the Foreign and Commonwealth Office, Home Office and other departments.

## Serious and organised crime

Serious and organised crime is a chronic, constant, pervasive threat that corrodes our communities, attacks our economy and subverts state authority. **During 2016-17 we are working with law enforcement to strengthen the capabilities required to tackle the ever evolving threat from serious and organised crime**. We will continue to ensure we have the right capabilities at the national, regional and local levels to enable an efficient and effective response. The National Crime Agency (NCA) continues to lead operational response to serious and organised crime.

## Organised immigration crime

We remain committed to ensuring we have the right **capabilities to disrupt and dismantle the criminal networks that conduct immigration crime in the UK and overseas**. As a part of this effort, we have expanded the Organised Immigration Crime Taskforce as the threat from migration-related criminality has changed. In early summer 2016, the increase in irregular migration across the Western Balkan and Aegean routes resulted in an increase in organised criminal gangs exploiting migrants. In response, the Taskforce was expanded to cover these regions, with deployments beginning in June 2016. Disruptions against organised crime groups involved in overseas immigration crime continue to increase. Between 1 April 2016 and 31 December 2016, Immigration Enforcement achieved 219 disruptions against criminals involved in these crimes – compared to a total of 185 in 2015-16 and 143 in 2014-15.

## Child sexual exploitation

We have **strengthened our approach to all forms of child sexual exploitation and abuse**. Collaborative working between police forces and the NCA is now resulting in over 400 arrests each month for online child sexual exploitation offences, and the safeguarding of over 500 children each month. The NCA has strengthened victim identification and created additional intelligence and child protection advice capabilities. All UK police forces, and the NCA, are now connected to the Child Abuse Image Database, allowing them to identify and protect victims quicker than before.

Through the WeProtect Global Alliance, we continue to **lead the global effort to end online child sexual exploitation and abuse**. One of our key focuses is supporting national action and sharing best practice internationally through the UK-developed Model National Response. With a membership of 72 countries, 20 global technology companies and 17 leading non-governmental organisations, this global movement seeks to transform how the crime of online sexual exploitation is dealt with, resulting in more victims identified and safeguarded, more perpetrators apprehended and an end to online child sexual exploitation.

## Firearms

**Choking off the supply and availability of firearms to criminals and terrorists remains a priority** in our counter-terrorism and serious and organised crime work. We are ensuring we have the right intelligence, detection and enforcement capabilities and policies, internationally, at the UK border, and within the UK. We have **strengthened domestic law on firearms through the Policing and Crime Act 2017** to prevent loopholes being exploited by terrorists and criminals, and we are working through the EU to introduce tighter firearms controls across Europe. We are investing £2 million in research programmes to develop automatic threat detection technologies and working with key international partners to improve information and intelligence sharing.

## Proceeds of crime and corruption

We are committed to measures to make the UK a more hostile place for those seeking to move, hide or use proceeds of crime and corruption. In April 2016, we **published an Action Plan for Anti-Money Laundering and Counter-Terrorist Finance**, which sets out how we tackle criminal finances, corruption and tax evasion. Also in April, the **UK's new public Register of People with Significant Control came into force**, showing the owners and controllers of UK-registered companies.

At the Global Anti-Corruption Summit in May 2016 we announced the development of **a public beneficial ownership register of foreign companies who already own or buy property in the UK, or who bid on central Government procurement contracts**. This will be the first register of its kind in the world, bringing transparency to foreign company ownership and control where they operate in the UK. The Government has also secured agreements with the Overseas Territories with a financial centre and the Crown Dependencies to implement central registers of beneficial ownership information, or similarly effective systems.

In February 2016 the Government launched the Joint Fraud Taskforce, **a public private partnership between government, law enforcement and the financial industry to work in new innovative ways to deliver a more effective response to fraud**. The Government has previously, with the banking sector, established the Financial Sector Forum to bring together government, financial institutions and law enforcement agencies to respond to the threat from money laundering. In 2015, the banks and the NCA established the Joint Money Laundering Intelligence Taskforce, **to work together at operational level against money laundering**. This has had a number of significant successes against those criminals.

The **Criminal Finances Act** was granted Royal Assent in April 2017. The Act creates new civil powers for terrorist finance investigators, modelled on the existing cash seizure and forfeiture scheme in terrorism legislation, to **enable the forfeiture of monies stored in bank accounts and movable items of value, like precious metals and jewels**. The Act also provides for a legal gateway for the sharing of information between entities within the regulated sector, in order to encourage better use of public and private sector resources to combat terrorist financing and provide for civilian members of police staff to exercise certain investigatory powers in connection with terrorist investigations relating to terrorist property. Countering terrorist finance is an important part of our response to terrorism and financial investigation is a key tool in the investigation of a number of terrorism offences.

## Cyber-crime

We continue to work to disrupt cyber-crime. Law enforcement bodies are **working with industry partners to increase specialist capability and expertise**. Over the past year, the NCA and the police have steadily increased their numbers of 'cyber specials' working alongside law enforcement officers on cyber-crime. We have also invested in regional cyber-crime prevention coordinators, who engage with small and medium sized entities and the public to provide bespoke cyber security advice. The Government's public awareness campaign educating the public and organisations on how to be more resilient against the cyber threat continues through the Home Office-led 'Cyber Aware' campaign (formerly Cyber Streetwise); the campaign is designed to build resilience to cyber-crime amongst the public and organisations by driving the adoption of key cyber secure behaviours.

Cyber Aware now works with more than 288 partners across the public, private and third sectors to disseminate cyber security advice and promote the adoption of secure cyber behaviours.

## Public Safety System

The Home Office is responsible for the 'system leadership' – through legislation, incentives, relationships and funding – for 43 police forces in England and Wales and 45 fire and rescue services in England, together comprising around 250,000 officers and staff.

The police funding settlement for 2017-18 provides approximately £12 billion funding for policing (this comprises £7.4 billion through Central Government grant to Police & Crime Commissioners, £3.3 billion Council Tax precept income and £0.8 billion for reallocations for national priorities like transformation); a separate grant provides for counter-terrorism policing. Fire and rescue receives around £2.2 billion per annum.

Whilst crimes like burglary, vehicle theft and street violence have fallen dramatically since 1995, crime is changing – with significant increases in the reporting of previously hidden crimes such as child sexual abuse and modern slavery; a better understanding of the scale of fraud and online crime; and greater complexity in the police's involvement and investigation of such crimes.



## Child Sexual Abuse

Since publication of the 'Tackling Child Sexual Exploitation Report' in March 2015, we have strengthened local accountability; tackled the culture of denial within professions about the scale and nature of this crime; enabled the police to deal with the rise in recorded child sexual abuse offences; increased support to victims; and led the global response to online child sexual exploitation. The success of this work is evidenced by a 24% increase in reporting to the police of contact child sexual abuse offences (2015-16 figures compared to 2014-15, a 130% increase from 2011-12); a 14.6 % increase in volume of prosecutions and 18.7% increase in volume of convictions for child sexual abuse related offences (in the year to December 2015, compared with the previous year); and more than double the number of referrals to the new whistleblowing helpline in the first four months of operation than were made to the National Society for the Prevention of Cruelty to Children (NSPCC) in the whole of 2015.

## Modern Crime Prevention

Our landmark Modern Crime Prevention Strategy, launched in spring 2016, focuses on six key drivers of crime. The strategy commits the Government to over 90 actions owned across the Home Office and other Government departments that address each driver in turn.

## Machinery of Government Changes in 2016-17 – Fire and Resilience

The **Fire and Resilience Directorate** transferred into the Home Office from the Department for Communities and Local Government (DCLG) from 1 April 2016. The Directorate responsible for Fire Strategy and Reform, National Resilience and Fire Programmes and Chief Fire Rescue Advisor. A transition programme board with members from both the Home Office and DCLG managed change across a range of issues – including finance, HR, IT, legal and commercial. Since moving to the Home Office, we have been working to deliver Ministers' programme of reform for fire and rescue services. Working with the service, progress is being made across all three pillars of the reform agenda: efficiency and collaboration, accountability and transparency and workforce reform.

## Home Office delivery during 2016-2017

Highlights of policy and programme delivery during 2016-17 include:

- Laying of the Annual **Police Settlement**.
- The second set of **national elections for Police and Crime Commissioners** took place on 5 May 2016. Nationally around 9 million votes were cast at the 2016 elections – this represented a 67% increase in the number of voters from the first elections in 2012.
- Bill management of, including Royal Assent to, the **Police and Crime Act 2017**.
- **Violence against Women and Girls (VAWG)**: In 2016-17, the Home Office provided ongoing funding for Independent Domestic Violence Advisers, Independent Sexual Violence Advisers and national help lines. In December 2016 the Home Office announced the launch of a three-year £15 million VAWG Service Transformation Fund focused on promoting early intervention and prevention, backed by a new National Statement of Expectations for local delivery partners and new commissioning guidance.
- Implementing actions to the cross-government **Counter-Extremism Strategy**, including through the Prime Minister-chaired Extremism Task Force.
- Publication of a cross-Government **Hate Crime Action Plan**. The plan focuses on five key areas: preventing hate crime by challenging beliefs and attitudes; responding to hate crime within our communities; increasing the reporting of hate crime; improving support for victims of hate crime; and building our understanding of hate crime.
- A new **Modern Slavery Task Force** bringing government departments together to tackle Modern Slavery, led by the Prime Minister and the commencement of a review by HM Inspectorate of Constabulary of the police response to Modern Slavery.
- ‘**Slavery and Human Trafficking Statements**’ became compulsory under the Modern Slavery Act at the start of the last financial year. These Statements set out what steps organisations have taken to ensure modern slavery is not taking place in their business or supply chains. Thousands have been published over the course of the year.

- We used the Immigration Act 2016 to expand the Gangmasters Licensing Authority's remit, renaming it the **Gangmasters and Labour Abuse Authority** and giving it stronger police-style enforcement powers to investigate serious offences relating to worker exploitation across the UK economy. Further details of the Authority are contained in the Borders, Immigration and Citizenship section that follows this section.
- The **Psychoactive Substances Act** came into effect on 26 May 2016. As of December 2016, 332 shops stopped selling controlled drugs; 31 'headshops' closed down altogether; and there have been nearly 500 arrests.
- The first round of **Police Transformation Fund** successful bids was announced in August 2016 and £23 million was awarded to 10 police forces and College of Policing. Projects included:
  - support for the transfer of digital crime scene images between forces;
  - new technology for the child abuse image database, improving procurement and collaboration;
  - a network of co-ordinators, analysts and prevention officers for the child sexual abuse national action plan; and
  - £8.5 million funding for Devon and Cornwall Police to lead a national effort to help law enforcement agencies tackle Modern Slavery.
- Establishment of the **Modern Crime Prevention Forum**, chaired by the Parliamentary Under Secretary of State for Vulnerability, Safeguarding and Countering Extremism. This Forum brings together experts from law enforcement, academia, the private sector and the voluntary sector.
- Following a commitment in the **Modern Crime Prevention Strategy**, we worked with the police and motor industry to gain a better understanding of the modern methods used by criminals to break into and steal vehicles and what can be done to prevent these crimes.
- Collaborative work between the Home Office, the police and the fuel retailers led to the publication in February 2017 of new guidance for forecourt retailers to help **prevent forecourt crimes**, such as driving away without paying for fuel, to help tackle the £36 million annual cost of fuel theft on the garage forecourts.

- We have continued to deliver on our important programme '**Ending Gang Violence and Exploitation**'. We have provided matched funding for 13 local reviews in areas experiencing gang-related issues.
- A **ban on zombie knives** came into effect in August 2016. Anyone caught making or selling a zombie knife faces up to four years in prison. We have also been building on a voluntary agreement with major retailers reached in March 2016 that set out commitments on the sale and display of knives, an additional five major retailers joined the voluntary agreement in December when Boots, TK Maxx, Aldi, B&Q and the Co-op joined Tesco, Lidl UK, Amazon UK, Wilko, Argos, Asda, Poundland, Morrisons, Sainsbury's, eBay UK, John Lewis and Waitrose.
- In January 2017, the Government tabled an amendment to the **Digital Economy Bill**, which would compel relevant communications providers to disconnect any phone numbers proven as being used in connection with drug dealing offences.
- The **Drug and Firearms Licensing Unit** continues to discharge its International obligations acting as the Competent Authority for Controlled Drug and Precursor Chemical Licensing and Prohibited weapons 'Section 5' Firearms Licensing. In 2016-17, the Unit issued:
  - 969 firearms licences (555 shooting clubs, 391 section 5 prohibited weapons and 23 museum licences);
  - 1790 domestic controlled drug and precursor chemical licences to UK premises;
  - 21,817 import-export licences for individual shipments of drugs; and
  - conducted 631 premises compliance visits throughout the UK.

## Borders, Immigration and Citizenship system

### Reduce annual net migration

The Government has taken a number of steps to reduce net migration. In March 2016 we announced **a package of reforms to Tier 2 visas** (the immigration route for skilled workers coming into the UK) to ensure that employers are incentivised to up-skill and train resident workers, whilst making sure they can continue to access migrant workers when needed. This has been done in two phases, the first of which came into effect in November 2016, with the remainder in April 2017. The **Immigration Skills Charge** was introduced in April 2017. The income raised from the charge will be used to address skills gaps in the workforce.

The **net migration statistics** published by the Office for National Statistics in May 2017 show that in the year to December 2016, net migration stood at 248,000. That is 84,000 (25%) lower than the equivalent figure a year ago.

### Clamp down on illegal migration

We continue to ensure that those with no right to be in the UK are not able to access public services and employment in order to deter illegal immigration. Through the **Immigration Act 2016** we have introduced new powers to strengthen our response to illegal working. We have created a new criminal offence of working illegally to provide a more robust basis for seizing wages as the proceeds of crime, strengthened our powers to prosecute employers who use illegal labour, and have their business premises closed and placed under a special compliance regime by the courts if they continue to flout the law. Having identified a number of high-risk employment sectors where illegal working is believed to be prevalent, we have also **ensured that licences in the private hire and taxi sector, and for the sale of alcohol and late night refreshment are held by those who have the right to work in the UK and comply with immigration laws.**

The 2016 Act has also given **landlords in England new powers to end a tenancy agreement or evict illegal migrants.** There is also a new criminal offence, punishable with up to five years imprisonment, for landlords in England, who let property to tenants they know or have reasonable cause to believe, are disqualified from renting, by their unlawful immigration status.

**The Controlling Migration Fund** opened in November 2016 providing targeted local activity to help local authorities and their communities experiencing high and unexpected volumes of immigration to reduce pressures arising from illegal immigration.

To tackle **labour market exploitation**, we have appointed a Director of Labour Market Enforcement, who is responsible for assessing the scale and nature of abuse. They will operate an intelligence hub and produce a strategy setting priorities for the Employment Agency Standards Inspectorate, HMRC National Minimum Wage enforcement and the Gangmasters and Labour Abuse Authority (GLAA). The GLAA is being equipped with new police-style powers to deal with a range of labour market offences. This will bring **better coordination to the enforcement response and will protect people from having their employee rights infringed or being subject to the horrific crime of modern slavery**.

Deporting **foreign national offenders** remains a priority. We are implementing measures to lock down identity and obtain nationality documentation early in the criminal justice process, and continue to work with the Foreign and Commonwealth Office and foreign governments to overcome documentation barriers. On 1 February 2017 new regulations came into force, which include substantive changes on criminality that make it easier to deport EU criminals.

We continue to use the provisions in the Immigration Act 2014 and by December 2016, over 5,700 foreign national offenders had been removed under these provisions. The legislation to support the electronic monitoring of foreign national offenders is in place and we are working on commercial options to support full implementation.

The Home Office's approach to returns goes wider than criminal offenders. In January 2016, we broadened our engagement activity in priority countries to **maximise returns of all nationals in the UK illegally** (including foreign national offenders). We are using a range of engagement activity and leverage across government to improve returns processes in these countries.

UK Visas and Immigration made 3.1 million decisions on applications for leave to enter and remain in the United Kingdom against the requirements of the immigration rules, for all major routes, ensuring only those who meet the requirements are successful.

### Enhance Border Security

The UK remains an attractive destination to visit, study, work, and invest; the total number of passenger arrivals increased by approximately 5% to a record 129.9 million journeys in 2016 (an increase of about 6.6 million – from the previous year).

To maintain **security at the border**, Border Force carries out 100% checks at passport control, in line with the Operating Mandate agreed with Ministers. It is also supporting our national security by deploying mandated radioactive nuclear detection requirements through the Cyclamen Programme. This is achieved whilst managing the flow of

legitimate goods and travellers across the border by meeting agreed service levels for processing passengers at ports, facilitating journeys to support the prosperity of the UK. Border Force now receives Advance Passenger Information (API) for 93% of all routes (100% of air routes) to and from the UK. This helps protect the UK against terrorist attacks, serious cross-border crime and abuses of the immigration system.

Border Force's Control Strategy requires it to focus on the **detection and disruption of commodities harmful to the UK**; and the **protection of revenue lost through fraudulent activity**. Border Force officers use search equipment to combat immigration crime and detect banned and restricted goods that smugglers attempt to bring into the country, including very high risk items such as explosives, firearms and Class A drugs. The most notable seizure has been 1.5 tonnes of cocaine seized at Falmouth, with a street value of £80 million.

Border Force is committed to operating a **fleet of Cutters in UK waters**, to detect and intercept suspicious vessels and they have supported operations targeting firearms, drugs, illegal migration and modern slavery. Border Force also now has 4 Coastal Patrol Vessels operational in the UK.

The roll out of technology to support faster and more secure processing of people and goods has continued with an additional 69 **electronic passport gates (eGates)** installed in 2016-17, bringing the total to almost 200 eGates. In the past 12 months 33.9 million passengers used eGates, representing just over 60% of eligible passengers where they are installed.

The Digital Services at the Border programme has started to deliver the **Advanced Freight Targeting Capability** which improves the range of data and functionality available to targeters, to increase the proportion of positive results from targets. This went live in January 2017, supporting the targeting of air freight and Roll-on/Roll-off ferries.

Our Border Force continues to work in close partnership with the French Government to reduce the number of illegal attempts to breach the border in Northern France. In October 2016, Border Force supported the French Government in the **closure of the migrant camp in Calais**. They maintain regular engagement with the French at all levels including ongoing joint reviews of port security in Northern France, improved police coordination, intelligence sharing and through a programme of security infrastructure investment.

Border Force is also fulfilling its commitment to protect the vulnerable by identifying potential victims of trafficking and those to be referred to the National Crime Agency's **National Referral Mechanism**, which is the framework for identifying victims of human trafficking or modern slavery and ensuring they receive the appropriate support.



There is a considerable amount of joint working and shared policy between **Common Travel Area** members (the United Kingdom, the Channel Islands, the Isle of Man and the Republic of Ireland collectively form a common travel area) to secure the external border and facilitate the legitimate travel of persons within the common travel area.

## Resettlement

The UK operates four **resettlement schemes** (Gateway, Mandate, the Syrian Vulnerable Persons Resettlement Scheme and the Vulnerable Children's Resettlement Scheme). The UK also operates a scheme for the relocation of Afghan Interpreters and in May 2016 announced an initiative to assist unaccompanied refugee children from Europe through section 67 of the Immigration Act 2016.

Between 1 April 2016 and the end of December 2016 we resettled 5,453 individuals under the **Syrian Vulnerable Persons Resettlement Scheme**, including 2,726 children. In addition 524 individuals were resettled under **Gateway** and 8 under **Mandate** between 1 April 2016 and end December 2016. We have also committed to relocating 480 children to the UK from elsewhere in Europe under Section 67 of the Immigration Act 2016. The figures for the Vulnerable Children's Resettlement Scheme will be published in the usual way, and will feature in future releases of the Home Office's published statistics.

In July 2016 we **launched the community based sponsorship scheme for resettled refugees**, enabling individuals, charities, faith groups, churches and businesses to support refugees directly. A 'Help Refugees in the UK' webpage was launched to make it easier for members of the public to support refugees in the UK and to allow local authorities to focus support on the goods and services that refugees need.

In September 2016 we announced a new £10 million funding package for English language tuition for those resettled under the vulnerable persons and vulnerable children resettlement schemes. Furthermore a provision in the Immigration Act 2016 created a **National Transfer Scheme** for unaccompanied asylum seeking children in the UK to relieve the pressures felt by a small number of local authorities.

Between October 2016 and February 2017, with the support of local authorities across the country, we transferred more than 750 unaccompanied minors from the migrant camp in Calais to the UK. This was part of a wider programme of assistance provided to the French Government to support its humanitarian operation to clear the camp.

## HM Passport Office

Passport output for 2016-17 was the highest recorded, with 6.84 million **passports issued**. On average, a passport was printed five working days after receiving an application from within the UK, and

seven working days after an application was received from a customer overseas. Demand within the **civil registration** operation also remained high with 1.29 million certificates printed. We are also modernising the business and using technology to provide better customer service through our new online passport renewal channel and online appointment booking system.

### **Official Development Assistance**

The Home Office provided £376 million of Official Development Assistance (ODA) in 2016. Of this, the Home Office spent £13.7 million from the government's Conflict Security and Stability Fund/Conflict Pool.

The Home Office's ODA spend was mainly focussed on the following areas which contribute to the delivery of the UK Aid Strategy's objective:

- In-donor spend on support to asylum seekers and the resettlement of vulnerable people. This is linked to food and shelter for up to 12 months.
- Work upstream in ODA countries to build capacity and capability in recipient countries in order to improve security, protect children and tackle modern slavery Sustainability

## Sustainability

Sustainability is about applying economic, social and environmental thinking to an issue; paying attention to the long-term consequences. It is a long-term, integrated approach, to achieving quality of life improvements while respecting the need to live within environmental limits. We subscribe to a number of targets including the Greening Government Commitments (GGC) for reducing energy, water, paper and other resource use, reducing travel and managing waste. The Department's sustainability objectives are to:

- deliver on the Greening Government Commitments;
- assess and manage social and environmental impacts and opportunities in policy development and decision making; and
- to embed compliance with the Government Buying Standards in departmental and centralised procurement contracts.

The Home Office agreed new GGC for 2016-2020. The data below shows our present position for the financial year ending 2016-17 against a 2009-10 baseline, unless otherwise stated. For the first time we include greenhouse gas emissions from our Immigration Removal Centres as part of our GGC performance reporting. All arms-length bodies are represented in this section, except the Office of the Immigration Services Commissioner which is not required to report (based on its size).

### Governance and data validation

From 1 April 2016 the responsibility for reporting and managing sustainability in the Home Office transferred to the Ministry of Justice (MoJ) Estates Cluster. The data is gathered and verified by Carbon Smart and quality assured by the Estates Cluster Sustainability Team and the Building Research Establishment on behalf of Defra. We are unable to report data from locations where landlords do not provide data.

## Home Office performance against headline Greening Government Commitments

Requirement	2016-17 performance compared to requirement	Status
Reduce greenhouse gas (GHG) emissions by 34% from 2009-10	▲ 35%	Meeting
Reduce domestic business flights by 30% from 2009-10	▼ 14%	Not meeting updated target
Reduce overall waste from 2009-10	▲ 52%	Meeting
Reduce paper use by 50% from 2009-10	▼ 31%	Not meeting updated target
Continue to reduce total estate water consumption from 2014-15	▲ 42%	Meeting updated target

## Greenhouse gases

Greenhouse Gas Emissions		2009-10	2014-15	2015-16	2016-17
Non-Financial Indicators (tonnes CO <sub>2</sub> e)	Scope 1 (Direct) GHG emissions	20,375	15,057	16,573	15,225
	Scope 2 (Energy indirect) GHG emissions	49,461	38,198	33,043	28,385
	Scope 3 (Official business travel) GHG emissions	5,889	5,852	5,253	5,871
	<b>Total GHG Emissions – Scope 1, 2 &amp; 3</b>	<b>75,725</b>	<b>59,107</b>	<b>54,869</b>	<b>49,482</b>
Related Energy Consumption (MWh)	Electricity: Non-Renewable	68,298	28,026	26,299	24,431
	Electricity: Renewable	31,847	49,258	45,000	44,457
	Gas	61,946	51,721	51,807	51,460
	Gas Oil	11,943	2,114	4,742	1,754
	LPG	1,533	521	171	4,887
	Burning Oil	26	26	49	5,762*
	<b>Total Energy Consumption</b>	<b>175,593</b>	<b>131,665</b>	<b>128,067</b>	<b>132,752</b>
Financial Indicators (£'000)	Expenditure on Energy	10,190	8,134	8,126	13,726
	CRC Licence Expenditure	2.2	1.3	1.3	1.3
	Expenditure on accredited offsets (e.g. Government Carbon Offsetting Fund)	57	7	0**	0**
	Expenditure on official business travel	13,277	15,692	12,921	16,111
	Expenditure on domestic air travel	1,329	1,363	760	1,215
	<b>Total Expenditure on energy and business travel***</b>	<b>23,467</b>	<b>23,826</b>	<b>21,047</b>	<b>29,837</b>

\*Refers to fuel used at two Immigration Removal Centres

\*\*Deferred to 2017-18

\*\*\*IRC financial data not included in previous years

The Home Office has achieved a 35% reduction in carbon emissions from buildings and business related travel through its Smarter Working programme, building consolidations and investment in energy efficiency measures.

## Energy expenditure in £'000

2009-10	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
10,190	9,548	8,349	8,826	8,134	8,129	13,726*

\*This figure now includes energy expenditure from our Immigration Removal Centres.

## Air Travel: Number of Domestic Flights

2009-10	2014-15	2015-16	2016-17
15,241	13,963	10,724	13,072

The number of business and operational flights taken has risen in 2016-17. We continue to invest in better IT provision to reduce the need to travel. Revised guidance has been issued to inform staff on when travel is appropriate and on the use of alternative such as video conferencing. Our travel partner provides a cost and CO<sub>2</sub> comparator to help staff choose the most appropriate mode of travel.

## International Business Travel

International Business Travel		2009-10	2014-15	2015-16	2016-17
Non-Financial Indicators (tonnes CO <sub>2</sub> e)	Flights	2,079	1,554	1,618	1,941
	Rail	10	6	14	10
	<b>Total</b>	<b>2,089</b>	<b>1,560</b>	<b>1,633</b>	<b>1,951</b>

We are not required to report on our international travel emissions but choose to report as part of our commitment to transparency. These emissions are excluded from the Greening Government Commitments data.

## Waste and associated financial costs

Waste			2009-10	2014-15	2015-16	2016-17
Non-Financial Indicators (tonnes CO <sub>2</sub> e)	<b>Total waste</b>		<b>5,685</b>	<b>3,909</b>	<b>3,219</b>	<b>2,724</b>
	Non-hazardous waste	Landfill	1,240	1,148	805	357
		Reused/ Recycled	4,445	2,527	2,326	2,057
	Incinerated with energy from waste		Not collected	70	62	238
	Incinerated without energy recovery			21	2	2
Financial Indicators (£'000)	<b>Total disposal cost</b>		<b>725</b>	<b>Not available</b>	<b>298</b>	<b>305</b>
	Non-hazardous waste	Landfill	99	Not available	68	86
		Reused/ Recycled	626	Not available	230	219

The Department has achieved an overall waste reduction of 52%. Recycling levels in 2016-17 were 74%.

### Water consumption

Water consumption			2009-10	2014-15	2015-16	2016-17
Non-Financial Indicators (m <sup>3</sup> )	Water Consumption	Office Estate	260,800	125,739	133,755	155,215
		Office Estate water use per person	17	8	9	10
		Whole Estate	310,338	174,976	163,201	180,968
Financial Indicators (£'000)	Water Supply & Sewage Costs		557	389	386	1,325*

\*This figure now contains sewage.

The Department has continued to reduce water consumption, currently 42%, against 2009-10 although there has been an upwards trend this year and this is being actively monitored.

### Paper consumption

	2009-10	2014-15	2015-16	2016-17
Reams of Paper Procured	398,001	322,182	290,763	273,426

The Department has continued to reduce its paper consumption, recording a 31% drop since 2009-10. This has been achieved through a revised print strategy and a continuing programme of IT improvements, such as Access UK (a single online Immigration application service for UK-based and international customers) which are helping to decrease our reliance on paper.

## Other sustainability commitments

Sustainable Procurement	We have an in-house procurement team who ensure extensive sustainability clauses are embedded within the Department's facilities management and ICT contracts. New contracts require that suppliers meet the Government Buying Standards. New procurement staff are provided with training on sustainable procurement.
SMEs	The Department has spent 22% with SMEs. The Government target is 33% by 2020.
Climate Change Adaption	Climate resilient designs are incorporated in retrofit projects and new builds. In addition robust business continuity plans are in place to manage occurrences of extreme weather events.
Rural Proofing	The Department is committed to mainstreaming sustainable development in the policy making process. A checklist of specific impact tests now forms part of the policy impact assessment guide, giving greater assurance that due consideration will be given to impacts often seen as peripheral such as sustainability and rural proofing.
Biodiversity & Natural Environment	<p>The Home Office has implemented the national MoJ Estate Cluster Strategy and Policy for Biodiversity across its estate, for the protection and management of its sites of biodiversity significance, and where sites have recorded protected species. This fulfils the Home Office's legal obligations under the NERC Act 2006 Section 40 'Biodiversity Duty'.</p> <p>As part of the wider social and community partnership arrangements, the Home Office has been working with its FM Providers to deliver biodiversity improvements including work to encourage native pollinators as part of the National Pollinator Strategy.</p> <p>The New HMPO office at Freemans' Reach, Durham, incorporated a 'bat hotel' alongside shelves and holts for otters, to encourage the return of wildlife to the area.</p>
Procurement of Food & Catering	All food supplied is produced to UK or equivalent standards. Menus are designed to reflect in-season produce and purchased locally where feasible to do so to reduce food miles and to assist in supporting our local suppliers.
Sustainable Construction	Where minor refurbishment work has been carried out, complete Site Waste Management Plans are produced to detail all waste removed and recycled. The Department is committed to the Building Research Establishment's BREEAM standard of 'excellence' for new builds and 'very good' for refurbishments over the value of £0.5 million where this provides good value for money.
Immigration Removal Centres	The new facilities management contract at Gatwick Immigration Removal Centre includes sustainability clauses and a requirement for the providers to reduce energy water and waste.
Border Force Seized Goods	The new contract for handling seized goods now includes sustainability requirements.
Transparency – energy use	Energy usage for several Home Office sites can be viewed online.



## Better Regulation

The Government's priorities for the Home Office are to prevent terrorism, cut crime, control immigration, promote growth and transform the Home Office to deliver efficiently. In developing its policies, the Home Office fully recognises the importance to the Government's Principles of Regulation: regulating business and civil society organisations only where there is a robust and compelling case to do so.

The Home Office's strategic goals make an important contribution to securing economic growth. Cutting crime improves feelings of safety, reduces costs to business and creates a positive investment climate. Counter-terrorism not only protects individuals and their families, but also prevents a fall in net foreign investment and bilateral trade flows. The UK's immigration policies help meet its economic needs by continuing to enable the brightest and the most skilled workers and students to come to the UK; while minimising the burdens on the taxpayer associated with uncontrolled illegal immigration.

Section 21 of the Small Business, Enterprise and Employment Act 2015 requires the government to set a Business Impact Target (BIT) for savings to business and voluntary bodies. In the last Parliament this was set at £10 billion. The BIT was extended to departmental regulators by the Enterprise Act 2016. The Home Office indicated that it would contribute towards the BIT by aiming to limit, to around £87 million, the direct net cost to business and voluntary bodies through regulation, whilst working to achieve its primary public protection objectives.

Regulatory activity for 2016-17 is reported partly in the BIT: first annual report (which covers the period 8 May 2015 to 26 May 2016) and the BIT: Interim Report 2016-17 (which covers the period 27 May 2016 to 8 June 2017).

Of the two Home Office measures coming into force in 2016-17 and which were deemed to impose a net burden on business, the most significant was the Psychoactive Substances Act 2016 which received Royal Assent in January 2016 but came into force in May 2017. The Act seeks to reduce the risk to public health through the better control of the new psychoactive substances market, prohibiting the supply of all substances that may be consumed for their psychoactive effect. It is estimated to create a direct net burden to business of around £26 million. The benefits of the Act, including reduced mortality and reduced hospital admissions, were estimated to be around £21 million. These societal benefits are, however, not in scope for the BIT.

**Philip Rutnam**  
Accounting Officer  
7 July 2017

# The Accountability Report

## Corporate Governance Report

### Directors' Report

#### Lead Non-Executive Board Member's Report

##### Composition

There were numerous changes in Board membership during the year at Official, Non-Executive and Ministerial levels, most notably a new Home Secretary and Ministerial team in July 2016. This brought changes to the way Boards were run, and also helped complement the Board with further diverse backgrounds and experiences. Following feedback from the 2015-16 Evaluation of Board Effectiveness, Board meetings were moved to a Monday to minimise interruptions and optimise attendance. Despite this, only two of the planned quarterly Departmental Boards were held but these were well attended and interactive. Cancellations occurred mainly as a result of the referendum period and subsequent changes to the Ministerial team.

##### Quality

Board agendas covered several topic areas, including performance against Government priorities, key risks and budget challenges. Following feedback from the 2015-16 Evaluation of Board Effectiveness, Board meetings took deep dive discussions on different topical subjects, with more analysis and decision making.

The meetings were focused, effectively chaired, with challenge encouraged. Agendas were relevant and set appropriately to focus Board scrutiny and consideration. The logistics of meetings and communications were well managed with effective support from the Board Secretariat.

##### Departmental involvement of Non-Executive Directors (NEDs)

A new NED was appointed this year to complement the broad ranging aspirations of the Department (taking the team to a total of five), and my appointment as Lead NED was renewed. The team made significant contributions to: effective management of risk and change (including transformation), data and digital matters, the Department's Modern Crime and Diversity strategies, and people and talent matters. NEDs were also involved in numerous other activities, including attendance at staff away days, the mentoring of individuals and assisting with recruitment of senior officials within the Department. NEDs also attended the Permanent Secretary's Executive Management Board meetings on an individual basis, where they provided insight and challenge on a range of issues. As well as my regular bilateral meetings

with the Home Secretary, the NEDs met with the Home Secretary as a group to share their expertise and provide an independent view of the Department.

### **Conclusion and evaluation of Board effectiveness recommendations**

The Departmental Board is effective and has added value with interactive debate and thematic discussions on key issues. The Department has made good use of, and benefited from, the external expertise NEDs provide at and outside the Board environment in a time of significant change and challenge, which included building relationships with a new Ministerial team.

The Department conducted a light touch Board evaluation this year, including seeking feedback from the newly appointed Home Secretary and others on the content, structure and membership of the Board with changes already implemented. The Department did not seek additional, independent evaluation as recommended in the code of good practice, as it was decided there was limited value in doing so in 2016-17 as the Home Secretary was still shaping the Board.

### **Sue Langley**

Home Office Lead Non-Executive

## Our Ministers

The following ministers were responsible for the Department during 2016-17:

**Rt Hon Amber Rudd MP, Home Secretary** (From 14 July 2016)

**Rt Hon Theresa May MP, Home Secretary** (Until 13 July 2016)

**Robert Goodwill MP, Minister of State for Immigration**  
(From 15 July 2016)

**James Brokenshire MP, Minister of State for Immigration**  
(Until 13 July 2016)

**Rt Hon Brandon Lewis MP, Minister of State for Policing and the Fire Service** (From 15 July 2016)

**Rt Hon Mike Penning MP, Minister of State for Policing, Fire and Criminal Justice and Victims (Jointly with Ministry of Justice)**  
(Until 14 July 2016)

**Rt Hon Ben Wallace MP, Minister of State for Security**  
(From 15 July 2016)

**Rt Hon John Hayes MP, Minister for Security** (Until 14 July 2016)

**Baroness Williams, Lords Minister** (From 15 July 2016)

**Sarah Newton MP, Parliamentary Under Secretary of State for Vulnerability, Safeguarding and Counter Extremism**  
(From 16 July 2016)

**Baroness Shields OBE, Parliamentary Under Secretary of State for Internet Safety and Security** (jointly with DCMS until January 2017. Solely Home Office from January 2017)

**Lord Ahmad, Minister for Countering Extremism** (Until 15 July 2016)

**Karen Bradley MP, Minister for Preventing Abuse, Exploitation and Crime** (Until 13 July 2016)

**Richard Harrington MP, Parliamentary Under Secretary of State (jointly with DCLG and DFID)** (Until 15 July 2016)

### **Machinery of Government Changes**

There was a Machinery of Government change during this financial year. Operational responsibility for fire and rescue policy, along with the relevant staff, transferred to the Home Office on 1 April 2016 from the Department for Communities and Local Government.

### **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 National Audit Office (NAO) audit fee for the core Department and its agencies was £360,000 (2015-16, £370,000), of which that for the core Department alone was £360,000 (2015-16, £370,000). The audit fee for the Department's non-departmental public bodies was not notional and totalled £282,000 (2015-16, £285,000). No remuneration has been paid to the NAO during 2016-17 for non-audit work (2015-16, £nil).

### **Political and Charitable Donations**

The Home Office has not made any political or charitable donations during 2016-17.

### **Our Boards**

The role and membership of the Departmental Board and the Executive Management Board can be found in the Governance Statement on pages 39 to 55.

## 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 Departmental 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 2019
Suzy Levy	1 September 2015	31 August 2018
Adrian Joseph	1 September 2015	31 August 2018
Nicholas Shott	9 March 2017	8 March 2020
John Studzinski	25 April 2016	24 April 2019

Sue Langley was appointed Lead non-executive Director from 1 May 2014.

## Public Appointments

All appointments to Home Office sponsored public bodies are made in accordance with the principles of merit, openness and fairness, as set out in the Commissioner for Public Appointments Code of Practice.

## 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.

## Personal Data Related Incidents

**Table 1: SUMMARY OF OTHER PERSONAL DATA INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2016-17**

The Department notified the Information Commissioner's Office of two incidents during the 2016-17 reporting period.

Category	Nature of Incident	2016-17	2015-16
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	0	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	0
IV	Unauthorised disclosure	2	1
V	Other	0	0

**Table 2: SUMMARY OF OTHER PERSONAL DATA INCIDENTS RECORDED IN 2016-17**

Incidents reported to Home Office Security and deemed by the data controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below.

Category	Nature of Incident	2016-17	2015-16
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	2	6
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	18	10
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1	1
IV	Unauthorised disclosure	13	14
V	Other	37	8

**Note:**

For the purpose of reporting, 'Home Office' includes all directorates within the Department, and excludes Non-Departmental Public Bodies and other Arms Length Bodies.

### Data Losses/Information Assurance

Information Assurance (IA) and managing information risk has continued to be a priority for the Home Office in 2016-17.

Data related incidents involving the loss, theft or inappropriate disclosure of Home Office information are investigated by the Home Office Security Unit, supporting business areas who report an incident through the investigation process. This includes establishing the circumstances of an incident and advising on any necessary immediate action, assisting with the completion of assessments to identify risk to both the Department and individuals affected and management of any risks identified. The end of the process involves the Home Office Security Unit working with business areas on lessons learned to avoid re-occurrence.



The enhanced Information Management and Assurance maturity assessment model used by the Department was taken forward by a programme of reviews in 2016-17. Home Office Security and the Knowledge and Information Management Unit reviewed evidence submitted by the relevant business areas and created development plans to support progression through the levels. The model provides the Senior Information Risk Owner and the Home Office Board with assurance of the Department's Information Assurance maturity, it also allows for any risks to be identified and addressed.

In line with the Security Policy Framework, the Home Office has an Information Asset Register and Information Asset Owners who are responsible for managing and operating assets in compliance with Home Office policies and ensuring controls are in place to manage risks appropriately.

### Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) received a total of 1,019 complaints against the Home Office during 2015-16. This report was published in December 2016 and is the period for which the most recently published [Parliamentary Ombudsman's report](#) is available.

Organisation	Enquiries received	Complaints assessed	Complaints accepted for investigation	Number of investigations reported on	Investigations upheld or partly upheld	Investigations not upheld	Investigations resolved without a finding*
Gangmasters Licensing Authority	5	3	1	0	0	0	0
HM Passport Office	131	26	9	8	5	0	3
Home Office	107	9	2	3	1	2	0
Independent Complaints Monitor	2	0	0	0	0	0	0
Office of the Immigration Services Commissioner	5	3	0	0	0	0	0
Police (Under Victim's Code)	13	6	4	2	2	0	0
Security Industry Authority	9	2	0	0	0	0	0
The Disclosure and Barring Service	63	2	1	0	0	0	0
UK Border Agency	20	2	0	0	0	0	0
UK Border Force	75	37	19	17	14	3	0
UK Immigration Enforcement	11	6	4	4	4	0	0
UK Visas and Immigration	578	206	75	40	30	9	1
<b>Home Office – TOTAL</b>	<b>1,019</b>	<b>302</b>	<b>115</b>	<b>74</b>	<b>56</b>	<b>14</b>	<b>4</b>

\*These are complaints where the Ombudsman starts an investigation but are able to resolve the complaint without having to formally complete the investigation.

All recommendations made by the Ombudsman were complied with.

The Home Office is committed to providing a high quality service to both internal and external customers. Inevitably however, things do sometimes go wrong. When this happens the Home Office is committed to take any complaints made seriously. Every complaint is investigated thoroughly by a specially trained officer at the appropriate level of authority.

The Home Office deals with two types of complaints, formal and operational:

- formal complaints are those made by outside organisations about the behaviour of members of staff; and
- operational complaints refer to the way in which a person's case is dealt with.

The Department believes that complaints are an opportunity to improve its services and looks upon complaints as opportunities for us:

- 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.

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.

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>

### **Performance in responding to correspondence from the public**

In 2016-17, Home Office Headquarters received 9,384 letters and emails from the public which required our response. We replied to 93% of this correspondence within the target of 20 working days.

## 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 and its sponsored Non-Departmental Public Bodies designated by order made under the GRAA by Statutory Instrument 2016 No.323 amended by GRAA Amendment Order 1243 (together known as the 'Departmental group' consisting of the Department and sponsored bodies listed at note 17 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.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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 HM 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;
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable;
- state whether applicable accounting standards, as set out in the 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.

As far as the Accounting Officer is aware, there is no relevant audit information of which the 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.

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

**Philip Rutnam**  
Accounting Officer  
7 July 2017

## **Governance Statement**

### **Scope of Responsibility**

This Governance Statement covers the period ending 31 March 2017 but will remain open until the Home Office Annual Report and Accounts are signed.

I was appointed as the new Permanent Secretary and Accounting Officer of the Home Office on 5 April 2017 succeeding Mark Sedwill.

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 Non-Departmental Public Bodies (NDPBs) and other public bodies. My relationship with these Accounting Officers is set out in statements contained in the respective Framework Arrangements, Financial Memoranda and designatory letters. Each of the Home Office NDPBs produce their own Governance Statement which are published in their Annual Report and Accounts.

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

### **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.

## Governance Structure

The main elements of the governance structure are:

### The Departmental Board

#### Chaired by the Home Secretary

As per the Code of Corporate Governance Guidance, the Home Office Departmental Board forms the collective strategic and operational leadership of the Department. It is chaired by the Home Secretary and brings together the ministerial team, senior civil service leaders and non-executive directors from outside government.

Its remit is to advise on, and challenge, the Department's performance and delivery, and to provide the strategic leadership of the Department.

It has met on two occasions between April 2016 and March 2017. Detailed attendance for 2016-17 can be found in the annex at the end of the Governance Statement.

### The Executive Management Board (now known as the Executive Committee) Chaired by the Permanent Secretary

The Board has responsibility for driving the development of the Department's leadership and wider capability. The Board provides strategic oversight on the Home Office people agenda, including core people management and leadership matters. The Board maintains oversight of performance and risk and plays a leading role in managing the Home Office's reputation. It also discusses and challenges the development of the Home Office's key policies and programmes, and ensures that all parts of the organisation are working together effectively.

In 2016-17, the Board met during the first week of each month, with an additional meeting and/or Senior Talent Board the third week of each month.

Membership during the year comprised:

- The Permanent Secretary
- The Second Permanent Secretary
- All Directors General (DG)
- Home Office Legal Advisor
- Director Communications
- Chief Scientific Advisor
- Lead Non-Executive Director (NED) and other NEDs as required

## The Home Office Audit and Risk Assurance Committee (ARAC)

The ARAC provides independent advice to the Accounting Officer and Departmental Board members on the adequacy of arrangements for corporate governance, internal control and risk management.

The ARAC comprises two Non-Executive Home Office Departmental Board members, together with independent external members. Everyone else who attends does so only when they are invited.

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

The Committee's oversight extends to all NDPBs in the Home Office group. They each have their own audit and risk assurance committee, with arrangements in place for audit assurances and significant issues arising within their remit to be notified to the Home Office ARAC and the Accounting Officer.

Members review the comprehensiveness of the internal audit coverage in meeting the Departmental Board and Accounting Officer's needs, and assess the reliability, quality and integrity of these assurances.

During the period of this report, the ARAC considered the following topics:

- The Chief Internal Auditor's Opinion for 2015-16;
- The ARAC Annual Report for 2015-16;
- Approval of the 2015-16 Home Office Annual Report and Accounts;
- The National Audit Office (NAO) 2015-16 Audit Completion Report;
- The NAO Management Letter for 2015-16, including audit recommendations;
- NAO Planning Report for 2016-17 for the Home Office Annual Report and Accounts;
- The NAO Interim Progress Report;
- A number of NAO value for money reports;
- Departmental Cyber Security arrangements;
- Transformation governance and assurance arrangements;
- The management and reporting of Departmental risk;

- Home Office debt collection arrangements;
- Internal Audit Plan update reports;
- Internal Audit Outstanding Actions Updates;
- The draft Internal Audit planning strategy for 2017-18; and
- Home Office 2016-17 Period 9 Governance Statement.

The ARAC met on six occasions between April 2016 and March 2017. Attendance at those meetings is outlined in the annex following this Governance Statement.

The Chair has provided updates for the Departmental Board on the work of the ARAC. The Chair also submits an annual report which includes an assessment of the effectiveness of the Department's control framework.

### **Sub-committees**

In addition to these governing boards the Department also had the following sub-committees that have met during the year to inform the Boards.

#### **Borders, Immigration and Citizenship Board Chaired by the Second Permanent Secretary**

This Board is responsible for providing oversight on Home Office operational performance across the Border, Immigration and Citizenship System, ensuring alignment with wider government strategy, and progress in delivering the Government's immigration agenda.

Its membership consists of:

- The Second Permanent Secretary
- All Border, Immigration and Citizenship DGs
- DG Capabilities & Resources
- Director, Immigration and Border Policy
- Director, International
- Specific Directors and Chief Operating Officers dependent on agenda



## **The Strategic Capabilities Board (SCB)**

### **Chaired by the Permanent Secretary**

The SCB provides strategic oversight of the development of strategic capabilities across the three systems for which the Home Office has responsibility: public safety, national security and border, immigration and citizenship.

Membership:

- The Permanent Secretary
- The Second Permanent Secretary
- Home Office DGs
- Leadership from law enforcement and security partners

## **Portfolio & Investment Committee**

### **Chaired by DG, Capabilities and Resources**

Considers and makes investment approval decisions on programme and project business cases, and reviews the overall Home Office portfolio and regularly scrutinises individual programmes and projects during their lifecycle.

## **Finance & Workforce Committee**

### **Chaired by DG, Capabilities and Resources**

Acts as an advisory group for the development of financial and workforce strategies to ensure the Department's current and future budgets are used effectively to deliver strategic aims for submission to the Executive Committee and Departmental Board for decision making. The Committee takes decisions with respect to certain procedural issues and agrees on strategies for evaluating issues which cut across various functional areas. It provides corporate oversight of the management of budgets and workforce, and also ensures that there is optimal coordination across the Department to deliver business plans.

## **Senior Leadership Group on Safety and Risk**

### **Chaired by Director, Performance & Risk**

The Group reviews and monitors the main risks to the Home Office and advises the Executive Committee and Departmental Board on what should be included on the departmental risk register, the effectiveness of mitigation measures, and the maturity of risk management procedures across the Department. The nature of the Department's business means that it has to manage a range of significant risks across its operational, policy and enabling functions. Risks are identified and updated monthly and agreed by the Board.

The principal **strategic and operational risks** contained in the Departmental Risk Register are currently focused on the areas set out in the table below. More information on these risks is set out in the performance pages of each system in this Annual Report. The key issues the Department faced in this reporting year are set out in detail on pages 45 - 48 of this Governance Statement.

<b>Current areas of risk focus</b>	<b>Corresponding pages of report</b>
Preventing terrorist attacks against the UK	Pages 8 -10
Driving reforms of law enforcement capability to tackle falling but evolving crime	Pages 10 - 12
Identifying and responding to child sexual exploitation and abuse and exploitation of vulnerable groups within society, including modern slavery	Pages 11, 14 - 16
Managing the volume of immigration to the UK and maintaining a secure border	Pages 18 - 21
Dealing with foreign criminality	Page 11
Ensuring that we make a success of exiting the European Union	Page 45

### **People Board**

#### **Chaired by DG, Capabilities and Resources**

The Board is responsible for the strategic oversight and implementation of the people agenda across the Home Office and for all decisions related to that, including all people management and leadership issues.

### **Senior Talent Board**

#### **Chaired by the Permanent Secretary**

The Board oversees senior talent management in the Department with a focus on individuals. It deals with related policy issues, such as Senior Civil Servants pay, the leadership model and the resilience of succession plans across the organisation.

## Evaluation of Board Effectiveness

The lead Non-Executive Director has provided an evaluation of the effectiveness of the Board and this can be found on pages 29 – 30 of this Annual Report.

## Brexit

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 starts a two-year negotiation process between the UK and the EU.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is disclosed. In accordance with accounting standards, no contingent assets can be recognised.

During this two year period, which includes the full duration of the next accounting period, the UK remains a full member of the EU with all the rights and obligations arising from membership. There are no significant impacts on the financial statements in the short term from making the formal notification. Managing the implications of Brexit and preparing for a new immigration and security relationship with Europe represents a challenge for the Home Office.

We will co-ordinate our response through the **Home Office EU Exit Board**, chaired by the Second Permanent Secretary. Reporting into this Board will be the **EU Exit Immigration Portfolio Board**, chaired by the DG Border, Immigration and Citizenship Policy and Strategy Group, and the **EU Exit Security and Data Steering Group**, which covers law enforcement and security for Brexit, chaired by the Europe Director. These boards will be responsible for the policy options and will work with operations to ensure any option put forward can be delivered.

In addition, the **Prioritisation, Design and Planning Board** chaired by the Borders, Immigration, and Citizenship Strategy Director, will be responsible for ensuring that whatever the final policy outcome is, we can deliver it as an organisation: that we make the right prioritisation choices to ensure that critical building blocks for a new system are in place, and that we have the right capabilities and resources.

## Key issues occurring in the Governance Statement

### Reform of the Police Funding Formula

On 14 September 2016, the Minister of State for Policing and the Fire Service wrote to all Police and Crime Commissioners (PCCs) setting out the Government's plans for reforming the Police Funding Formula by launching the Police Core Grant Distribution Review. The Police Core Grant Distribution Review, is one of a number of separate but

linked projects sitting within the overarching Police Transformation Programme. The first stage of the Review consists of three strands:

- The Senior Sector Group, which provided strategic oversight and considered policy issues on proposals for a new funding formula.
- The Technical Reference Group, chaired by Professor Tim Holt, former President of the Royal Statistical Society and ex-Director of the Office for National Statistics, advised on technical elements of proposals for a new funding formula, including the most appropriate data sources, the suitability of indicators and weighting techniques.
- The Minister of State for Policing and the Fire Service operated an open door policy with all PCCs and forces wishing to discuss the formula directly.

Once the Review is complete, Ministers will consider its findings carefully before reaching decisions on next steps. There will be a formal public consultation before any new formula is introduced.

### **Emergency Services Mobile Communications Programme**

The Programme is working to minimise contract extensions following a revised Mobilisation plan received from the User Services supplier, which initiated a nine month extension to go live. The extension has meant milestone payments moving from 2016-17 into 2017-18, as well as corresponding adjustments in a number of the related projects and their expenditure profiles. We are working to maintain robust service arrangements during the transition period, and to ensure that costs are manageable and within Spending Review totals. Key challenges outstanding include placing the remaining related projects onto contract.

### **Confiscation Orders**

In March 2016, the National Audit Office published their report 'Confiscation Orders: progress review', which was the subject of Public Accounts Committee (PAC) hearings on 18 April 2016 and 3 May 2016. In June 2016 the PAC concluded they were disappointed by the lack of progress in improving the system.

The Department and its operational partners have committed to a number of significant actions in response to the PAC's recommendations (and those of the Home Affairs Select Committee) including the publication of an Asset Recovery Action Plan later in 2017. In addition, the Criminal Finances Bill, which was introduced to Parliament in October 2016, introduces new powers to recover assets and improve the response to money laundering. The Bill received Royal Assent on 27 April 2017.

## **Child Sexual Abuse**

In August 2016 Dame Lowell Goddard, Chair to the Independent Inquiry into Child Sexual Abuse resigned. The Home Secretary subsequently appointed Professor Alexis Jay to lead the Inquiry. One of Professor Jay's first actions was to conduct an internal review of the Inquiry's strands of investigation. The review, published in December 2016, refocuses the Inquiry and lays out a detailed schedule of work for 2017. In late February 2017, the first public hearings began at the International Dispute Resolution Centre in central London.

## **Syrian Vulnerable Persons Resettlement Programme**

Our tri-departmental approach with the Department for International Development and the Department for Communities and Local Government has seen great success in the resettlement of vulnerable people through the Syrian Vulnerable Persons and Children's Resettlement Schemes. Alongside our existing Gateway and Mandate resettlement schemes we have made good progress in helping the most vulnerable. We remain on track to meet our public commitments including the resettlement of 20,000 refugees by 2020.

The NAO's report on the Scheme that was published on 12 September 2016 recognised that the Syrian Vulnerable Persons Resettlement Scheme in the UK was successfully expanded at speed, with good partnership working across central and local government.

The PAC heard evidence on 7 November 2016 and they published their report on 13 January 2017. The PAC recognise the progress being made in our resettlement programme and they made eight recommendations which we are currently working through.

## **Clandestine Surge**

Last year's Governance Statement reported that high volumes of new asylum applications increased pressures on all aspects of the asylum process. The annual asylum intake for the 2015-16 financial year was up 36% on 2014-15. Intake between January and June 2016 continued to rise and was 30% higher than for the same period in 2015. In the period after June 2016, intake levels declined and remained stable in the latter half of the 2016 calendar year. At the end of December 2016 there had been no known increase in clandestine activity as a result of the closure of the Calais migrant camp. Despite the surge, asylum operations continued to meet their service standard for making straight forward asylum decisions within six months.

## **e-Borders and successor programmes**

Following a PAC report on the e-Borders and successor programmes at the end of March 2016, the Department has been working to progress the recommendations arising from it.

## **Detention Operations**

All immigration removal centres remain under close media scrutiny.

Progress has been made on the implementation of recommendations to protect the vulnerable in detention, notably with the introduction of a new policy for Adults at Risk in September 2016 and the joint Department of Health Mental Health Action Plan published in December 2016. The Policy has been challenged in court, and although there is some evidence of fewer vulnerable people in detention, there are still some major implementation challenges that will take time to bed in. This is an area that we will keep under review in the coming months and work to establish a sensible means of evaluating impact. A follow-up review is planned in September 2017.

## **Cyber Security**

The Home Office has reviewed its stance regarding the increasing level of cyber threat, across a range of key systems and suppliers, which provide some of our most critical and important systems. These reviews were targeted in scope, but identified systemic issues in the way that the Home Office has addressed cyber threats in the past.

We have developed a programme of work to respond to this situation, which quantifies the cyber risks to critical systems and align these to the business risk appetite. The programme addresses the cyber security operations capability and the risks and controls required to operate within the risk tolerance of the organisation.

## **Audit and Assurance Reports**

### **Independent Chief Inspector reports**

The Independent Chief Inspector (ICI) published five reports focussed on Immigration Enforcement in 2016-17. They were:

1. An Inspection of the Intelligence Functions of Border Force and Immigration Enforcement;
2. A short notice inspection of the Home Office response to 'Lorry Drops';
3. The extent to which Police are identifying and flagging up foreign nationals arrested to the Home Office and checking status (Nexus);

4. An inspection of the 'compliant environment' (formerly known as 'hostile environment') measures relating to driving licences and bank accounts; and
5. An inspection of the implementation of the Immigration Act 2014 provisions for tackling sham marriage.

In total there were thirty four recommendations of which thirty three were accepted by Immigration Enforcement. Action has been taken against all of the accepted recommendations with seven already closed. Monitoring of implementation of the remaining recommendations is ongoing.

Additionally, the ICI undertook the first of a series of inspections to assess the efficiency and effectiveness of the compliant environment measures. These measures covered the areas relating to the ability to revoke driving licences for people shown to be in the UK illegally, and the first tranche of measures requiring banks to check immigration status before opening accounts. This inspection looked at measures relating to driving licences and bank accounts. The report (published in October 2016) recognised the positive and productive relationships between the Home Office and DVLA and Cifas (Credit Industry Fraud Avoidance Service) which have led to effective and collaborative working, enabling issues to be identified and problems to be resolved. The main areas of challenge identified by the ICI were:

- a lack of definitive evidence that the compliant environment measures inspected are encouraging illegal migrants to leave or discouraging attempts to come to the UK illegally; or that they have resulted in reduced demand for public services;
- opportunities for using 'new' information resulting from our data sharing processes to progress cases towards conclusion were not fully exploited; and
- the quality of data stored on Home Office systems is lacking, which the ICI has found in a number of his previous inspections.

We are taking action to ensure all recommendations are implemented by mid 2017.

## Internal Audit reports

The Government Internal Audit Agency (GIAA) has undertaken a range of work across Home Office business areas. Summaries of finalised reports are received by the Department's ARAC. The Chief Internal Auditor has indicated that a moderate overall assurance rating is appropriate for 2016-17. This opinion is derived from the findings of the programme of work performed so far, which has included reviews of key areas across a range of component parts of the Home Office. The specific reasons for assurance ratings and recommendations made in separate audits are many and varied. The Chief Internal Auditor's view is that the measures being put in place to develop corporate capacity and capability in risk management, governance and internal control are positive and the direction of travel is still one of improvement. In forming his opinion he has previously highlighted the need to:

1. Improve guidance for staff.
2. Establish effective second line of defence capability in the Department.
3. Implement outstanding agreed internal audit recommendations.

In reaching a moderate opinion this year he has noted the following improvements:

1. The programme to improve guidance led by Borders, Immigration and Citizenship Strategy Policy and Strategy Group, Europe Directorate and International Directorate is advancing albeit with lots still to do. He has carried out further specific audit work on this during 2016-17 and offered Moderate assurance in respect of the programme.
2. Second line of defence arrangements in the operational parts of the business are much more established than previously although the level of maturity varies. He has also recommended increased central co-ordination to drive value for money and ensure coverage of key risks and coverage of the Department's Assurance Framework.
3. The number of overdue Internal Audit actions has declined. But although this is good progress and the focus that ARAC, Executive Committee and the Departmental Board have lent to this is recognised, there is still more to do and he emphasises the importance of having a systematic approach to keeping on top of internal audit actions plus those actions that relate in particular to NAO, PAC, Independent Chief Inspector of Borders and HM Inspectorate of Constabulary reports.



Building on his existing analysis and using audit findings from 2016-17, the Chief Internal Auditor has highlighted the following themes for attention:

- Encourage communication with internal and external stakeholders to help ensure clarity of expectations.
- Need for clear accountabilities.
- Promote greater compliance with core policies and procedures.
- Ensuring that the pace of programmes is not allowed to develop too far ahead of resources and governance structures.
- Need for medium term planning of financial savings to ensure objectives are met in particular concerning Transformation.

## **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 its Departmental Board, with the exception that the Chief Internal Auditor does not receive an invitation to attend the Departmental Board. However, the Chief Internal Auditor does have the facility to provide updates and briefings to the Executive Committee as well as routine sight of the Board agendas and papers. Additionally, the Chief Internal Auditor also has a programme of one to one sessions with the Permanent Secretary.

The Departmental Board has oversight of delivery of the Department's priorities. Through its operation, it 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; reviews financial management; and ensures the Department has the capacity to deliver against current and future needs.

Attendance at the meetings of the Departmental Board is outlined in the annex on page 54.

## Compliance with Legislation

The Home Office's legislative environment is complex and a process of periodic review has been established to confirm compliance. An issue was found that is now resolved, involving the General Register Office and the removal of primary legislation, however this was temporary and covered by secondary legislation and the Interpretation Act 1976.

## Whistleblowing

Since April 2004, the Home Office has had a whistleblowing policy to address concerns about past, present or imminent wrongdoing that conflict with the Civil Service Code.

At the end of 2014, the Government accepted a series of recommendations made by the PAC, which focussed on ensuring whistleblowers are supported and that departments are accountable for the effectiveness of their whistleblowing practices, including collecting and reporting data to the Cabinet Office.

The Home Office has strengthened its procedures as a result. For example, there is a new whistleblowing hotline which is publicised to staff. Improved awareness has led to an increase in the number of referrals to the hotline. The number of Nominated Officers whose role is to handle concerns has also increased. An independent team of investigators, separate from business areas, can investigate thoroughly concerns that are raised. Notably, six referrals to the hotline led to an investigation which in turn has led to improvements in Departmental procedures and new safeguards. Finally, there is a Board-level Senior Responsible Officer for whistleblowing to ensure that obligations are met.

## Analytical Quality Assurance

In line with the Macpherson report into the quality assurance of analytical models that inform government policy, the Home Office has an established Analytical Quality Assurance (AQA) Model Board, which has now had five quarterly meetings. All business critical models have been registered, and the process of reviewing these is well underway, with 16 out of 41 presented at the Board so far and recommendations made for each. The remaining models will be reviewed by the end of 2017-18. To support the Board, a governance process for business critical models has been designed, and was launched on the Home Office intranet site in September 2016. This ensures that analysts are using a consistent format to document quality assurance activities, and that risks and limitations are acknowledged by model owners. Two training sessions have been designed to address some common technical issues that have emerged, and further work is underway to address wider issues.

## Localism

A large proportion of Home Office funding is directed through grants to local delivery organisations. Assurance is gained regarding probity and regularity 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.

We encourage 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'.

Grant funding allocated to Police and Crime Commissioners (PCCs) contributes to the delivery of the Home Office Vision Statement and aligns with the Government's priorities, as outlined in the Home Office Business Plan. PCCs are accountable for the grant funding, which have to be directed towards enhancing their policing capabilities and operational policing activities to comply with the Police Act 1996. PCCs 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. Through the checks on arrangements to secure efficiency, it provides some assurance on value for money.

## Conclusion

I have considered the evidence provided with regards to the production of the Annual Governance Statement and the independent advice and assurance provided by the Audit and Risk Committee. We have a wide ranging portfolio in the Home Office to deliver effective services to the public and central to that are the good governance processes that work across the board for all to achieve their aims.

I conclude that the Department has moderate governance and risk management systems with effective plans to ensure continuous improvement.

**Philip Rutnam**

Accounting Officer  
7 July 2017

## Annex to Governance Statement

### Board and Committee attendance during 2016-17

Name of Board member	Meeting attendance per board member of meetings eligible to attend		
	Departmental Board	Executive Management Board	Audit and Risk Assurance Committee
<b>Rt Hon Amber Rudd MP, Home Secretary</b> (From 14 July 2016)	2/2	N/A	N/A
<b>Rt Hon Theresa May MP, Home Secretary</b> (Until 13 July 2016)	–	N/A	N/A
<b>Robert Goodwill MP, Minister of State for Immigration</b> (From 15 July 2016)	2/2	N/A	N/A
<b>James Brokenshire MP, Minister of State for Immigration</b> (Until 13 July 2016)	–	N/A	N/A
<b>Rt Hon Brandon Lewis MP, Minister of State for Policing and the Fire Service</b> (From 15 July 2016)	2/2	N/A	N/A
<b>Rt Hon Mike Penning MP, Minister of State for Policing, Fire and Criminal Justice and Victims</b> (Jointly with Ministry of Justice) (Until 14 July 2016)	–	N/A	N/A
<b>Rt Hon Ben Wallace MP, Minister of State for Security</b> (From 15 July 2016)	2/2	N/A	N/A
<b>Rt Hon John Hayes MP, Minister for Security</b> (Until 14 July 2016)	–	N/A	N/A
<b>Baroness Williams, Lords Minister</b> (From 15 July 2016)	1/2	N/A	N/A
<b>Sarah Newton MP, Parliamentary Under Secretary of State for Vulnerability, Safeguarding and Counter Extremism</b> (From 16 July 2016)	1/2	N/A	N/A
<b>Baroness Shields OBE, Parliamentary Under Secretary of State for Internet Safety and Security</b> (Jointly with DCMS until January 2017. Solely Home Office from January 2017)	0/2	N/A	N/A
<b>Lord Ahmad, Minister for Countering Extremism</b> (Until 15 July 2016)	–	N/A	N/A
<b>Karen Bradley MP, Minister for Preventing Abuse, Exploitation and Crime</b> (Until 13 July 2016)	–	N/A	N/A
<b>Richard Harrington MP, Parliamentary Under Secretary of State</b> (Jointly with DCLG and DFID) (Until 15 July 2016)	–	N/A	N/A
<b>Mark Sedwill, Permanent Secretary</b>	2/2	15/15	2/6
<b>Patsy Wilkinson, Second Permanent Secretary</b> (From 30 August 2016)	2/2	9/10	N/A
<b>Oliver Robbins, Second Permanent Secretary</b> (Until 3 July 2016)	–	4/4	N/A
<b>Paul Lincoln, Director General, Crime, Policing and Fire Group</b> (From 1 May 2016); Also <b>Acting Director General, Office of Security and Counter-Terrorism</b> (Until 3 June 2016)	1/2	9/12	N/A
<b>Mary Calam, Director General, Crime, Policing and Fire Group</b> (Until 3 June 2016)	–	1/2	N/A
<b>Tom Hurd, Director General, Office of Security and Counter-Terrorism</b> (From 4 April 2016)	2/2	12/15	N/A
<b>Hugh Ind, Acting Director General, Immigration Enforcement</b> (From 12 September 2016)	–	9/9	N/A
<b>Mandie Campbell, Director General, Immigration Enforcement</b> (Until 30 September 2016)	–	5/6	1/1
<b>Mike Parsons, Director General, Capabilities &amp; Resources</b>	2/2	14/15	6/6
<b>Peter Fish, Director General, Legal</b>	–	10/15	N/A
<b>Mark Thomson, Director General, HM Passport Office and Registrar General</b> (Also from 12 September 2016) <b>Director General, UK Visas and Immigration</b>	–	12/15	1/1
<b>Sarah Rapson, Director General, UK Visas and Immigration</b> (Until 7 October 2016)	–	5/6	N/A
<b>Sir Charles Montgomery, Director General, Border Force</b>	–	13/15	1/1
<b>Peter Storr, International Director &amp; Senior Director for International and Immigration Policy Group</b> (Until 29 August 2016)	–	3/5	N/A
<b>Glyn Williams, Acting Director General, BICS Policy &amp; Strategy</b> (From March 2017)	–	1/1	N/A
<b>Simon Wren, Director, Communications</b>	–	11/15	N/A
<b>Bernard Silverman, Chief Scientific Adviser</b>	–	7/15	N/A
<b>Sue Langley, Chair Audit &amp; Risk Assurance Committee</b> (until December 2016) and <b>Lead Non-Executive Director</b>	1/2	3/3	4/6
<b>Suzy Levy, Non-Executive Director</b>	2/2	7/7	N/A
<b>Adrian Joseph, Non-Executive Director</b>	2/2	–	N/A
<b>Nicholas Shott, Non-Executive Director</b> (From 9 March 2017)	0/1	–	N/A
<b>John Studzinski, Non-Executive Director, Audit &amp; Risk Assurance Committee</b> (From 25 April 2016) <b>Chair Audit &amp; Risk Assurance Committee</b> (From January 2017)	0/2	1/1	4/6
<b>Anne Tutt, Independent member, Audit &amp; Risk Assurance Committee</b>	N/A	N/A	6/6
<b>Terry Price, Independent member, Audit &amp; Risk Assurance Committee</b>	N/A	N/A	6/6

The Departmental Board meeting on 29 June 2016 was cancelled due to the referendum.

Not all members were invited to every meeting held.

Apologies had been received from all members who were unable to make any of the meetings to which they were invited.

Only Non-Executive Directors and Independents are members of the Audit & Risk Assurance Committee. Everyone else who attends do so only when they are invited.

## Remuneration and Staff Report

### Staffing

#### 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 continuing to look to attract a larger number of female senior civil servants to work in the Department.

The Home Office 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.

In addition we have held focus group discussions to explore the Women in Whitehall report's findings and recommendations on the barriers to the progression of talented women. These discussions identified four common themes around: leadership and culture; children and ageism; policy and practice and the retention of talent. We agreed priorities to be taken forward, which include focus on supporting women to fulfil their potential, confidence building and improving opportunities by providing better support for parents and pro-actively promoting flexible working opportunities.

The following table shows the gender split of staff across the Department as at 31 March 2017. This is reported on a headcount basis for all staff in post as at that date.

#### Number of male and female employees<sup>1</sup>

	Female	Male	Total at 31 March 2017
Directors <sup>2</sup>	1	10	11
Senior Managers <sup>3</sup>	98	161	259
Employees	16,449	15,724	32,173

<sup>1</sup> Based on headcount (not full-time equivalent). Includes permanent and temporary employees.

<sup>2</sup> Members of the Executive Management Board (now Executive Committee).

<sup>3</sup> All managers at Senior Civil Service (SCS) level.

## Comparison with the numbers in 2015-16

Male directors have increased by 2 and female directors decreased by 2.

Female senior managers have increased by 5, male senior managers have increased by 3.

The total employee figure has increased by 4% (females increased by 2%; males increased by 5%).

## 2015-16 Comparison Table

### Number of male and female employees<sup>4</sup>

	Female	Male	Total at 31 March 2016
Directors <sup>5</sup>	3	8	11
Senior Managers <sup>6</sup>	93	158	251
Employees	16,095	14,939	31,034

## Employment of disabled persons policy

We work to ensure that disability is not regarded as a barrier to recruitment or promotion. The Department is committed to ensuring that disabled staff have access to the same opportunities as other staff, not only when they first join the Department but at all stages in their career. Additionally, we provide internal support to staff with disabilities through the Home Office disability network (ABLE). We also have a number of buddy networks for a variety of disabilities where staff can obtain peer support and advice.

The Department operates a 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.

## Staff Sickness

The rolling year average working days lost to sick absence for the Home Office as at 31 March 2017 is 7.14 days (7.09 days in 2015-16). This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.

<sup>4</sup> Based on headcount (not full-time equivalent). Includes permanent and temporary employees.

<sup>5</sup> Members of the Executive Management Board (now Executive Committee).

<sup>6</sup> All managers at Senior Civil Service (SCS) level.

**Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2017**

Salary Bands	SCS within the range as at end of March 2017	Percentage
£60,000 - £70,000	11	5.02%
£70,000 - £75,000	26	11.87%
£75,000 - £80,000	41	18.72%
£80,000 - £85,000	36	16.44%
£85,000 - £90,000	24	10.96%
£90,000 - £95,000	19	8.68%
£95,000 - £100,000	13	5.94%
£100,000 - £105,000	13	5.94%
£105,000 - £115,000	10	4.57%
£115,000 - £120,000	6	2.74%
£120,000 - £130,000	5	2.28%
£130,000 - £150,000	11	5.02%
£150,000 - £165,000	0	0.00%
£165,000 - £170,000	2	0.91%
£170,000 - £175,000	1	0.46%
£200,000 - £205,000	1	0.46%
<b>Grand Total</b>	<b>219</b>	<b>100.00%</b>

This information has been extracted from Data View, the Department's single source of Office for National Statistics compliant monthly snapshot corporate Human Resources data, using actual salaries as at the end of March 2017.

Staff numbers are headcount of SCS, including grade equivalents.

Where individual £5k bands contain less than five individuals, some have been combined as per ONS statistical disclosure controls. However, those earning above £150k are subject to full disclosure.

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



## 2015-16 Comparison Table

### Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2016

Salary Bands	SCS within the range as at end of March 2015	Percentage
£60,000 – £70,000	17	7.56%
£70,000 – £75,000	31	13.78%
£75,000 – £80,000	42	18.67%
£80,000 – £85,000	28	12.44%
£85,000 – £90,000	28	12.44%
£90,000 – £95,000	21	9.33%
£95,000 – £100,000	15	6.67%
£100,000 – £105,000	8	3.56%
£105,000 – £115,000	8	3.56%
£115,000 – £125,000	8	3.56%
£125,000 – £130,000	6	2.67%
£130,000 – £142,500	8	3.56%
£142,500 – £150,000	0	0.00%
£150,000 – £155,000	1	0.44%
£155,000 – £160,000	2	0.89%
£160,000 – £165,000	1	0.44%
£200,000 – £205,000	1	0.44%
<b>Grand Total</b>	<b>225</b>	<b>100.00%</b>

### Spend on consultancy services and temporary staff

The Home Office has a robust consultancy and contingent labour (CCL) expenditure control process which has been the subject of continuing improvement and review to ensure it is fit for purpose. This process ensures that all requests to appoint or extend existing engagements for temporary labour and external consultancy services requires approval by the External Resources Governance (ERG) Board, made up of relevant Heads of Profession and chaired by the Chief Commercial Officer. This control covers the Home Office core, agencies and NDPBs.

The CCL approvals process is owned and managed by the Chief Commercial Officer and was established in October 2010; requests for approvals are reviewed every week. Consultancy requests over £20,000, if approved by the ERG Board, are submitted to the DG Capabilities & Resources who operates under delegation from the Home Secretary for requirements up to the value of £200,000. Requests above this value also go to the Permanent Secretary for approval and then onwards to the Home Secretary and the relevant minister. All Consultancy requests over 9 months or related to procurement support are also submitted to The Cabinet Office Efficiency & Reform Group, Spending Controls Team for additional scrutiny and approval.

Temporary Labour requirements are subject to review and scrutiny against business resource plans and departmental engagement criteria based on Cabinet Office, CCS and HMRC guidance and good practice. Additional scrutiny requiring the personal approval of DG Capabilities and Resources is also required for any engagements for SCS equivalent roles, durations likely to exceed two years and requirements attracting a charge rate of greater than £900 per day.

Full year spend in 2016-17 on CCL by the Home Office, including agencies and NDPBs, was £75.747 million. The figure represents an increase of £15.786 million from 2015-16 spend which was £59.961 million.

The spend on consultancy services of £13.348 million is the lowest spend by the Department on such services in the last eight years.

The Home Office monitors Temporary Staff costs to ensure that the continuing expenditure represents best value for money for the organisation. Of the £62 million spend by the Home Office Group on temporary staff, £25 million is for agency staff predominantly in UK Visas and Immigration, Her Majesty's Passport Office and Immigration Enforcement. This represents an increase in spend on this category of external resource compared to the previous Financial Year 2015-16, where the spend was just over £20 million. Agency staff have been retained primarily as a flexible resource to deal with backlogs in migrant casework, passport application/examination and asylum applications.

The remainder of the Temporary Labour spend was associated with the engagement of specialist contractors and interim managers, primarily to assist the Home Office with our transformation plans and to deliver our Digital strategy.

<b>Consultancy Services</b>	<b>2016-17 total expenditure (£000)</b>	<b>2015-16 total expenditure (£000)</b>
Home Office core Department	11,866	10,574
College of Policing	296	456
Security Industry Authority	1,047	2,935
Gangmasters and Labour Abuse Authority	139	0
<b>TOTAL</b>	<b>13,348</b>	<b>13,965</b>

<b>Contingent Labour/Agency Costs</b>	<b>2016-17 total expenditure (£000)</b>	<b>2015-16 total expenditure (£000)</b>
Home Office core Department	54,539	38,320
Independent Police Complaints Commission	4,740	3,223
College of Policing	2,377	3,110
Security Industry Authority	674	1,342
Gangmasters and Labour Abuse Authority	69	0
<b>TOTAL</b>	<b>62,399</b>	<b>45,995</b>

<b>Total Consultancy Services and Contingent Labour/ Agency Costs</b>	<b>2016-17 total expenditure (£000)</b>	<b>2015-16 total expenditure (£000)</b>
Home Office core Department	66,405	48,894
Independent Police Complaints Commission	4,740	3,223
College of Policing	2,673	3,566
Security Industry Authority	1,721	4,278
Gangmasters and Labour Abuse Authority	208	0
<b>TOTAL</b>	<b>75,747</b>	<b>59,961</b>

### 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 high 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 2017, for more than £220 per day and that last for longer than six months.

	<b>Main Department</b>	<b>Agencies</b>	<b>ALBs</b>
<b>Number of existing engagements as of 31 March 2017</b>	198	n/a	17
Of which:			
Number that have existed for less than one year at time of reporting	144	n/a	8
Number that have existed for between one and two years at time of reporting	38	n/a	4
Number that have existed for between two and three years at time of reporting	5	n/a	4
Number that have existed for between three and four years at time of reporting	5	n/a	1
Number that have existed for four or more years at time of reporting	6	n/a	0

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 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months.

	Main Department	Agencies	ALBs
<b>Number of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017</b>	170	n/a	10
Number of the above which include contractual clauses giving the Department the right to request assurance in relation to income tax and National Insurance obligations	170	n/a	10
Number for whom assurance has been requested	170	n/a	10
Of which:			
Number for whom assurance has been received	163	n/a	9
Number for whom assurance has not been received*	7	n/a	1
Number that have been terminated as a result of assurance not being received.	0	n/a	0

\*Assurance is being pursued.

**Table 3:** For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017.

	Main Department	Agencies	ALBs
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year.	0	n/a	0
Number 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.	16	n/a	27

## The rest of this report is audited information

### Staff Costs

	Permanently employed staff	Others	Ministers	Special advisers	2016-17 £000 Departmental Group Total	Restated 2015-16 £000 Departmental Group Total
Wages and salaries	988,939	111,030	277	203	1,100,449	1,083,830
Social security costs	96,700	17	31	24	96,772	73,920
Other pension costs	193,409	–	–	46	193,455	199,022
<b>Sub Total</b>	<b>1,279,048</b>	<b>111,047</b>	<b>308</b>	<b>273</b>	<b>1,390,676</b>	<b>1,356,772</b>
Less recoveries in respect of outward secondments	(1,380)	–	–	–	(1,380)	(1,083)
<b>Total net costs</b>	<b>1,277,668</b>	<b>111,047</b>	<b>308</b>	<b>273</b>	<b>1,389,296</b>	<b>1,355,689</b>
Of which:						
Core Department	1,167,136	89,446	308	273	1,257,163	1,233,889
Core Department and Agencies	1,167,136	89,446	308	273	1,257,163	1,233,889
Departmental Group	1,277,668	111,047	308	273	1,389,296	1,355,689

The total amount of capitalised staff costs not included in the figures above is £0.2 million (£1.2 million in 2015-16).

### Staff Costs by Business Segment

Business Segment	Permanently employed staff	Others	Ministers	Special advisers	2016-17 £000 Departmental Group Total	Restated 2015-16 £000 Departmental Group Total
Crime and Policing Group	162,033	36,154	–	–	198,187	200,920
Office for Security and Counter-Terrorism	36,953	2,142	–	–	39,095	38,460
Border Force	359,525	14,553	–	–	374,078	363,160
UK Visas & Immigration	217,208	37,959	–	–	255,167	229,679
Immigration Enforcement	198,514	9,331	–	–	207,845	203,361
International and Immigration Policy	20,917	412	–	–	21,329	24,878
HM Passport Office	119,049	4,102	–	–	123,151	125,619
Enablers	163,741	6,394	308	273	170,716	169,612
<b>Total Staff Costs</b>	<b>1,277,668</b>	<b>111,047</b>	<b>308</b>	<b>273</b>	<b>1,389,296</b>	<b>1,355,689</b>

The 2015-16 results have been restated to take account of Machinery of Government Changes (see Note 18 for details).

### **(a) Defined Benefit Schemes**

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘Alpha’ – are unfunded multi-employer defined benefit schemes but the Home Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk>).

For 2016-17, employers’ contributions of £177.0 million were payable to PCSPS and CSOPS (2015-16 £195.3 million) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, 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 2016-17 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. For 2016-17, employers’ contributions of £1.4 million were paid to one or more of the panel of three appointed stakeholder pension providers (2015-16: £1.4 million). Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £246,800 (2015-16: £143,800), 0.5% 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 2017 were £14.7 million (2015-16: £14.9 million). Contributions prepaid at that date were £nil (2015-16: £nil).

45 persons (2015-16: 51) retired early on ill-health grounds; the total accrued pension liabilities in the year amounted to £173,775 (2015-16: £142,100).

### **(c) By Analogy Pension Scheme**

The Home Office also operates a ‘Broadly by Analogy’ (BBA) Pension Scheme. This scheme is analogous with the 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 BBA 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.

## Average number of persons employed

The average number of full-time equivalent persons employed during the year was as follows.

Business Segment	2016-17					2015-16
	Permanently employed staff	Others	Ministers	Special advisers	Total	Total
Crime, Policing and Fire Group	2,634	322	–	–	2,956	3,442
Office for Security and Counter-Terrorism	662	72	–	–	734	719
Border Force	7,602	68	–	–	7,670	7,911
UK Visas & Immigration	5,932	535	–	–	6,467	6,541
Immigration Enforcement	4,755	214	–	–	4,969	5,171
International and Immigration Policy	454	13	–	–	467	457
HM Passport Office	3,803	4	–	–	3,807	4,199
Enablers	3,352	476	15	6	3,849	4,125
Staff engaged on capital projects	2	–	–	–	2	–
<b>Total</b>	<b>29,196</b>	<b>1,704</b>	<b>15</b>	<b>6</b>	<b>30,921</b>	<b>32,565</b>
Of which:						
Core Department	27,433	1,495	15	6	28,949	29,938
Core Department and Agencies	27,433	1,495	15	6	28,949	29,938
Departmental Group	29,196	1,704	15	6	30,921	32,506

Included within the staff numbers above are 2 members of staff who were engaged in capital projects (2015-16: 11).

The 2015-16 results have been restated to take account of Machinery of Government Changes (see Note 18 for details).



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

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Core Department & Agencies	Number of compulsory redundancies	Number of other departures agreed	Departmental Group
			Total number of exit packages by cost band			Total number of exit packages by cost band
Less than £10,000	– (–)	10 (56)	10 (56)	– (–)	11 (56)	11 (56)
£10,000 – £25,000	3 (3)	28 (108)	31 (111)	3 (3)	30 (111)	33 (114)
£25,000 – £50,000	2 (–)	18 (146)	20 (146)	2 (–)	21 (154)	23 (154)
£50,000 – £100,000	2 (–)	31 (86)	33 (86)	2 (–)	36 (87)	38 (87)
£100,000 – £150,000	– (–)	1 (3)	1 (3)	(–)	1 (4)	1 (4)
<b>Total number of exit packages by type</b>	<b>7 (3)</b>	<b>88 (399)</b>	<b>95 (402)</b>	<b>7 (3)</b>	<b>99 (412)</b>	<b>106 (415)</b>
<b>Total Resource cost (£000)</b>	<b>244 (48)</b>	<b>3,625 (14,039)</b>	<b>3,869 (14,087)</b>	<b>244 (48)</b>	<b>4,150 (14,664)</b>	<b>4,394 (14,712)</b>

Comparative figures for the prior year are shown in brackets.

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 exits, 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.

## Remuneration Report

### Service Contracts

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

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

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

### Remuneration Policy

The remuneration of senior civil servants is set by the Cabinet Office following independent advice from the Review Body on Senior Salaries.

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

- the need to recruit, retain and motivate, and where relevant, promote suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion 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 shall consider any factors that the Government and other witnesses may draw to its attention. In particular, it shall have regard to:

- differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind;
- changes in national pay systems, including flexibility and the reward of success; and job weight in differentiating the remuneration for particular posts;
- the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

The Review Body may make other recommendations as it sees fit:

- to ensure that, as appropriate, the remuneration of the remit groups relates coherently to that of their subordinates, encourages efficiency and effectiveness; and takes account of the different management and organisational structures that may be in place from time to time;
- to relate reward to performance as appropriate;
- to maintain the confidence of those covered by the Review Body's remit that its recommendations have been properly and fairly determined;
- to ensure that the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.

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

Further information about the work of the Review Body can be found at [www.gov.uk/government/organisations/review-body-on-senior-salaries](http://www.gov.uk/government/organisations/review-body-on-senior-salaries).

### **Ministers**

The Ministers responsible for the Department during 2016-17 are reported on pages 31.

### **Membership of the Home Office Departmental Board**

The membership of the Departmental Board during 2016-17 can be found in the annex to the Governance Statement on page 54.

### **Executive Management Board (now known as the Executive Committee)**

The membership of the Executive Management Board during 2016-17 is found in the annex to the Governance Statement on page 54.

### **Non-executive directors**

The information details relating to the non-executive directors is reported on page 33.

## 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 2015-16 performance year the committees comprised:

<b>Pay Band 3 Remuneration Committee</b>
Mark Sedwill (Chair), Olly Robbins, Sue Langley, Paula Leach.
<b>Pay Band 2 Remuneration Committee</b>
Mark Sedwill (Chair), Olly Robbins, Mary Calam*, Mandie Campbell, Tom Hurd, Paul Lincoln, Sir Charles Montgomery, Mike Parsons, Sarah Rapson, Mark Thomson and Paula Leach.
<b>Pay Band 1 Remuneration Committee</b>
Mark Sedwill, (Chair), Olly Robbins, Mary Calam*, Mandie Campbell, Tom Hurd, Paul Lincoln, Sir Charles Montgomery, Mike Parsons, Sarah Rapson, Mark Thomson and Paula Leach.

\*April 2016 meeting only

The assessment and review of performance for senior civil servants is based on performance, job weight and challenge of the role. Individuals were ranked in one of three performance groups:

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

For the 2015-16 performance year, only Group 1 was eligible for a non-consolidated performance payment. Staff in Group 3 were not eligible for a pay award.

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 2015-16 performance year Cabinet Office guidelines continued to allow 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 non-consolidated pot now stands at 2.8% having converted 0.5% over the last two years to target top performers lower in the pay ranges.

The Home Office awarded staff in Groups 1 & 2 base pay award increases of between 0.65% and 1.55% based on individual performance and position in pay range. Top performers below the median also received further consolidated increases using the converted non-consolidated element. It paid out 1.7% of the SCS pay bill on non-consolidated performance payments to staff in Group 1; this equates to £315,038.

The pay award and bonus payments for the 2015-16 performance year were paid in July 2016. The bonuses were up to £12,000 (Pay Band 3); £10,000 (Pay Band 2) and £7,000 (Pay Band 1) and were offset by any consolidated increases.

The assessment and review of performance for the 2016-17 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.

### Single total figure of remuneration

Ministers	Salary £		Benefits in kind (to nearest £100)		Pension benefits (to nearest '£000) <sup>7</sup>		Total (£ to nearest '£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Rt Hon Amber Rudd MP (from 14 July 2016)	48,270 (67,505)	–	–	–	13,000	–	61,000	–
Rt Hon Theresa May MP (until 13 July 2016)	19,235 (67,505)	67,505	–	–	6,000	33,000	25,000	101,000
Rt Hon Ben Wallace MP (from 15 July 2016)	22,568 (31,680)	–	100	–	6,000	–	29,000	–
Rt Hon John Hayes MP (until 14 July 2016)	9,112 (31,680)	28,103 (31,680)	–	–	3,000	18,000	12,000	46,000
Sarah Newton MP (from 16 July 2016)	15,879 (22,375)	–	–	–	4,000	–	20,000	–
Richard Harrington MP (until 15 July 2016)	6,496 (22,375)	12,244 (22,375)	–	–	1,000	3,000	8,000	16,000
Rt Hon Brandon Lewis MP (from 15 July 2016)	21,120 (31,680)	–	–	–	6,000	–	27,000	–
Rt Hon Mike Penning MP (until 14 July 2016)	9,112 (31,680)	31,680	–	–	3,000	16,000	12,000	47,000
Robert Goodwill MP (from 15 July 2016)	22,568 (31,680)	–	–	–	6,000	–	29,000	–
James Brokenshire MP (until 13 July 2016)	9,027 (31,680)	31,680	–	–	3,000	15,000	12,000	47,000
Karen Bradley MP (until 13 July 2016)	6,376 (22,375)	22,375	–	–	2,000	11,000	8,000	33,000
Baroness Shields <sup>8</sup>	–	–	–	–	–	–	–	–
Baroness Williams <sup>9</sup> (from 15 July 2016)	77,303 (115,257)	–	8,300	–	8,000	–	94,000	–

The salary shown for MP Ministers only relates to the difference between their MP's salary and their minister's salary, as the MP element is paid via the Houses of Parliament and not the Home Office.

<sup>7</sup> 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 or pension rights.

<sup>8</sup> Baroness Shields is an unpaid minister. She was a joint Minister with DCMS until 16 December 2016.

<sup>9</sup> Baroness Williams sits in the House of Lords and is not in receipt of an MP's salary; therefore, her full Ministers' salary is reported here. The figure includes the Lords Office-Holder Allowance.

## Single total figure of remuneration

Board members	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000) <sup>2</sup>		Total (£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Mark Sedwill <sup>10</sup> Permanent Secretary	180-185	180-185	15-20	15-20	–	1,400	69	102	270-275	300-305
Patsy Wilkinson Second Permanent Secretary (from 30 August 2016)	90-95 (155-160)	–	–	–	–	–	76	–	165-170	–
Oliver Robbins Second Permanent Secretary (until 3 July 2016)	35-40 (140-145)	70-75 (140-145)	–	–	–	–	29	67 <sup>11</sup>	65-70	140-145
Paul Lincoln Acting Director General, Office for Security and Counter-Terrorism (until 30th April 2016), Director General, Crime, Policing and Fire Group (from 1 May 2016)	115-120	30-35 (100-105)	5-10	–	–	–	178	35 <sup>12</sup>	300-305	55-60
Mary Calam <sup>13</sup> Director General, Crime and Policing Group (until 3 June 2016)	20-25 (125-130)	125-130	–	–	–	–	–	92	20-25	220-225
Tom Hurd <sup>14</sup> Director General, Office of Security and Counter-Terrorism (from 4 April 2016)	195-200	–	–	–	–	–	152	–	350-355	–
Hugh Ind <sup>15</sup> Acting Director General, Immigration Enforcement (From 12 September 2016)	95-100 (100-105)	–	5-10	–	–	–	67	–	165-170	–
Mandie Campbell Director General, Immigration Enforcement (until 30 September 2016)	65-70 (135-140)	135-140	–	–	–	–	27	70	95-100	205-210
Mike Parsons Director General, Capabilities and Resources	155-160	150-155	10-15	–	–	–	60	59	225-230	210-215
Mark Thomson <sup>16</sup> Director General, HM Passport Office and Registrar General (Also from 12 September 2016) Director General, UK Visas and Immigration	160-165	160-165	10-15	–	–	–	–	–	170-175	160-165
Julie Taylor Director General, People and Transformation (until 3 April 2016)	0-5 (120-125)	130-135 (130-135)	–	5-10	–	–	–	47	0-5	175-180
Sarah Rapson <sup>17</sup> Director General, UK Visas and Immigration (until 7 October 2016)	70-75 (135-140)	130-135	10-15	–	–	–	30	66	110-115	200-205
Sir Charles Montgomery <sup>18</sup> Director General, Border Force	140-145	140-145	–	10-15	1,000	2,400	–	56	140-145	210-215
Peter Storr International Director and Senior Director for International and Immigration Policy Group (until 29 August 2016)	45-50 (110-115)	120-125	5-10	5-10	–	–	10	110	60-65	240-245

Board members	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000) <sup>12</sup>		Total (£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Glyn Williams, Acting Director General, BICS Policy & Strategy (from 9 March 2017)	5-10 (105-110)	–	–	–	–	–	11	–	15-20	–
Non Executive Directors	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000) <sup>12</sup>		Total (£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sue Langley	15-20	15-20	–	–	–	–	–	–	15-20	15-20
Suzy Levy	10-15	5-10 (10-15)	–	–	–	–	–	–	10-15	5-10 (10-15)
Adrian Joseph	10-15	5-10 (10-15)	–	–	–	–	–	–	10-15	5-10 (10-15)
John Studzinski (from 25 April 2016)	10-15	–	–	–	–	–	–	–	10-15	–
Nicholas Shott <sup>19</sup> (from 9 March 2017)	0-5 (10-15)	–	–	–	–	–	–	–	0-5	–

The non-executive directors listed above are those who sat on the Home Office Departmental Board and the Executive Committee. Non-executive directors do not receive bonuses. Other non-executive directors are employed by the Home Office's 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 (£74,962 from 1 April 2016) 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.

10 Mark Sedwill made a salary sacrifice of £1,320.

11 Figure restated due to retrospective upgrade in salary data.

12 Figure restated due to retrospective upgrade in service history.

13 Mary Calam chose not to be covered by the Civil Service pension arrangements during the reporting year.

14 Tom Hurd is on secondment from the Foreign and Commonwealth Office. His reported salary above includes a Continuity of Education Allowance.

15 Included in Hugh Ind's remuneration is a performance related bonus of £6,196 for his previous role. He made a salary sacrifice of £940.

16 Mark Thomson chose not to be covered by the Civil Service pension arrangements during the reporting year.

17 Sarah Rapson made a salary sacrifice of £2,196.

18 Sir Charles Montgomery chose not to be covered by the Civil Service pension arrangements during the reporting year.

19 At his request, Nicholas Shott's fee will be donated directly to charity.

## 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.

## 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 2016-17 relate to performance in 2015-16 and the comparative bonuses reported for 2015-16 relate to the performance in 2014-15.

## 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 in the financial year 2016-17 was £200,000 – £205,000 (2015-16, £200,000 – £205,000). This was 6.3 times (2015-16, 6.5 times) the median remuneration of the workforce, which was £31,932 (2015-16, £31,052).

In 2016-17, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £15,000 – £20,000 to £200,000 – £205,000 (This is the same as the previous year 2015-16).

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. Mark Sedwill has been the highest paid director in both financial years.

	2016-17	2015-16
Band of Highest Paid Director's Total Remuneration (£'000)	200-205	200-205
Median Total (£)	31,932	31,052
Remuneration Ratio	6.3	6.5

During 2016-17 the highest paid director was in the same Remuneration band as 2015-16. The median total for staff has increased by just under £900. These differences explain the decrease in the Remuneration Ratio of 0.2.



## Pension Benefits

	Accrued pension at age 65 as at 31/3/17	Real increase in pension at age 65	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV
Ministers	£'000	£'000	£'000	£'000	£'000
Rt Hon Amber Rudd MP (from 14 July 2016)	0-5	0-2.5	42	30	6
Rt Hon Theresa May MP (until 13 July 2016)	10-15	0-2.5	176	169	4
Rt Hon Ben Wallace MP (from 15 July 2016)	0-5	0-2.5	15	10	2
Rt Hon John Hayes MP (until 14 July 2016)	0-10	0-2.5	99	93	2
Sarah Newton MP (from 16 July 2016)	0-5	0-2.5	9	5	2
Richard Harrington MP (until 15 July 2016)	0-5	0-2.5	5	4	1
Rt Hon Brandon Lewis MP (from 15 July 2016)	0-5	0-2.5	35	31	2
Rt Hon Mike Penning MP (until 14 July 2016)	0-5	0-2.5	62	79	2
Robert Goodwill MP (from 15 July 2016)	0-5	0-2.5	72	63	4
James Brokenshire MP (until 13 July 2016)	0-5	0-2.5	61	59	1
Karen Bradley MP (until 13 July 2016)	0-5	0-2.5	25	24	1
Baroness Shields	-	-	-	-	-
Baroness Williams (from 15 July 2016)	0-5	0-2.5	52	43	2

## Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at <http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

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). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

## 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.

Board members	Accrued pension at pension age as at 31/3/17 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2016	Real increase / (decrease) in CETV	Employer contributions to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Mark Sedwill Permanent Secretary	70-75	2.5-5	1,182	1,095	33	-
Patsy Wilkinson Second Permanent Secretary (from 30 August 2016)	50-55 plus a lump sum of 160-165	5-10 plus a lump sum of 15-20	1,113	981	116	-
Oliver Robbins Second Permanent Secretary (until 3 July 2016)	35-40 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0-2.5	503	473	14	-
Paul Lincoln Acting Director General, Office for Security and Counter-Terrorism (until 30 April 2016), Director General, Crime, Policing and Fire Group (from 1 May 2016)	35-40 plus a lump sum of 20-25	7.5-10 plus a lump sum of 2.5-5	481	356	103	-
Mary Calam Director General, Crime and Policing Group (until 3 June 2016)	-	-	-	-	-	-
Tom Hurd Director General, Office of Security and Counter-Terrorism (From 4 April 2016)	40-45 plus a lump sum of 125-130	5-10 plus a lump sum of 20-25	1,130	922	199	-

Board members	Accrued pension at pension age as at 31/3/17 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2016	Real increase / (decrease) in CETV	Employer contributions to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Hugh Ind, Acting Director General, Immigration Enforcement (From 12 September 2016)	30-35 plus a lump sum of 85-90	2.5-5 plus a lump sum of 5-7.5	522	474	42	-
Mandie Campbell Director General, Immigration Enforcement (until 30 September 2016)	55-60 plus a lump sum of 150-155	0-2.5 plus a lump sum of 0-2.5	971	949	12	-
Mike Parsons Director General, Capabilities and Resources	10-15	2.5-5	178	134	28	-
Mark Thomson Director General, HM Passport Office and Registrar General (Also from 12 September 2016) Director General, UK Visas and Immigration	-	-	-	-	-	-
Julie Taylor Director General, People and Transformation (until 3 April 2016)	5-10	0-2.5	103	104	-1	-
Sarah Rapson Director General, UK Visas and Immigration (until 7 October 2016)	35-40	0-2.5	560	517	13	-
Sir Charles Montgomery Director General, Border Force	-	-	-	-	-	-
Peter Storr International Director and Senior Director for International and Immigration Policy Group (until 29 August 2016)	60-65 plus a lump sum of 185-190	0-2.5 plus a lump sum of 0-2.5	1,340	1,322	9	-
Glyn Williams, Acting Director General, BICS Policy & Strategy (From 9 March 2017)	35-40 plus a lump sum of 115-120	0-2.5 plus a lump sum of 0-2.5	802	791	10	-

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

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**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two 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).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% 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**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### 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.

### Philip Rutnam

Accounting Officer

7 July 2017

## Parliamentary accountability and audit report

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

### Summary of Resource and Capital Outturn 2016-17

	SoPS Note	Estimate			Outturn			2016-17 £000	Restated 2015-16 £000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate: saving/ (excess)	Outturn
<b>Departmental Expenditure Limit</b>									
- Resource	1.1	10,573,025	-	10,573,025	10,493,694	-	10,493,694	79,331	10,357,983
- Capital	1.2	481,914	-	481,914	466,389	-	466,389	15,525	399,273
<b>Annually Managed Expenditure</b>									
- Resource	1.1	2,472,781	-	2,472,781	2,389,331	-	2,389,331	83,450	1,521,249
- Capital	1.2	3,100	-	3,100	-	-	-	3,100	436,558
<b>Total Budget</b>		<b>13,530,820</b>	<b>-</b>	<b>13,530,820</b>	<b>13,349,414</b>	<b>-</b>	<b>13,349,414</b>	<b>181,406</b>	<b>12,715,063</b>
<b>Non-Budget</b>									
- Resource			-			-			-
<b>Total</b>		<b>13,530,820</b>	<b>-</b>	<b>13,530,820</b>	<b>13,349,414</b>	<b>-</b>	<b>13,349,414</b>	<b>181,406</b>	<b>12,715,063</b>
Total Resource		13,045,806	-	13,045,806	12,883,025	-	12,883,025	162,781	11,879,232
Total Capital		485,014	-	485,014	466,389	-	466,389	18,625	835,831
<b>Total</b>		<b>13,530,820</b>	<b>-</b>	<b>13,530,820</b>	<b>13,349,414</b>	<b>-</b>	<b>13,349,414</b>	<b>181,406</b>	<b>12,715,063</b>

### Net Cash Requirement 2016-17

	SoPS Note	2015-16 £000	Estimate	Outturn	2016-17 £000	Outturn compared with Estimate: saving/ (excess)	Restated 2015-16 £000
Net Cash Requirement	3		13,381,043	12,871,311	509,732		13,115,027

### Administration Costs 2016-17

	2016-17 Estimate	2016-17 Outturn	Restated 2015-16 Outturn
	352,467	339,421	375,574

The 2015-16 results have been restated to take account of Machinery of Government Changes (see Note 18 for details).

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between Estimate and Outturn are given in the Performance Summary Section within the Performance Report.

Core tables can be found online at:

<https://www.gov.uk/government/collections/ho-annual-reports-and-accounts>

## Notes to the Statement of Parliamentary Supply

### SOPS 1. Net outturn

#### SOPS 1.1 Analysis of net resource outturn by section

							Outturn	2016-17			Restated
	Administration			Programme			Total	Net total compared to Estimate		Estimate	2015-16
	Gross	Income	Net	Gross	Income	Net		Net Total	to Estimate	Net total compared to Estimate, adjusted for virements	Outturn
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Spending in Departmental Expenditure Limit</b>											
Voted:											
A - Crime, Policing and Fire Group	40,083	(4,296)	35,787	8,354,519	(96,640)	8,257,879	8,293,666	8,366,024	72,358	7,964	8,633,822
B - Office for Security and Counter-Terrorism	41,007	(6)	41,001	977,870	(182,096)	795,774	836,775	856,340	19,565	19,565	711,682
C - Immigration Enforcement	6,043	-	6,043	421,534	(24,321)	397,213	403,256	422,301	19,045	75	413,159
D - UK Visas & Immigration	28,632	-	28,632	1,016,516	(1,380,053)	(363,537)	(334,905)	(517,925)	(183,020)	-	(334,418)
E - International and Immigration Policy Group	20,384	(5)	20,379	36,007	(1,228)	34,779	55,158	142,845	87,687	1,849	27,768
F - Border Force	2,295	-	2,295	498,718	(18,252)	480,466	482,761	500,186	17,425	7,690	576,652
G - HM Passport Office	27,628	(43,232)	(15,604)	234,510	(396,664)	(162,154)	(177,758)	(149,763)	27,995	27,995	(136,904)
H - Enablers	232,315	(32,514)	199,801	711,715	(84,503)	627,212	827,013	831,719	4,706	-	808,484
I - Arms Length Bodies (Net)	21,087	-	21,087	86,641	-	86,641	107,728	121,297	13,569	14,192	85,379
J - European Solidarity Mechanism (Net)	-	-	-	-	-	-	-	1	1	1	-
	<b>419,474</b>	<b>(80,053)</b>	<b>339,421</b>	<b>12,338,030</b>	<b>(2,183,757)</b>	<b>10,154,273</b>	<b>10,493,694</b>	<b>10,573,025</b>	<b>79,331</b>	<b>79,331</b>	<b>10,785,624</b>
<b>Annually Managed Expenditure</b>											
Voted:											
L - AME charges				45,912		45,912	45,912	82,854	36,942	36,942	(542,431)
M - Police and Fire superannuation				2,343,419		2,343,419	2,343,419	2,351,926	8,507	8,507	1,636,039
N - AME charges Arms Length Bodies (Net)						-	-	38,001	38,001	38,001	-
	-	-	-	2,389,331	-	2,389,331	2,389,331	2,472,781	83,450	83,450	1,093,608
<b>Total</b>	<b>419,474</b>	<b>(80,053)</b>	<b>339,421</b>	<b>14,727,361</b>	<b>(2,183,757)</b>	<b>12,543,604</b>	<b>12,883,025</b>	<b>13,045,806</b>	<b>162,781</b>	<b>162,781</b>	<b>11,879,232</b>



## SOPS 1.2 Analysis of net capital outturn by section

	Outturn			2016-17 Estimate			Restated 2015-16
	Gross £000	Income £000	Net £000	Net Total £000	Net total compared to Estimate £000	Net total compared to Estimate, adjusted for virements £000	Outturn
							Net £000
<b>Spending in Departmental Expenditure Limit</b>							
Voted:							
A - Crime, Policing and Fire Group	105,475	-	105,475	82,335	(23,140)	-	272,996
B - Office for Security and Counter-Terrorism	75,861	-	75,861	105,481	29,620	-	60,427
C - Immigration Enforcement	2,032	(2)	2,030	3,100	1,070	1,070	1,250
D - UK Visas & Immigration	2,044	-	2,044	-	(2,044)	-	3,765
E - International and Immigration Policy Group	196	-	196	660	464	464	249
F - Border Force	53,834	818	54,652	70,800	16,148	6,977	33,145
G - HM Passport Office	12,545	-	12,545	14,300	1,755	1,755	14,785
H - Enablers	217,746	(21,127)	196,619	183,012	(13,607)	-	84,416
I - Arms Length Bodies (Net)	16,967	-	16,967	22,226	5,259	5,259	19,209
J - European Solidarity Mechanism (Net)				-	-	-	-
	<b>486,700</b>	<b>(20,311)</b>	<b>466,389</b>	<b>481,914</b>	<b>15,525</b>	<b>15,525</b>	<b>490,242</b>
<b>Annually Managed Expenditure</b>							
Voted:							
L - AME charges			-		-	-	-
M - Police and Fire superannuation			-	3,100	3,100	3,100	345,589
N - AME charges Arms Length Bodies (Net)			-		-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,100</b>	<b>3,100</b>	<b>3,100</b>	<b>345,589</b>
<b>Total</b>	<b>486,700</b>	<b>(20,311)</b>	<b>466,389</b>	<b>485,014</b>	<b>18,625</b>	<b>18,625</b>	<b>835,831</b>

## SOPS 2. Reconciliation of outturn to net operating expenditure

### SOPS 2.1 Reconciliation of net resource outturn to net operating expenditure

		2016-17 £000	Restated 2015-16 £000
	SoPS Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	12,883,025	11,879,232
Non-Budget	1.1	-	-
		12,883,025	11,879,232
Add:			
Capital Grants		179,889	169,317
Capital Expenditure		41,675	61,411
Capital AME*		-	436,572
PFI adjustments		23,095	39,570
Capital disposal adjustments		18,296	23,196
		13,145,980	12,609,298
Less:			
Income payable to the Consolidated Fund		106,190	110,740
Capital Grant Income		20,311	25,163
		126,501	135,903
<b>Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>13,019,479</b>	<b>12,473,395</b>

\*This represents the total lump sum settlements to eligible retired officers as a result of the Pensions Ombudsman ruling which found GAD guilty of maladministration in 2015.

### SOPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/ (excess) £000
<b>Resource Outturn</b>	1.1	13,045,806	12,883,025	162,781
<b>Capital Outturn</b>	1.2	485,014	466,389	18,625
<b>Accruals to cash adjustments</b>		(149,777)	(478,103)	328,326
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(181,524)	(124,695)	(56,829)
Add cash grant-in-aid		132,700	116,796	15,904
<i>Adjustments to remove non-cash items:</i>				
Depreciation and Amortisation		(234,277)	(237,473)	3,196
New provisions and adjustments to previous provisions		(78,000)	(78,115)	115
Other non-cash items		(676)	30,611	(31,287)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in inventories		-	(657)	657
Increase/(decrease) in receivables		60,000	110,314	(50,314)
(Increase)/decrease in payables		152,000	(328,536)	480,536
(Increase)/decrease in pension liability		-	18	(18)
Use of provisions		-	33,634	(33,634)
		<b>13,381,043</b>	<b>12,871,311</b>	<b>509,732</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund Standing Services				-
Other adjustments				-
<b>Net cash requirement</b>		<b>13,381,043</b>	<b>12,871,311</b>	<b>509,732</b>

## SOPS 4. Income payable to the Consolidated Fund

### SOPS 4.1 Analysis of income payable to the Consolidated Fund

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

	Outturn 2016-17		Restated Outturn 2015-16	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Income outside the ambit of the Estimate	106,190	113,576	110,740	101,155
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>	<b>106,190</b>	<b>113,576</b>	<b>110,740</b>	<b>101,155</b>

### SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in SOPS note 4.1 above does not include any amounts collected by the Department where it was acting as agent for 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 2016-17, HM Treasury allowed the Department to retain £17 million of this income (£9 million in 2015-16), 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 Financial Statements. The amounts collected as agent for the Consolidated Fund were:

#### SOPS 4.2.1 Penalties raised

	2016-17	2015-16
	£000	£000
Immigration Penalties Raised	(3,713)	(3,714)
Civil Penalties Raised	(19,020)	(43,902)
Total Penalties Raised	(22,733)	(47,616)
Less: Element retained by the Home Office	6,000	9,000
	<b>(16,733)</b>	<b>(38,616)</b>

#### SOPS 4.2.2 Write-offs

	2016-17	2015-16
	£000	£000
Immigration Penalties	-	-
Civil Penalties	33,925	21,490
	<b>33,925</b>	<b>21,490</b>

### SOPS 4.2.3 Receivables

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
Immigration Penalties	684	844
Civil Penalties	95,496	73,637
	96,180	74,481
Accrued Income		-
<i>Less: Provision for Doubtful Receivables</i>	<i>(57,498)</i>	<i>(43,320)</i>
	<b>38,682</b>	<b>31,161</b>

### SOPS 4.2.4 Payable to the Consolidated Fund

	<b>2016-17</b>	<b>2015-16</b>
	<b>£000</b>	<b>£000</b>
<b>Total Payable to the Consolidated Fund</b>	<b>38,682</b>	<b>31,161</b>

### 3. Parliamentary Accountability Disclosures

#### 3.1 Losses and special payments

##### 3.1.1 Losses Statement

Losses are transactions of a type which Parliament could not have foreseen 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. The prior year figures have been restated accordingly.

	2016-17				2015-16			
	Core Department & Agencies		Departmental Group		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Losses under £300,000	1,452	1,030	1,457	1,081	479	721	482	722
Losses over £300,000	4	5,138	4	5,138	1	1,894	1	1,894
<b>Total</b>	<b>1,456</b>	<b>6,168</b>	<b>1,461</b>	<b>6,219</b>	<b>480</b>	<b>2,615</b>	<b>483</b>	<b>2,616</b>
Cases over £300,000 comprise:								
Fruitless Payments	1	2,072	2	4,272	-	-	-	-
Constructive Losses	-	-	-	-	1	1,894	1	1,894
Exchange rate fluctuations	3	3,065	3	3,065	-	-	-	-
<b>Total</b>	<b>4</b>	<b>5,137</b>	<b>5</b>	<b>7,337</b>	<b>1</b>	<b>1,894</b>	<b>1</b>	<b>1,894</b>

A fruitless payment of £2.1 million was incurred by the Home Office as a result of the cancellations of scheduled flights intended to remove ineligible asylum seekers, which were subsequently cancelled due to asylum seekers being granted the right to appeal.

The Home Office incurred three losses over £300,000 relating to Exchange rate Fluctuations. These were: £1 million relating to the European Integration Fund 2012 Fund; £1 million for Asylum Migration and Integration Fund (AMIF) Asylum Fund, and £1 million relating to the AMIF Integration Fund.

### 3.1.2 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.

	2016-17				Restated 2015-16			
	Core Department & Agencies		Departmental Group		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Special Payments under £300,000	6,012	40,328	6,171	40,451	4,969	27,577	4,970	27,662
Special Payments over £300,000	1	5,740	1	5,740	6	4,653	6	4,653
<b>Total</b>	<b>6,013</b>	<b>46,068</b>	<b>6,172</b>	<b>46,191</b>	<b>4,975</b>	<b>32,230</b>	<b>4,976</b>	<b>32,315</b>

The Home Office paid an exemplary fine of £366,900 after securing retrospective approval from the Chief Secretary of the Treasury in relation to breaching the control process in negotiating the salaries of the Chair of the Independent Inquiry into Child Sexual Abuse (IICSA) as well as each of the four panel members of the IICSA, in financial year 2015-16.

Payments totalling £40.3 million were made by the Home Office in relation to 6,011 legal claims. These include 4,173 adverse legal cost payments totalling £33.4 million; 195 ex-gratia cases totalling £1.1 million; 1,598 compensation payments totalling £3.3 million; 32 cases of unlawful detention totalling £1.8 million and 13 cases of tribunal costs totalling £700,000.

A payment of £5.7 million was made by the Home Office to settle a contractual claim, in order to avoid legal and other costs.

### 3.2 Fees and Charges

This note has been revised to satisfy the Fees and Charges requirements of HM Treasury rather than *IFRS 8 Operating Segments*. Categories of income and costs below £10 million have been excluded from this analysis. The prior year figures have been restated accordingly.

Immigration Health Surcharge income has not been included in the table below as the service is provided by the Department of Health.

Analysis of income from services provided to external and public sector companies

Segment	Note	2016-17					
		Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target	
		£000	£000	£000	%	%	
Crime, Policing and Fire Group	College of Policing – People Development	1	15,235	28,681	(13,446)	53	-
Crime, Policing and Fire Group	SIA – Licensing and ACS Income	2	24,955	22,921	2,034	109	100
Crime, Policing and Fire Group	DBS – Disclosures and Update Service	3	154,282	140,280	14,002	110	100
UK Visas & Immigration	International Group – Visas	4	705,376	364,158	341,218	194	192
UK Visas & Immigration	Immigration Group – In country	5	476,999	279,322	197,677	171	192
HM Passport Office	Passports	6	424,078	323,897	100,181	131	100
HM Passport Office	Certificate Services	7	16,581	21,900	(5,319)	76	-
Enablers	Information Services	8	148,318	413,269	(264,951)	36	-
			<b>1,965,824</b>	<b>1,594,428</b>	<b>371,396</b>		

This analysis of income satisfies the Fees and Charges requirements of HM Treasury rather than *IFRS 8 Operating Segments*. Categories of income and costs below £10 million have been excluded from this analysis.



Notes:

1. People Development includes exams and assessments, learning and development services and leadership development services.
2. The Security Industry Authority (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 an 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.

3. An Enhanced DBS Check 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 to keep their DBS certificates up to date online and allows employers to check a certificate online.

4. UKVI International Group is responsible for issuing Visas. The Group's cost recovery target is 192% with the additional income from fees contributing to the overhead costs within the Department.
5. UKVI Immigration Group deals with UK based applications for permanent settlement and Nationality applications. The Group's cost recovery target is 192% with the additional income from fees contributing to the overhead costs within the Department.
6. 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, that is, those born on or before 2 September 1929.
7. Certificate Services 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.
8. Information Services includes the Airwave radio service, Hendon Data Centre, police science as well as project support and IT systems.

Segment		Note	Income	Full Cost	Surplus / (deficit)	Restated 2015-16	
						Fee recovery actual	Fee recovery target
						£000	£000
Crime and Policing Group	College of Policing – People Development	1	14,581	26,337	(11,756)	55	-
Crime and Policing Group	SIA – Licensing and ACS Income	2	29,567	25,536	4,031	116	100
Crime and Policing Group	DBS Disclosures and Update Service	3	146,646	126,937	19,709	116	100
UK Visas & Immigration	International Group – Visas	4	637,112	379,810	257,302	168	169
UK Visas & Immigration	Immigration Group – In country	5	449,633	271,290	178,343	166	201
HM Passport Office	Passports	6	476,548	411,971	64,577	116	100
HM Passport Office	Certificate Services	7	14,451	12,705	1,746	114	-
Enablers	Information Services	8	143,651	365,402	(221,751)	39	-
			<b>1,912,189</b>	<b>1,619,988</b>	<b>292,201</b>		

### 3.3 Remote Contingent Liabilities

The Department has 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.

As reported on page 45, the impact of the UK Government notification to leave the EU in accordance with Article 50 and any subsequent legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is noted.

#### 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.

##### 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% of the resulting costs, for example redundancy payment or property cost.

## **Border Force New Detection Technology (NDT)**

The following minutes have been used to notify Parliament of the contingent liability relating to the Border Force 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 ISO containers. 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 Home Office. Passive Millimetric Wave Imager ISO containers. 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 Home Office in the juxtaposed control zone and commenced operation in Spring 2004.
- iv) **Ostend:** 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 ISO container.

The minutes also refer to the following:

Indemnity in respect of the deployment and/or demonstration of NDT by the Border Force 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 dated 14 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 Harmondsworth and Campsfield Immigration Removal Centres.

### **Credit Industry Fraud Avoidance Service (CIFAS) – Fraud Protection Service**

(Minutes dated 23 November 2011 and 2 March 2016)

To indemnify bodies against erroneous data entered on the CIFAS database, resulting in claims lodged against those organisations.

### **Cyclamen (Minute dated 29 May 2009)**

Indemnities to various port and airport authorities with the maximum exposure limited to £115 million, and with no individual indemnity being above £10 million.

### **Chief Inspector of the Border Force – legal title remains Chief Inspector of UKBA**

As part of the secondment of the Chief Constable of Tayside Police to the position of independent Chief Inspector of UKBA, a contingent liability associated with pension entitlements falling to the Home Office was created.

### 3.4 Finance Guarantees, Indemnities and Letter of Comfort

The Department has also 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.

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

	1 April 2016	Increase in year	Liabilities crystallised in year	Obligation expired in year	31 March 2017
	£000	£000	£000	£000	£000
<i>Indemnities</i>					
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 granted in relation to Cyclamen programme up to a maximum €10 million. (Minute dated 17 July 2009)	7,920	(131)	–	–	7,789
Indemnity arising from Riot Damage Costs. (Minute dated 21 May 2012)	10,000	–	–	–	10,000
	<b>69,920</b>	<b>(131)</b>	<b>–</b>	<b>–</b>	<b>69,789</b>

The €10 million indemnity granted in relation to Cyclamen has been translated at £ sterling exchange rates as at 31 March 2017.

**Philip Rutnam**  
Accounting Officer  
7 July 2017

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

I certify that I have audited the financial statements of the Home Office and of its Departmental Group for the year ended 31 March 2017 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 2016. 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information within the Remuneration and Staff Report and the Parliamentary Accountability and Audit report that is described in those reports and disclosures 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 and Account 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 2017 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 2017 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.

## **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit 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.

**Sir Amyas C E Morse**  
**7 July 2017**

**Comptroller and Auditor General**

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

## 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 2017

		2016-17 £000		Restated 2015-16 £000	
	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Income from sale of goods and services	5	(1,973,969)	(2,127,119)	(1,809,914)	(1,955,114)
Other operating income	5	(451,524)	(486,413)	(508,760)	(547,150)
<b>Total operating income</b>		<b>(2,425,493)</b>	<b>(2,613,532)</b>	<b>(2,318,674)</b>	<b>(2,502,264)</b>
Staff costs	3	1,257,164	1,389,296	1,233,889	1,355,689
Grants					
Main Police Grants	4	7,421,597	7,421,597	7,630,720	7,630,720
Police Pensions top-up Grant	4	1,795,742	1,795,742	1,636,876	1,636,876
Fire Pensions top-up Grant	4	547,679	547,679	-	-
Other	4	1,807,970	1,809,093	1,292,349	1,294,620
Purchase of goods and services	4	1,043,639	1,076,963	1,108,367	1,156,608
Depreciation and impairment charges	4	247,406	259,470	245,410	257,659
Provision expense	4	75,930	76,437	(185,890)	(185,780)
Other operating expenditure	4	1,106,317	1,224,561	1,712,629	1,796,435
Grant in Aid to NDPBs		116,796	-	114,315	-
<b>Total operating expenditure</b>		<b>15,420,240</b>	<b>15,600,838</b>	<b>14,788,665</b>	<b>14,942,827</b>
Finance expense	4	31,953	32,173	32,340	32,832
<b>Net expenditure for the year</b>		<b>13,026,700</b>	<b>13,019,479</b>	<b>12,502,331</b>	<b>12,473,395</b>

## Other Comprehensive Net Expenditure

		2016-17 £000		Restated 2015-16 £000	
	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Items which will not be reclassified to net operating costs:					
– Net (gain)/loss on revaluation of property plant & equipment	6	(29,251)	(30,347)	(12,053)	(14,169)
– Net (gain)/loss on revaluation of Intangible assets	7	(13,486)	(13,674)	(24)	(11)
– Actuarial (gain)/loss on pension scheme liabilities		3	293	36	36
<b>Comprehensive net expenditure for the year</b>		<b>12,983,966</b>	<b>12,975,751</b>	<b>12,490,290</b>	<b>12,459,251</b>

All activities are continuing operations.

The 2015-16 results have been restated to take account of Machinery of Government changes (see Note 18 for details).

The notes on pages 104 to 141 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 2017

		2016-17 £000		Restated 2015-16 £000		Restated 2014-15 £000	
	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
<b>Non-current assets:</b>							
Property, plant and equipment	6	1,075,700	1,112,698	1,045,717	1,080,217	1,065,661	1,096,233
Intangible assets	7	405,036	462,090	407,183	461,761	459,514	508,957
Trade receivables and other non-current assets	12	-	802	-	1,168	-	1,648
<b>Total non-current assets</b>		<b>1,480,736</b>	<b>1,575,590</b>	<b>1,452,900</b>	<b>1,543,146</b>	<b>1,525,175</b>	<b>1,606,838</b>
<b>Current assets:</b>							
Assets classified as held for sale		2,356	2,356	2,356	2,356	6,991	6,991
Inventories		7,708	7,708	8,365	8,365	12,713	12,713
Trade and other receivables	12	581,317	581,470	473,188	491,174	437,152	441,815
Cash and cash equivalents	11	184,875	268,697	167,569	242,751	140,971	209,711
<b>Total current assets</b>		<b>776,256</b>	<b>860,231</b>	<b>651,478</b>	<b>744,646</b>	<b>597,827</b>	<b>671,230</b>
<b>Total assets</b>		<b>2,256,992</b>	<b>2,435,821</b>	<b>2,104,378</b>	<b>2,287,792</b>	<b>2,123,002</b>	<b>2,278,068</b>
<b>Current liabilities:</b>							
Provisions	14	63,494	65,383	37,950	39,193	598,808	599,592
Trade and other payables	13	2,082,144	2,133,666	1,746,583	1,810,430	1,498,287	1,560,371
<b>Total current liabilities</b>		<b>2,145,638</b>	<b>2,199,049</b>	<b>1,784,533</b>	<b>1,849,623</b>	<b>2,097,095</b>	<b>2,159,963</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>111,354</b>	<b>236,772</b>	<b>319,845</b>	<b>438,169</b>	<b>25,907</b>	<b>118,105</b>
<b>Non-current liabilities:</b>							
Other payables	13	277,937	279,040	284,683	286,930	289,200	295,678
Provisions	14	127,752	129,119	110,999	112,632	177,197	179,422
Pensions liability		75	2,411	93	2,135	353	2,395
<b>Total non-current liabilities</b>		<b>405,764</b>	<b>410,570</b>	<b>395,775</b>	<b>401,697</b>	<b>466,750</b>	<b>477,495</b>
<b>Assets less liabilities</b>		<b>(294,410)</b>	<b>(173,798)</b>	<b>(75,930)</b>	<b>36,472</b>	<b>(440,843)</b>	<b>(359,390)</b>
<b>Taxpayers' equity and other reserves:</b>							
General fund		(553,196)	(436,295)	(317,039)	(207,444)	(695,122)	(614,528)
Revaluation reserve		258,861	264,908	241,202	246,051	254,529	257,430
Pensions reserve		(75)	(2,411)	(93)	(2,135)	(250)	(2,292)
<b>Total equity</b>		<b>(294,410)</b>	<b>(173,798)</b>	<b>(75,930)</b>	<b>36,472</b>	<b>(440,843)</b>	<b>(359,390)</b>

The 2015-16 results and 2014-15 results have been restated to take account of Machinery of Government changes (see Note 18 for details).  
The notes on pages 104 to 141 form part of these accounts.

**Philip Rutnam**  
Accounting Officer  
7 July 2017

## 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 Department's future public service delivery.

for the year ended 31 March 2017

		2016-17		Restated 2015-16	
	Note	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Cash flows from operating activities</b>					
Net operating cost		(13,026,700)	(13,019,479)	(12,502,331)	(12,473,395)
Adjustments for non-cash transactions		355,848	369,273	848,237	861,330
(Increase)/decrease in trade and other receivables	12	(108,129)	(89,930)	(36,036)	(48,879)
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(2,185)	(1,820)	(3,181)	(3,206)
(Increase)/decrease in inventories		657	657	4,348	4,348
Increase/(decrease) in trade payables	13	328,815	315,346	243,779	241,311
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		(279)	5,205	(28,574)	(18,272)
Use of provisions	14	(33,634)	(33,760)	(454,450)	(454,693)
Increase/(decrease) in pension liability		(18)	276	(157)	(157)
<b>Net cash outflow from operating activities</b>		<b>(12,485,625)</b>	<b>(12,454,232)</b>	<b>(11,928,365)</b>	<b>(11,891,613)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	6	(145,796)	(153,408)	(89,857)	(97,397)
Purchase of intangible assets	7	(102,370)	(111,929)	(90,751)	(103,224)
Proceeds of disposal		16,753	16,746	6,789	7,286
Proceeds of disposal of intangibles		897	1,026	-	-
<b>Net cash outflow from investing activities</b>		<b>(230,516)</b>	<b>(247,565)</b>	<b>(173,819)</b>	<b>(193,335)</b>
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (Supply) - current year		12,841,263	12,841,263	12,217,055	12,217,055
From the Consolidated Fund (Supply) - prior year		-	-	-	-
Advances from the Contingencies Fund		-	-	555,000	555,000
Repayments to the Contingencies Fund		-	-	(555,000)	(555,000)
Capital element of payments in respect of finance leases and on balance sheet (SoFP) PFI contracts		(38,583)	(44,287)	(36,764)	(47,558)
<b>Net financing</b>		<b>12,802,680</b>	<b>12,796,976</b>	<b>12,180,291</b>	<b>12,169,497</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>86,539</b>	<b>95,179</b>	<b>78,107</b>	<b>84,549</b>
<b>Payments of amounts due to the Consolidated Fund</b>		<b>(69,233)</b>	<b>(69,233)</b>	<b>(51,509)</b>	<b>(51,509)</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>17,306</b>	<b>25,946</b>	<b>26,598</b>	<b>33,040</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>167,569</b>	<b>242,751</b>	<b>140,971</b>	<b>209,711</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>184,875</b>	<b>268,697</b>	<b>167,569</b>	<b>242,751</b>

The 2015-16 results have been restated to take account of Machinery of Government changes (see Note 18 for details).

The notes on pages 104 to 141 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). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a Department, to the extent that the total is not represented by other reserves and financing items.

### for the year ended 31 March 2017

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
<b>Balance at 31 March 2015</b>		<b>107,454</b>	<b>257,430</b>	<b>(2,292)</b>	<b>362,592</b>
Opening balance adjustment		-	-	-	-
<b>Restated balance at 1 April 2015</b>		<b>107,454</b>	<b>257,430</b>	<b>(2,292)</b>	<b>362,592</b>
Net Parliamentary Funding - drawn down		12,217,055	-	-	12,217,055
Net Parliamentary Funding - deemed		124,775	-	-	124,775
Supply (payable)/receivable adjustment		(98,542)	-	-	(98,542)
Excess Vote - prior year		-	-	-	-
Amounts payable to the Consolidated Fund		(110,740)	-	-	(110,740)
Comprehensive Net Expenditure for the year		(12,473,395)	-	-	(12,473,395)
<b>Non-Cash Adjustments:</b>		-	-	-	-
Net gain/(loss) on revaluation of property, plant and equipment	6	-	14,169	-	14,169
Net gain/(loss) on revaluation of intangible assets	7	-	11	-	11
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	370	-	-	370
Notional charges and income		(4)	-	-	(4)
External transfers		9	-	-	9
Actuarial gain/(loss) in year		-	-	136	136
Release of reserves to the Statement of Comprehensive Net Expenditure		36	-	-	36
Transfers between reserves		25,538	(25,559)	21	-
		-	-	-	-
<b>Balance at 31 March 2016</b>		<b>(207,444)</b>	<b>246,051</b>	<b>(2,135)</b>	<b>36,472</b>
Of which:					
Core Department		(317,039)	241,202	(93)	(75,930)
Agencies		-	-	-	-
NDPBs		109,595	4,849	(2,042)	112,402
		<b>(207,444)</b>	<b>246,051</b>	<b>(2,135)</b>	<b>36,472</b>

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
<b>Balance at 31 March 2016</b>		<b>(207,444)</b>	<b>246,051</b>	<b>(2,135)</b>	<b>36,472</b>
Net Parliamentary Funding - drawn down		12,841,263	-	-	12,841,263
Net Parliamentary Funding - deemed		98,542	-	-	98,542
Supply (payable)/receivable adjustment		(68,494)	-	-	(68,494)
Amounts payable to the Consolidated Fund		(106,190)	-	-	(106,190)
Comprehensive Net Expenditure for the year		(13,019,479)	-	-	(13,019,479)
<b>Non-Cash Adjustments:</b>					
Net gain/(loss) on revaluation of property, plant and equipment	6	-	30,347	-	30,347
Net gain/(loss) on revaluation of intangible assets	7	-	13,674	-	13,674
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	360	-	-	360
Actuarial gain/(loss) in year		-	-	(293)	(293)
Other		3	-	-	3
Transfers between reserves		25,146	(25,164)	17	(1)
<b>Balance at 31 March 2017</b>		<b>(436,295)</b>	<b>264,908</b>	<b>(2,411)</b>	<b>(173,798)</b>
Of which:					
Core Department		(553,197)	258,861	(74)	(294,410)
Agencies		-	-	-	-
NDPBs		116,902	6,047	(2,337)	120,612
		<b>(436,295)</b>	<b>264,908</b>	<b>(2,411)</b>	<b>(173,798)</b>

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

for the year ended 31 March 2017

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
<b>Balance at 31 March 2015</b>		<b>26,860</b>	<b>254,529</b>	<b>(250)</b>	<b>281,139</b>
Net Parliamentary Funding - drawn down		-	-	-	-
Net Parliamentary Funding - deemed		12,217,055	-	-	12,217,055
Supply (payable)/receivable adjustment		124,775	-	-	124,775
Excess Vote - prior year		(98,542)	-	-	(98,542)
Amounts payable to the Consolidated Fund		(110,740)	-	-	(110,740)
Comprehensive Net Expenditure for the year		(12,502,331)	-	-	(12,502,331)
<b>Non-Cash Adjustments:</b>					
Net gain/(loss) on revaluation of property, plant and equipment	6	-	12,053	-	12,053
Net gain/(loss) on revaluation of intangible assets	7	-	24	-	24
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	370	-	-	370
Notional charges and income		86	-	-	86
External transfers		9	-	-	9
Actuarial gain/(loss) in year		-	-	136	136
Release of reserves to the Statement of Comprehensive Net Expenditure		36	-	-	36
Transfers between reserves		25,383	(25,404)	21	-
<b>Balance at 31 March 2016</b>		<b>(317,039)</b>	<b>241,202</b>	<b>(93)</b>	<b>(75,930)</b>

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
<b>Balance at 31 March 2016</b>		<b>(317,039)</b>	<b>241,202</b>	<b>(93)</b>	<b>(75,930)</b>
Net Parliamentary Funding - drawn down		12,841,263	-	-	12,841,263
Net Parliamentary Funding - deemed		98,542	-	-	98,542
Supply (payable)/receivable adjustment		(68,494)	-	-	(68,494)
Amounts payable to the Consolidated Fund		(106,190)	-	-	(106,190)
Comprehensive Net Expenditure for the year		(13,026,700)	-	-	(13,026,700)
<b>Non-Cash Adjustments:</b>					
Net gain/(loss) on revaluation of property, plant and equipment	6	-	29,253	-	29,253
Net gain/(loss) on revaluation of intangible assets	7	-	13,486	-	13,486
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	360	-	-	360
Actuarial gain/(loss) in year		-	-	(3)	(3)
Release of reserves to the Statement of Comprehensive Net Expenditure		-	-	-	-
Other		3	-	-	3
Transfers between reserves		25,059	(25,080)	21	-
<b>Balance at 31 March 2017</b>		<b>(553,196)</b>	<b>258,861</b>	<b>(75)</b>	<b>(294,410)</b>

The notes on pages 102 to 139 form part of these accounts.

## Notes to the Departmental Resource Accounts

### 1. Statement of accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with the 2016-17 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 to show Outturn against Estimate in terms of the net resource requirement and the net cash requirement.

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 and intangible assets.

#### 1.2 Restatement of 2015-16 Results

The results for 2015-16 have been restated to include the Machinery of Government transfer of Fire and Rescue Services from the Department of Communities and Local Government to the Home Office.

#### 1.3 Basis of consolidation

These accounts are the consolidation of the Core Department, its five Executive Non-Departmental Public Bodies (NDPBs) and the College of Policing. The NDPBs consolidated within the Departmental boundary are: Disclosure and Barring Service (DBS), Independent Police Complaints Commission (IPCC), Office of the Immigration Services Commissioner (OISC), Security Industry Authority (SIA) and the Gangmasters and Labour Abuse Authority (GLAA). The College of Policing is a company limited by guarantee. It is classified as an Arms Length Body by the Treasury, and is consolidated within the Departmental boundary as a NDPB.

The NDPBs also produce and publish their own Annual Report and Accounts. Transactions between entities included in the consolidated accounts are eliminated.

The impact of the Machinery of Government change to the accounts is detailed in Note 18.

#### 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.

### *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.

### *Police Pensions top-up grant accrual*

The Department makes a grant to police forces to match the estimated deficit in their police pension schemes for the year. 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.

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

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

Cost comprises the amount of cash paid to acquire the asset and includes any costs directly attributable to making the asset capable of operating as intended. 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 Sarah M Brydon DipSurv MRICS of the VOA, who is a registered valuer recognised by the Royal Institute of Chartered Surveyors. The valuation was carried out as of 31 March 2016.

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
- Transport equipment – 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.

## 1.6 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the period ending 31 March. Where no active market exists the Department uses published indices to assess the depreciated replacement cost. Internally generated intangible assets, are not capitalised unless it is a development cost. 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. 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 7 to the accounts refers to these assets as Information Technology.

### *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.

## 1.7 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.

## 1.8 Service concessions

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; and
- 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 1.7 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 asset (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 and intangible assets. 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.

## 1.9 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.

## 1.10 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.

## 1.11 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 £300,000 (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; and

- all items (whether or not they arise in the normal course of business) over £300,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FRoM 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.

## 1.12 Income

Income which relates directly to the operating activities of the Department is stated net of VAT. These principally comprise fees and charges for services provided on a full cost basis to external customers.

Income receivable for Passport fees is recognised when services and goods are issued. Free passports issued for all British Nationals born on or before 2 September 1929 that was introduced on 18 October 2004 is financed by Parliamentary Supply drawn down by the Home Office. Passport fees include an element relating to consular protection services provided by the FCO worldwide. These costs are not retained by the Home Office and are remitted to HM Treasury as Consolidated Fund Extra Receipts.

Income receivable for fees charged in respect of applications for visas and immigration documents is not recognised until the application process has been completed and a decision is made.

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.

## 1.13 Pensions

### *Principal Civil Service Pension Scheme (PCSPS):*

The Department recognises the expected costs 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.

### *Civil Servants and Others Pension Scheme (CSOPS):*

CSOPS known as Alpha is an unfunded, defined benefit scheme which started on 1 April 2015. The Department recognises the expected costs on a systematic and rational basis over the period during which it benefits from employees' services by payments to the CSOPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the CSOPS.

### *Partnership and Stakeholder Schemes:*

The employer made a basic contribution of between 3% and 12.5% of pensionable earnings up to 30 September 2015 and between 8% and 14.75% of pensionable earning from 1 October 2015 (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 contributed a further 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

### *Broadly By Analogy (BBA):*

The BBA pensions are unfunded, with benefits being paid as they fall due. Liabilities for the scheme rest with the core Department and the Independent Police Complaints Commission, its operators, and provision for these liabilities is reflected in the Statement of Financial Position. The annual cost of the associated pension contribution is recognised in the Statement of Comprehensive Net Expenditure, and amounts relating to changes in the actuarial valuation of scheme liabilities are adjusted via the Statement of Changes in Taxpayers' Equity. The scheme liabilities have been calculated by the Government Actuary's Department.

## 1.14 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*

Police grants paid by the Department to Police and Crime Commissioners are based on funding levels agreed in the Police Grant Report (England and Wales) 2016-17.

### *Police Pensions and Fire and Rescue top-up grants*

The amounts reported as the Pensions top-up grants are equal to the difference between outgoing pension expenditure and incoming pension contributions in a single year. Accruals are recognised in the Department's financial statement for the estimated amount of grants relating to the year, which have not been paid by year-end.

## 1.15 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.

## 1.16 Segmental Reporting

*IFRS 8 Operating Segments* has been applied in full without interpretation or adaption in line with HM Treasury guidance. Segmental information is included in Note 2 to these accounts.

## 1.17 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.

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

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

*IFRS 9 Financial Instruments* was issued in July 2014, effective for periods beginning on or after 1 January 2018. HM Treasury is working towards implementing the standard in the FReM from 2018-19. It is not expected to have a material impact on the financial statements.

*IFRS 15 Revenue from Contracts with Customers* was issued in May 2014, effective for periods beginning on or after 1 January 2018. HM Treasury is working towards implementing the standard in the FReM from 2018-19. It is not expected to have a material impact on the financial statements.

*IFRS 16 Leases* was issued in January 2016, effective for periods beginning on or after 1 January 2019. The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.

*IFRS 4 Insurance Contracts* adapted for IFRS 9 – The IASB has adapted *IFRS 4 Insurance Contracts* as an interim measure between the introduction of *IFRS 9 (2018-19)* and the new insurance contracts accounting standard *IFRS 17 (2021-22 expected)*. The FRAB agreed to endorse the IFRS 4 amendments without adaptation or interpretation. It is not expected to have a material impact on the financial statements.

## 2. Statement of Operating Costs by Operating Segment

for the year ended 31 March 2017

Reportable Segment			2016-17
	Gross Expenditure £000	Income £000	Net £000
Crime, Policing and Fire Group	11,201,986	(305,184)	10,896,802
Office for Security and Counter-Terrorism	1,087,995	(182,112)	905,883
Immigration Enforcement	448,029	(55,148)	392,881
UK Visas & Immigration	1,047,345	(1,397,812)	(350,467)
International and Immigration Policy Group	61,622	(1,975)	59,647
Border Force	502,682	(27,379)	475,303
HM Passport Office	261,653	(439,482)	(177,829)
Enablers	1,021,701	(204,440)	817,261
<b>Net Expenditure</b>	<b>15,633,013</b>	<b>(2,613,532)</b>	<b>13,019,481</b>

### Reconciliation between Operating Segments and SOPS Note 1

Capital Grants	(179,889)	-	(179,889)
Capital Income	-	20,311	20,311
Capital Expenditure	(41,677)	-	(41,677)
PFI adjustments	(23,095)		(23,095)
Consolidated Fund Extra Receipts	-	106,190	106,190
NDPB income (reported as net expenditure in SOPS Note 1)	(188,039)	188,039	-
EU Income (reported as net expenditure in SOPS Note 1)	(53,478)	53,478	-
Capital Disposal adjustments	-	(18,296)	(18,296)
<b>Net Resource Outturn</b>	<b>15,146,835</b>	<b>(2,263,810)</b>	<b>12,883,025</b>

## Departmental Net Assets by Operating Segment (as at 31 March 2017)

<b>Reportable Segment</b>	<b>Total Assets £000</b>	<b>Total Liabilities £000</b>	<b>Net Assets £000</b>
Crime and Policing and Fire Group	389,856	(959,880)	(570,024)
Office for Security and Counter-Terrorism	71,132	(232,290)	(161,158)
Immigration Enforcement	178,291	(45,940)	132,351
UK Visas & Immigration	89,648	(427,270)	(337,622)
International and Immigration Policy Group	22,182	(27,072)	(4,890)
Border Force	209,390	(51,188)	158,202
HM Passport Office	164,233	(59,487)	104,746
Enablers	1,311,089	(806,492)	504,597
<b>Total balance</b>	<b>2,435,821</b>	<b>(2,609,619)</b>	<b>(173,798)</b>

## for the year ended 31 March 2016

<b>Reportable Segment</b>	<b>Gross Expenditure £000</b>	<b>Income £000</b>	<b>Restated 2015-16 Net £000</b>
Crime and Policing and Fire Group	10,702,236	(277,509)	10,424,727
Office for Security and Counter-Terrorism	962,447	(201,054)	761,393
Immigration Enforcement	463,535	(63,900)	399,635
UK Visas & Immigration	906,428	(1,256,982)	(350,554)
International and Immigration Policy Group	32,431	(1,236)	31,195
Border Force	590,022	(19,014)	571,008
HM Passport Office	369,690	(507,624)	(137,934)
Enablers	948,870	(174,945)	773,925
<b>Net Expenditure</b>	<b>14,975,659</b>	<b>(2,502,264)</b>	<b>12,473,395</b>

## Reconciliation between Operating Segments and SOPS Note 1

Capital Grants	(169,317)	-	(169,317)
Capital Income	-	25,163	25,163
Capital Expenditure	(61,411)	-	(61,411)
PFI adjustments	(39,570)	-	(39,570)
Consolidated Fund Extra Receipts	-	110,740	110,740
Capital AME	(436,572)	-	(436,572)
NDPB income (reported as net expenditure in SOPS Note 1)	(183,590)	183,590	-
EU Income (reported as net expenditure in SOPS Note 1)	(41,938)	41,938	-
Capital Disposal adjustments	-	(23,196)	(23,196)
<b>Net Resource Outturn</b>	<b>14,043,261</b>	<b>(2,164,029)</b>	<b>11,879,232</b>

## Departmental Net Assets by Operating Segment (as at 31 March 2016)

<b>Reportable Segment</b>	<b>Total Assets £000</b>	<b>Total Liabilities £000</b>	<b>Net Assets £000</b>
Crime and Policing and Fire Group	388,006	(803,033)	(415,027)
Office for Security and Counter-Terrorism	71,889	(171,660)	(99,771)
Immigration Enforcement	282,942	(49,305)	233,637
UK Visas & Immigration	(55,240)	(176,143)	(231,383)
International and Immigration Policy Group	23,783	(2,967)	20,816
Border Force	207,632	(66,689)	140,943
HM Passport Office	176,644	(68,288)	108,356
Enablers	1,192,136	(913,235)	278,901
<b>Total balance</b>	<b>2,287,792</b>	<b>(2,251,320)</b>	<b>36,472</b>

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

The underlying factors in identifying the reportable segments are driven by the budget allocations, departmental priorities and financial risks. This provides the Home Office Departmental 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, Policing and Fire Group (CPFG), and the services the group oversee, play vital roles in achieving the Home Office's core purpose of protecting the public. CPFG are responsible for the implementation of crime and policing policy and sponsor the Disclosure and Barring Service (DBS), the Independent Police Complaints Commission, the Security Industry Authority, the Gangmasters and Labour Abuse Authority (formerly known as the Gangmasters Licensing Authority) and the College of Policing.

The Office for Security and Counter-Terrorism gives strategic direction to the UK's work to counter the threat from international terrorism and serious and organised crime. Its primary objectives are to protect the public from terrorism by reducing the risk to the UK and its interests overseas, so that people can go about their lives freely and with confidence and to substantially reduce the level of serious and organised crime affecting the UK and its interests.

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 it supports economic growth.

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.

The International and Immigration Policy Group (IIPG) was established to provide the Department with a focused cross-cutting capability to help it meet the government's agenda of reducing immigration, preventing terrorism and cutting crime. 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. IIPG sponsor the Office of the Immigration Services Commissioner.

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.

HM Passport Office provides accurate and secure records of key events and has responsibility for producing passports. HM 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; and
- it administers civil registration in England and Wales.

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

### 3. Staff Costs

	2016-17 £000		Restated 2015-16 £000	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Wages and salaries	993,303	1,100,449	983,285	1,083,830
Social security costs	88,159	96,772	67,789	73,920
Other pension costs	177,039	193,455	183,898	199,022
<b>Sub Total</b>	<b>1,258,501</b>	<b>1,390,676</b>	<b>1,234,972</b>	<b>1,356,772</b>
Less recoveries in respect of outward secondments	(1,337)	(1,380)	(1,083)	(1,083)
<b>Total net costs</b>	<b>1,257,164</b>	<b>1,389,296</b>	<b>1,233,889</b>	<b>1,355,689</b>

The Staff Report within the accountability section contains a full breakdown of staff costs.



## 4. Expenditure

	Note	2016-17		Restated 2015-16	
		Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Grants					
Grants - current					
Main Police Grants					
Home Office Police Core Settlement (1)		4,111,987	4,111,987	4,309,221	4,309,221
Department for Communities and Local Government (DCLG) Formula funding (2)		2,802,222	2,802,222	2,818,300	2,818,300
Legacy Council tax grants (3)		507,388	507,388	503,199	503,199
Other (4)		1,574,603	1,575,726	1,081,094	1,083,365
Grants - capital (5)		179,889	179,889	169,317	169,317
Grants - EU (6)		53,478	53,478	41,938	41,938
Grants - Police Pensions top-up Grant (7)		1,795,742	1,795,742	1,636,876	1,636,876
Grants - Fire Pensions top-up Grant (8)		547,679	547,679	-	-
Non-cash items					
Depreciation	6	117,943	123,889	116,802	122,482
Amortisation	7	119,530	125,624	125,927	132,700
Impairment	8	9,933	9,957	2,446	2,477
(Profit)/loss on disposal of non-current assets		661	745	17,270	17,577
PFI Interest charges		25,438	25,658	25,590	26,082
Finance lease interest charge		6,515	6,515	6,750	6,750
Auditor's remuneration and expenses		360	360	370	370
Provision movements		75,930	76,437	(185,890)	(185,780)
Bad debt movement		2,185	1,820	3,181	3,206
Goods and services					
Publication stationery and printing		11,811	13,346	6,350	7,458
Passport printing and stationery		63,363	63,363	115,401	115,401
Facilities management and staff services		178,279	189,594	170,772	185,605
Travel, subsistence and hospitality		49,658	56,534	40,857	54,762
Professional fees		102,132	104,820	109,288	113,613
Auditor's remuneration and expenses		-	282	-	285
Media and IT		79,421	90,049	57,421	71,206
Asylum costs		283,406	283,406	301,565	301,565
Detention costs		118,076	118,076	125,027	125,027
UK Visas & Immigration commercial partner costs		97,621	97,621	82,573	82,573
FCO Charges		59,872	59,872	99,113	99,113
Other operating expenditure					
Rentals under operating leases		46,646	50,368	43,015	47,358
PFI and other service concession arrangements service charges		340,647	340,647	309,840	350,299
Other IT and accommodation related service charges		506,844	570,352	388,529	402,392
Early retirement costs		9,092	9,178	14,980	15,474
Asset recovery costs		80,269	80,269	87,363	87,363
Other costs		119,613	170,822	848,316	872,396
<b>Total</b>		<b>14,078,233</b>	<b>14,243,715</b>	<b>13,472,801</b>	<b>13,619,970</b>

No remuneration has been paid to the National Audit Office for non-audit work by the Departmental Group (2015-16 £Nil).

Home Office grants reported above include the following:

Funding for police purposes, comprising of:

- Home Office Police Core Settlement (1)

Funding to local policing bodies made under Section 46 of the Police Act 1996.

- Department for Communities and Local Government formula funding (2)

Grant funding previously 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 through the Local Government Finance Report (England). It is now paid by the Home Secretary under Section 46 of the Police Act 1996. This is as a result of the Government decision that local policing bodies should be funded from outside the business rates retention scheme.

- Legacy Council Tax Grants (3)

This funding comprises Council Tax Freeze Grant from the 2011-12, 2013-14 and 2014-15 schemes, payable to local policing bodies in England who chose to freeze or lower precept in those years and the Local Council Tax Support Grant, which was paid to local policing bodies in England from 2013-14 following the localisation of council tax support schemes.

It was previously paid by the Secretary of State for Communities and Local Government under Section 31(4) of the Local Government Act 2003. It is now paid by the Home Secretary under Section 46 of the Police Act 1996. This is a result of the Government's ambition to simplify police funding arrangements.

- Other (4)

Various other grants paid by the Home Office to local policing bodies, charities and local councils.

In addition, other types of grant include:

Capital Grants (5)

Financial support paid to third parties for the purchase or improvement of assets (including buildings, equipment and land), which are expected to be used for a period of at least one year.

European (EU) Grants (6)

The Asylum, Migration and Integration Fund supports the efforts of EU member states in actions addressing all aspects of migration, including asylum, legal migration, integration and the return of irregularly staying non-EU nationals.

Police Pensions and Fire and Rescue Services top-up Grants (7)

The Department makes a grant to police forces and to the Fire and Rescue Services to match the estimated deficit in their Police and Fire and Rescue pension schemes for the year. The grant is based on estimates provided in-year by the respective forces and adjusted for actual outturns from prior years.

## 5. Income

	2016-17 £000		Restated 2015-16 £000	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Retained Income				
Income from sale of goods and services				
Passport fees	398,277	398,277	392,825	392,825
Visa and Immigration income	1,182,375	1,182,375	1,086,745	1,086,745
Immigration Health Surcharge	193,715	193,715	145,192	145,192
Hendon data centre income	91,306	91,306	106,561	106,561
Airwave	39,000	39,000	22,202	22,202
Certificate Services	15,818	15,818	14,451	14,451
DBS income	-	153,150	-	145,200
EU income	53,478	53,478	41,938	41,938
Other operating income				
Asset recovery income	166,185	166,185	186,420	186,420
Other administration income	37,740	37,913	50,799	53,461
Other programme income	141,409	176,125	160,801	196,529
<b>Total Retained Income</b>	<b>2,319,303</b>	<b>2,507,342</b>	<b>2,207,934</b>	<b>2,391,524</b>
Payable to Consolidated Fund				
Passport fees	85,103	85,103	83,723	83,723
Immigration Health Surcharge	16,535	16,535	23,920	23,920
Other administration income	-	-	1	1
Other programme income	4,552	4,552	3,096	3,096
<b>Total payable to Consolidated Fund</b>	<b>106,190</b>	<b>106,190</b>	<b>110,740</b>	<b>110,740</b>
<b>Total</b>	<b>2,425,493</b>	<b>2,613,532</b>	<b>2,318,674</b>	<b>2,502,264</b>

Home Office income includes:

- income for HM Passport Office from their continuing activities, representing the sale value of all services provided during the year;
- income receivable for fees charged in respect of applications for visas and immigration documents.
- income for Disclosure and Barring Service from their activities performing criminal record checks for employers and licensing bodies.

In April 2015 the UK Government introduced an Immigration Health Surcharge to all non-European Economic Area nationals. This fee is designed to help ensure the National Health Service (NHS) remains sustainable and receives a fair contribution to the cost of healthcare from temporary migrants. The Home Office collects this fee on behalf of the Department of Health and it then transferred via the supply estimate process.

Passport fees include an element relating to consular protection services provided by the FCO worldwide. These costs are not retained by the Home Office and are remitted to HM Treasury as Consolidated Fund Extra Receipts.

## 6. Property, plant and equipment

	2016-17 Departmental Group							
	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2016	36,659	978,161	56,876	346,477	518,878	65,432	144,050	2,146,533
Adjustments to opening balances	184	4,522	-	153	-	(1)	(1,059)	3,799
Additions	-	4,728	457	10,103	6,202	3,477	128,441	153,408
Disposals	(1,690)	(413)	(1,644)	(48,113)	(1,538)	(179)	(17,177)	(70,754)
Impairment	-	(8,797)	-	-	-	-	(163)	(8,960)
External Transfers	-	-	-	(32)	-	-	-	(32)
Reclassifications	490	7,012	1,110	16,526	4,785	2,036	(33,999)	(2,040)
Revaluations	1,021	32,891	954	13,192	10,516	34	-	58,608
<b>At 31 March 2017</b>	<b>36,664</b>	<b>1,018,104</b>	<b>57,753</b>	<b>338,306</b>	<b>538,843</b>	<b>70,799</b>	<b>220,093</b>	<b>2,280,562</b>
<b>Depreciation</b>								
At 1 April 2016	-	(354,119)	(41,272)	(263,143)	(361,277)	(46,505)	-	(1,066,316)
Adjustments to opening balances	-	(3,706)	-	(254)	-	(25)	-	(3,985)
Charged in year	-	(31,007)	(5,100)	(37,912)	(43,230)	(6,640)	-	(123,889)
Disposals	-	2,017	1,607	47,961	1,538	140	-	53,263
Impairment	-	1,047	-	-	6	248	-	1,301
External transfers	-	-	-	23	-	-	-	23
Reclassifications	-	-	-	-	-	-	-	-
Revaluations	-	(10,922)	(712)	(9,058)	(7,569)	-	-	(28,261)
<b>At 31 March 2017</b>	<b>-</b>	<b>(396,690)</b>	<b>(45,477)</b>	<b>(262,383)</b>	<b>(410,532)</b>	<b>(52,782)</b>	<b>-</b>	<b>(1,167,864)</b>
<b>Carrying amount at 31 March 2017</b>	<b>36,664</b>	<b>621,414</b>	<b>12,276</b>	<b>75,924</b>	<b>128,311</b>	<b>18,017</b>	<b>220,093</b>	<b>1,112,698</b>
<b>Carrying amount at 1 April 2016</b>	<b>36,659</b>	<b>624,042</b>	<b>15,604</b>	<b>83,334</b>	<b>157,601</b>	<b>18,927</b>	<b>144,050</b>	<b>1,080,217</b>
<b>Asset financing:</b>								
Owned	36,664	331,225	12,276	58,128	116,393	15,810	220,093	790,588
Finance leased	-	27,646	-	-	-	-	-	27,646
On balance sheet PFI/other concession arrangements	-	262,543	-	17,796	11,918	2,207	-	294,464
<b>Carrying amount at 31 March 2017</b>	<b>36,664</b>	<b>621,414</b>	<b>12,276</b>	<b>75,924</b>	<b>128,311</b>	<b>18,017</b>	<b>220,093</b>	<b>1,112,698</b>
<b>Analysis of property, plant and equipment at 31 March 2016</b>								
Of the total:								
Core Department	35,607	603,074	11,386	71,628	127,828	13,047	213,130	1,075,700
Agencies	-	-	-	-	-	-	-	-
Non-Departmental Public Bodies	1,057	18,340	890	4,296	483	4,970	6,962	36,998
<b>Carrying amount at 31 March 2017</b>	<b>36,664</b>	<b>621,414</b>	<b>12,276</b>	<b>75,924</b>	<b>128,311</b>	<b>18,017</b>	<b>220,093</b>	<b>1,112,698</b>

	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2015	43,161	955,121	56,631	336,318	517,894	64,679	95,664	2,069,468
Additions	-	214	3,107	12,234	5,294	7,716	68,832	97,397
Disposals	-	(3,389)	(3,344)	(14,376)	(12,129)	(8,452)	(47)	(41,737)
Impairment	(1,238)	(161)	-	(5)	-	-	(25)	(1,429)
External transfers	-	-	-	-	(437)	-	-	(437)
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Reclassifications	2,885	1,332	113	12,263	1,644	1,273	(20,240)	(730)
Revaluations	(8,149)	25,044	369	43	6,612	216	(134)	24,001
<b>At 31 March 2016</b>	<b>36,659</b>	<b>978,161</b>	<b>56,876</b>	<b>346,477</b>	<b>518,878</b>	<b>65,432</b>	<b>144,050</b>	<b>2,146,533</b>
<b>Depreciation</b>								
At 1 April 2015	-	(317,164)	(39,180)	(240,822)	(327,178)	(49,079)	-	(973,423)
Charged in year	-	(33,556)	(5,024)	(36,354)	(41,847)	(5,701)	-	(122,482)
Disposals	-	1,844	3,114	14,092	11,898	8,450	-	39,398
Impairment	-	-	-	-	-	-	-	-
External transfers	-	-	-	-	216	-	-	216
Reclassifications	-	-	-	(58)	-	-	-	(58)
Revaluations	-	(5,243)	(182)	(1)	(4,366)	(175)	-	(9,967)
<b>At 31 March 2016</b>	<b>-</b>	<b>(354,119)</b>	<b>(41,272)</b>	<b>(263,143)</b>	<b>(361,277)</b>	<b>(46,505)</b>	<b>-</b>	<b>(1,066,316)</b>
<b>Carrying amount at 31 March 2016</b>	<b>36,659</b>	<b>624,042</b>	<b>15,604</b>	<b>83,334</b>	<b>157,601</b>	<b>18,927</b>	<b>144,050</b>	<b>1,080,217</b>
<b>Carrying amount at 1 April 2015</b>	<b>43,161</b>	<b>637,957</b>	<b>17,451</b>	<b>95,496</b>	<b>190,716</b>	<b>15,600</b>	<b>95,664</b>	<b>1,096,045</b>
<b>Asset financing:</b>								
Owned	36,659	331,129	15,604	65,401	136,550	16,824	144,050	746,217
Finance leased	-	30,142	-	7	-	-	-	30,149
On balance sheet PFI/other concession arrangements	-	262,771	-	17,926	21,051	2,103	-	303,851
<b>Carrying amount at 31 March 2016</b>	<b>36,659</b>	<b>624,042</b>	<b>15,604</b>	<b>83,334</b>	<b>157,601</b>	<b>18,927</b>	<b>144,050</b>	<b>1,080,217</b>
<b>Analysis of property, plant and equipment at 31 March 2016</b>								
Of the total:								
Core Department	35,786	606,457	14,637	78,552	157,476	12,677	140,132	1,045,717
Agencies	-	-	-	-	-	-	-	-
Non-Departmental Public Bodies	873	17,585	967	4,782	125	6,250	3,918	34,500
<b>Carrying amount at 31 March 2016</b>	<b>36,659</b>	<b>624,042</b>	<b>15,604</b>	<b>83,334</b>	<b>157,601</b>	<b>18,927</b>	<b>144,050</b>	<b>1,080,217</b>

## 7. Intangible assets

	2016-17 Departmental Group				
	Information Technology £000	Software Licenses £000	Websites £000	Payments on Account & Assets under Construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2016	946,550	87,428	953	131,208	1,166,139
Adjustments to opening balances	819	-	-	(968)	(149)
Additions	23,917	3,745	3,626	80,641	111,929
Disposals	(287,464)	(25,476)	(193)	(119)	(313,252)
Impairments	-	-	-	(71)	(71)
Transfers	6,889	(2,470)	(621)	(7,616)	(3,818)
Reclassifications	20,869	510	342	(19,681)	2,040
Revaluations	39,983	3,526	27	-	43,536
<b>At 31 March 2017</b>	<b>751,563</b>	<b>67,263</b>	<b>4,134</b>	<b>183,394</b>	<b>1,006,354</b>
<b>Amortisation</b>					
<b>At 1 April 2016</b>	(661,456)	(42,466)	(456)	-	(704,378)
Adjustments to opening balances	1,138	-	-	-	1,138
Charged in year	(102,853)	(22,263)	(508)	-	(125,624)
Disposals	286,558	25,475	193	-	312,226
Impairments	-	-	-	-	-
Reclassifications	183	(183)	-	-	-
Transfers	601	1,355	281	-	2,237
Revaluations	(27,834)	(2,021)	(8)	-	(29,863)
<b>At 31 March 2017</b>	<b>(503,663)</b>	<b>(40,103)</b>	<b>(498)</b>	<b>-</b>	<b>(544,264)</b>
<b>Carrying amount at 31 March 2017</b>	<b>247,900</b>	<b>27,160</b>	<b>3,636</b>	<b>183,394</b>	<b>462,090</b>
<b>Carrying amount at 1 April 2016</b>	<b>285,094</b>	<b>44,962</b>	<b>497</b>	<b>131,208</b>	<b>461,761</b>
<b>Asset financing:</b>					
Owned	232,293	21,838	3,636	147,269	405,035
Finance leased	-	-	-	-	-
On balance sheet PFI/other concession arrangements	15,609	5,322	-	36,126	57,055
<b>Carrying amount at 31 March 2017</b>	<b>247,900</b>	<b>27,160</b>	<b>3,636</b>	<b>183,394</b>	<b>462,090</b>
<b>Analysis of intangible assets at 31 March 2017</b>					
Of the total:					
Core Department	232,293	21,838	3,636	147,269	405,035
Agencies	-	-	-	-	-
Non-Departmental Public Bodies	15,607	5,322	-	36,125	57,054
<b>Carrying amount at 31 March 2017</b>	<b>247,900</b>	<b>27,160</b>	<b>3,636</b>	<b>183,394</b>	<b>462,090</b>

	Information Technology £000	Software Licenses £000	Websites £000	Payments on Account & Assets under Construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2015	932,085	98,211	525	123,991	1,154,812
Additions	30,474	1,473	60	71,217	103,224
Disposals	(79,044)	(13,054)	-	(880)	(92,978)
Impairments	-	-	-	222	222
Transfers	-	9	-	-	9
Reclassifications	63,013	691	368	(63,342)	730
Revaluations	22	98	-	-	120
<b>At 31 March 2016</b>	<b>946,550</b>	<b>87,428</b>	<b>953</b>	<b>131,208</b>	<b>1,166,139</b>
<b>Amortisation</b>					
At 1 April 2015	(601,046)	(44,407)	(402)	-	(645,855)
Charged in year	(118,817)	(13,829)	(54)	-	(132,700)
Disposals	62,508	12,990	-	-	75,498
Impairments	(1,270)	-	-	-	(1,270)
Reclassifications	-	-	-	-	-
Transfers	(2,831)	2,889	-	-	58
Revaluations	-	(109)	-	-	(109)
<b>At 31 March 2016</b>	<b>(661,456)</b>	<b>(42,466)</b>	<b>(456)</b>	<b>-</b>	<b>(704,378)</b>
<b>Carrying amount at 31 March 2017</b>	<b>285,094</b>	<b>44,962</b>	<b>497</b>	<b>131,208</b>	<b>461,761</b>
<b>Carrying amount at 1 April 2016</b>	<b>331,039</b>	<b>53,804</b>	<b>123</b>	<b>123,991</b>	<b>508,957</b>
<b>Asset financing:</b>					
Owned	264,064	42,596	497	102,432	409,589
Finance leased	-	160	-	-	160
On balance sheet PFI/other concession arrangements	21,030	2,206	-	28,776	52,012
<b>Carrying amount at 31 March 2017</b>	<b>285,094</b>	<b>44,962</b>	<b>497</b>	<b>131,208</b>	<b>461,761</b>
<b>Analysis of intangible assets at 31 March 2017</b>					
Of the total:					
Core Department	276,445	40,220	497	90,021	407,183
Agencies	-	-	-	-	-
Non-Departmental Public Bodies	8,649	4,742	-	41,187	54,578
<b>Carrying amount at 31 March 2017</b>	<b>285,094</b>	<b>44,962</b>	<b>497</b>	<b>131,208</b>	<b>461,761</b>

## 8. Impairments

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

	Note	2016-17 Departmental Group £000	Restated 2015-16 Departmental Group £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	4	9,957	2,477
Charged to the Revaluation Reserve		(2,226)	-
		<b>7,731</b>	<b>2,477</b>

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

		2016-17 Departmental Group £000	2015-16 Departmental Group £000
Property, plant and equipment - Land	6	-	1,238
Property, plant and equipment - Buildings	6	7,751	161
Property, plant and equipment - Information Technology	6	-	5
Property, plant and equipment - Plant and Machinery	6	(6)	-
Property, plant and equipment - Furniture and Fittings	6	(248)	-
Property, plant and equipment - Assets under construction	6	163	25
Intangible assets - Information Technology	7	-	1,270
Intangible assets - Assets under Construction	7	71	(222)
		<b>7,731</b>	<b>2,477</b>



## 9. Capital and other commitments

### 9.1. Commitments under Leases

#### 9.1.1 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:

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Land</b>				
Not later than one year	882	882	882	882
Later than one year and not later than five years	3,527	3,527	3,527	3,527
Later than five years	91,212	91,212	92,094	92,094
	<b>95,621</b>	<b>95,621</b>	<b>96,503</b>	<b>96,503</b>
<b>Buildings</b>				
Not later than one year	33,971	39,105	38,361	44,036
Later than one year and not later than five years	84,953	92,639	102,998	109,716
Later than five years	122,145	122,332	137,101	137,583
	<b>241,069</b>	<b>254,076</b>	<b>278,460</b>	<b>291,335</b>
<b>Other</b>				
Not later than one year	2,849	2,931	294	409
Later than one year and not later than five years	25	79	115	232
Later than five years	1	1	1	1
	<b>2,875</b>	<b>3,011</b>	<b>410</b>	<b>642</b>
<b>Total Commitment</b>	<b>339,565</b>	<b>352,708</b>	<b>375,373</b>	<b>388,480</b>

## 9.1.2 Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Buildings</b>				
Not later than one year	9,726	9,726	9,605	9,605
Later than one year and not later than five years	38,537	38,537	38,960	38,960
Later than five years	79,000	79,000	88,303	88,303
	127,263	127,263	136,868	136,868
Less interest element	60,503	60,503	67,018	67,018
<b>Present value of obligations</b>	<b>66,760</b>	<b>66,760</b>	<b>69,850</b>	<b>69,850</b>
<b>Total Commitment</b>	<b>66,760</b>	<b>66,760</b>	<b>69,850</b>	<b>69,850</b>

## 9.2. Commitments under PFI and other service concession arrangements

### 9.2.1 'Off balance sheet' (SoFP)

#### Airwave

In 2000, the Police Information Technology Organisation, which later became part of the NPIA and is now part of the National Crime Agency, entered into a 19 year Private Finance Initiative (PFI) arrangement with Airwaves Solutions Ltd to design, build and operate a digital radio system providing national secure voice and data coverage for UK Policing. Responsibility for this transferred to the Home Office in 2013.

The cost consists of (a) core service charge and (b) 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.

This portion of the contract is determined to be an 'off balance sheet' deal under IFRIC 12 Service Concession Arrangements, as the Department does not control access to the service and uses an insignificant amount of the output. Airwave is increasingly being used by other public sector organisations. Under the Change of Control Agreement signed by the Department and the new owner, Motorola, the national shutdown date for Airwave is December 2019.

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; it has therefore been excluded from the 'off balance sheet' table.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off balance sheet (SoFP) PFI or other service concession transactions was £210 million (2015-16 £206 million). Total future minimum payments under off-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	211,321	211,321	207,932	207,932
Later than one year and not later than five years	359,092	359,092	622,556	622,556
Later than five years	-	-	-	-
	<b>570,413</b>	<b>570,413</b>	<b>830,488</b>	<b>830,488</b>

### 9.2.2 'On balance sheet' (SoFP)

#### Home Office IT Systems

In January 2016 the Home Office signed an extension to the contracts with Fujitsu and ATOS Origin to provide IT services to the Home Office. This extension allows for business continuity whilst new IT service contracts are being reviewed. The contract with Fujitsu has been extended until January 2018 and ATOS Origin until April 2018.

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.

#### Computer Sciences Corporation

Under the terms of the 10 year contract signed in 2009, Computer Sciences Corporation works with the Home Office in supporting and upgrading its passport IT systems. This included the upgrade of the 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.

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.

#### De La Rue

Under the Passport Design and Production contract, the Home 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 the Home Office and uses this infrastructure in the production of passports. DLR is also responsible for ongoing support and maintenance of the infrastructure.

The commitment with DLR includes assets which are not exclusively used in the service delivery to the Home Office. These assets have been included in the 'on balance sheet' commitment as the proportion of the net book values of the non-exclusive assets is not 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 building houses the majority of staff in the Home Office based in Central London. Under IFRIC 12, 2 Marsham Street is recorded as an 'on balance sheet' (SoFP) asset 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 at the end of the contract.

The Department for Communities and Local Government (DCLG) has staff based at 2 Marsham Street and occupy a portion of the building. In 2016-17 they paid £14.3 million (2015-16, £13.6 million) to the Home Office for the use of the building.

### **Airwave**

The 'on balance sheet' (SoFP) portion of the Airwave commitment represents 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 'on balance sheet' value represents the current assessment of these assets' fair value and they are treated as if they were a finance lease.

### **IBM**

Service Concession Arrangements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements', as adapted for the public sector context by the FReM.

The Gangmasters and Labour Abuse Authority (GLAA) procures information technology support through the Department for Environment, Food and Rural Affairs' (Defra) E-nabling Agreement with IBM. Although the GLAA has a rolling twelve month contract with Defra, Defra is contracted with IBM until July 2019.

In the financial years up to 2015-16, GLAA had accounted for the contract with Defra as a service concession arrangement. From March 2017 the IBM contract no longer falls within scope of IFRIC 12 as Defra has purchased the assets used in providing the IT service. These IT infrastructure assets, which consist of laptops, servers and hardware, are classified as one tangible asset under property, plant and equipment and recorded within Defra accounts as Property, Plant and Equipment.

### **Independent Police Complaints Commission (IPCC) 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 IPCC.

Under IFRIC 12 the contract is a service concession arrangement with the IPCC as the grantor and Steria Limited as the operator.

### **Tata Consulting Service (TCS)**

A PFI contract was signed with TCS in October 2012. The contract runs for five years from service commencement (12 March 2014) with the option to extend for up to three years. This is to provide a solution to DBS in order to provide electronic applications and improve the online experience of the end user. TCS will provide an end-to-end process, technology and operations support during the five year period of the contract.

The overall value of the contract is £170 million (gross). Due to a number of contract changes and additional requests for change the overall value of agreed costs with TCS stands at £213 million (gross).

Under IFRIC 12 the contract is deemed to be a service concession with the assets being those of DBS.

TCS service went live in March 2014 and for the contract period up to the end of this financial year payments of £181 million have been made to TCS. The total valuation of the TCS assets capitalised is £38.6 million based on the total spend set out in the contract as amended, together with approved requests for change.

### 'On balance sheet' PFI table

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI or other service concession transactions was £167 million (2015-16: £144 million). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Minimum lease payments</b>				
Not later than one year	32,314	53,875	33,086	34,046
Later than one year and not later than five years	131,444	150,440	130,917	131,371
Later than five years	328,116	328,116	360,866	360,866
<b>Total</b>	<b>491,874</b>	<b>532,431</b>	<b>524,869</b>	<b>526,283</b>
Less interest element	307,757	307,779	331,076	331,098
<b>Present value</b>	<b>184,117</b>	<b>224,652</b>	<b>193,793</b>	<b>195,185</b>
<b>Service elements due in future periods</b>				
Not later than one year	100,549	122,098	135,925	172,806
Later than one year and not later than five years	134,559	153,545	207,148	250,364
Later than five years	164,058	164,058	180,433	180,433
<b>Total service elements due in future periods</b>	<b>399,166</b>	<b>439,701</b>	<b>523,506</b>	<b>603,603</b>
<b>Total Commitment</b>	<b>583,283</b>	<b>664,353</b>	<b>717,299</b>	<b>798,788</b>

### 9.3. Capital commitments

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £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	766	3,071	7,231	11,735
Intangible assets	57,855	57,858	36,406	41,131
	<b>58,621</b>	<b>60,929</b>	<b>43,637</b>	<b>52,866</b>

The Border Force National Operations and Command Centre (NOCC) has a commitment of £1 million to upgrade four Coastal Patrol Vessels (CPVs), to a higher operational capability. Work is being carried out by Delta. The NOCC also has a commitment of £0.2 million for overhaul of engines carried out by Finning.

The Home Office has a commitment of £1.7 million for network infrastructure, hosting, security and application development for the next two years.

Under the Identity Access Management Solution project the Home Office has committed £0.4 million on developing a software access control system.

Under the National Automatic Number Plate Recognition project the Home Office has committed £3.4 million with Leonardo on the provision of replacement of system platforms, £4.3 million with BAE on the programme and delivery management.

For the Schengen Information Systems programme the Home Office has committed £2.5 million with Sopra Steria.

Under the national law enforcement data systems programme the Home Office has commitments of £11.3 million for application development with IBM, £9 million with BAE for client side design and Assurance, and 1.4 million with Data Lynx for data migration.

A commitment for £6 million on work carried out by Interserve on Lunar and Apollo sites and a further commitment of £0.8 million for the refit of various floors in Globe House.

College of Policing has a £2.27 million worth of commitments for the various building and IT network upgrades.

#### **9.4. Other financial commitments**

The Home Office has entered into the following non-cancellable contracts (which are not leases or PFI contracts):

The Home Office has entered into a number of contracts with various providers to manage and maintain several immigration removal centres and short term holding facilities with a total commitment of £180 million. The main contracts are with MITIE Care to manage and maintain the Colnbrook and Harmondsworth Immigration Removal Centres near Heathrow with a current commitment of £116 million with an option for a further 3 years extension after August 2022. The other contract is with Serco to manage and maintain the Yarl's Wood detention centre with expected end date of 25 April 2023. The value of the current commitment is £51.7 million.

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 £103.1 million, G4S £302.9 million and Serco £238.5 million.

In October 2014 the Home Office entered into a 7 year contract with Shared Services Connected Limited (SSCL) to provide the transactional processing services alongside the hosting of a cross government Enterprise Resource Planning system. At the end of the contract there is an option for a 3 year extension. The remaining commitment is £48 million.

The Department entered into two 5 year contracts with VF Worldwide Holdings and Teleperformance Limited for the management of Visa applications globally. The contracts commenced on 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 £26.4 million and Teleperformance Limited £19.1 million.

The Home Office extended its contract with Fujitsu (an extension of IT 2000) and ATOS IPIDS from 1 February 2016 for 1 and 2 years respectively. The current commitment is £10.9 million and £23.7 million respectively. The Department is also committed to Fujitsu WI support agreement starting May 2016, covering central infrastructure, port infrastructure and application and services support for £21.1 million. There is currently a commitment of £30.5 million on an existing contract with IBM for the Immigration & Asylum Biometric System, to deliver a business critical identity assurance service to Home Office and FCO through provision of an automated biometric matching capability involving several different services.

The Department entered into a 5 year contract with BT and Xerox to provide a Wide Area Network (WAN) and managed print services. The contracts commenced on 27 April 2015 and 17 August 2015 and the remaining commitments are £11.3 million and £10.9 million respectively.

The Home Office has entered into non-cancellable contracts for the provision of contracted out services for telephone appointment booking service and passport back room services with Teleperformance UK. The remaining commitment is £8.6 million.

The Department also has total commitments of £11.4 million with Tascor for the management of escorting services and the holding rooms. Wagtail UK Ltd provided search dog teams at ports on behalf of the Department with a commitment of £9.2 million, and the contract ends 28 February 2020.

The Department has been in discussion with HMRC on determining costs for desktops, applications, voice, WAN and security services and is committed to £19.6 million from 31 March 2016 for a year.

The Home Office has a contract with IBM for the Semaphore system. This contract has now been extended until the 30 April 2019, and the remaining commitment is £15.2 million p.a.

The Home Office entered into various contracts with Oracle on 1st March 2017 lasting between 3 and 5 years with remaining commitments of £18.1 million and £8 million respectively. These are for the provision of access to Oracle Fusion Software-as-a-Service as part of the Home Office's Metis Programme

	2016-17		Restated 2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	639,551	646,887	414,272	414,572
Later than one year and not later than five years	824,689	828,014	429,405	429,405
Later than five years	183,271	183,271	57,508	57,508
<b>Total commitments</b>	<b>1,647,511</b>	<b>1,658,172</b>	<b>901,184</b>	<b>901,484</b>

## 10. Financial instruments

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.

## 11. Cash and cash equivalents

	2016-17		2015-16	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	167,570	242,751	140,971	209,711
Net change in cash and cash equivalent balances	17,305	25,946	26,598	33,040
<b>Balance at 31 March</b>	<b>184,875</b>	<b>268,697</b>	<b>167,569</b>	<b>242,751</b>
The following balances at 31 March were held at:				
Government Banking Service (GBS)	184,833	249,196	167,529	226,804
Commercial banks and cash in hand	42	19,501	40	15,947
<b>Balance at 31 March</b>	<b>184,875</b>	<b>268,697</b>	<b>167,569</b>	<b>242,751</b>



## 12. Trade receivables, financial and other assets

	2016-17		Restated 2015-16		Restated 2014-15	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Amounts falling due within one year:</b>						
Trade receivables	59,531	63,840	98,691	117,785	137,624	158,031
VAT receivables net of payables	20,790	20,793	5,647	5,694	-	(585)
Staff receivables	1,837	2,232	3,215	3,354	3,408	3,542
Receivables - government departments*	228,038	209,961	71,649	62,576	29,705	6,149
Other receivables	2,515	8,266	2,171	2,636	4,510	4,824
Prepayments and accrued income	268,606	275,882	291,815	298,099	261,905	269,159
Current part of PFI and other service concession arrangements prepayment	-	496	-	1,030	-	695
	<b>581,317</b>	<b>581,470</b>	<b>473,188</b>	<b>491,174</b>	<b>437,152</b>	<b>441,815</b>

	2016-17		Restated 2015-16		Restated 2014-15	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Amounts falling due after more than one year:</b>						
Other receivables	-	543	-	1,168	-	193
Prepayments and accrued income	-	259	-	-	-	1,455
	<b>-</b>	<b>802</b>	<b>-</b>	<b>1,168</b>	<b>-</b>	<b>1,648</b>

\* Included within Receivables – government departments within one year for the core Department are Consolidated Fund Extra Receipts receivables of £16.5 million (£34.3 million in 2015-16) (£24.7 million in 2014-15).

As a result of the Machinery of Government change, we are required to restate the accounts. Three years worth of Statements of Financial Position have been included as required by *IAS 1 Presentation of Financial Statements*. We have also included the 2014-15 comparatives in this note to better support this requirement.

### 13. Trade payables and other current liabilities

	2016-17		Restated 2015-16		Restated 2014-15	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Amounts falling due within one year:</b>						
Other taxation and social security	-	2,512	-	2,511	12,716	14,234
Trade payables	60,823	64,470	174,701	182,762	49,226	52,630
Other payables	2,477	2,787	-	7,021	133	334
Staff payables	43,406	44,541	-	685	-	604
Accruals and deferred income	1,629,450	1,671,724	1,319,231	1,358,961	1,218,604	1,262,305
Unpaid pension contributions	-	696	-	370	-	792
Payables - government departments	105,882	105,882	-	-	61	579
Current part of finance leases	9,726	10,178	9,605	10,635	9,487	9,487
Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements	29,211	29,707	28,979	33,418	26,991	38,337
Amounts issued from the Consolidated Fund for supply but not spent at year end	68,494	68,494	98,542	98,542	124,775	124,775
- received	116,140	116,140	81,204	81,204	31,558	31,558
- receivable	16,535	16,535	34,321	34,321	24,736	24,736
	<b>2,082,144</b>	<b>2,133,666</b>	<b>1,746,583</b>	<b>1,810,430</b>	<b>1,498,287</b>	<b>1,560,371</b>

	2016-17		Restated 2015-16		Restated 2014-15	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Amounts falling due after more than one year:</b>						
Other payables, accruals and deferred income	4,388	4,864	4,151	4,809	2,138	2,602
Imputed finance lease element of on-balance sheet (SoFP) PFI contracts and other service concession arrangements	216,516	216,907	220,288	220,902	223,962	229,976
Finance leases	57,033	57,269	60,244	61,219	63,100	63,100
	<b>277,937</b>	<b>279,040</b>	<b>284,683</b>	<b>286,930</b>	<b>289,200</b>	<b>295,678</b>

As a result of the Machinery of Government Change, we are required to restate the accounts. Three years worth of Statements of Financial Position have been included as required by *IAS 1 Presentation of Financial Statements*. We have also included the 2014-15 comparatives in this note to better support this requirement.

## 14. Provisions for liabilities and charges

	2016-17		2015-16	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Balance at 1st April</b>	<b>148,949</b>	<b>151,825</b>	<b>774,459</b>	<b>777,468</b>
Provided in the year	103,338	104,189	58,548	58,921
Provisions not required written back	(27,407)	(27,766)	(229,608)	(229,880)
Provisions utilised in the year	(33,634)	(33,760)	(454,450)	(454,693)
Borrowing costs (unwinding of discounts)	-	14		9
<b>Balance at 31 March</b>	<b>191,246</b>	<b>194,502</b>	<b>148,949</b>	<b>151,825</b>
<b>Comprising:</b>				
Not later than one year	63,494	65,383	37,950	39,193
Later than one year and not later than five years	17,057	17,951	84,174	85,807
Later than five years	110,695	111,168	26,825	26,825
<b>Balance at 31 March</b>	<b>191,246</b>	<b>194,502</b>	<b>148,949</b>	<b>151,825</b>

	Early Departure £000	Dilapidations £000	Legal Claims £000	Pensions and Other £000	Total £000
<b>Balance at 1 April 2016</b>	11,777	38,385	35,120	66,543	151,825
Provided in the year	81	3,534	35,924	64,650	104,189
Provisions not required written back	(414)	(1,832)	(21,831)	(3,689)	(27,766)
Provisions utilised in the year	(5,075)	(2,042)	(11,030)	(15,613)	(33,760)
Borrowing costs (unwinding of discounts)	14	–	–	–	14
<b>Balance at 31 March 2017</b>	<b>6,383</b>	<b>38,045</b>	<b>38,183</b>	<b>111,891</b>	<b>194,502</b>
<b>Comprising:</b>					
Not later than one year	2,332	12,017	12,777	38,257	65,383
Later than one year and not later than five years	578	4,017	3,370	9,986	17,951
Later than five years	3,473	22,011	22,036	63,648	111,168
<b>Balance at 31 March 2017</b>	<b>6,383</b>	<b>38,045</b>	<b>38,183</b>	<b>111,891</b>	<b>194,502</b>
<b>Of the total:</b>					
Core Department & Agencies	6,002	35,682	37,789	111,773	191,246
Departmental Group	6,383	38,045	38,183	111,891	194,502

## 2015-16 Restated

	Early Departure £000	Dilapidations £000	Legal Claims £000	Pensions and Other £000	Total £000
<b>Balance at 1 April 2015</b>	17,851	38,617	113,478	531,383	701,329
Provided in the year	96	1,990	40,007	1,998	44,091
Provisions not required written back	(493)	(988)	(108,025)	(120,374)	(229,880)
Provisions utilised in the year	(5,686)	(1,234)	(10,340)	(346,464)	(363,724)
Borrowing costs (unwinding of discounts)	9	–	–	–	9
<b>Balance at 31 March 2016</b>	<b>11,777</b>	<b>38,385</b>	<b>35,120</b>	<b>66,543</b>	<b>151,825</b>
<b>Comprising:</b>					
Not later than one year	4,868	4,043	28,798	1,484	39,193
Later than one year and not later than five years	6,903	7,523	6,322	65,059	85,807
Later than five years	6	26,819	–	–	26,825
<b>Balance at 31 March 2016</b>	<b>11,777</b>	<b>38,385</b>	<b>35,120</b>	<b>66,543</b>	<b>151,825</b>
<b>Of the total:</b>					
Core Department & Agencies	11,488	35,961	34,957	66,543	148,949
Departmental Group	11,777	38,385	35,120	66,543	151,825

## Early Departure Costs

The Home Office 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 Home Office 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.

Severance costs outstanding at year end under the new Civil Service Compensation Scheme are accrued for rather than provided for in a provision.

## Dilapidations

The Home Office makes provisions to cover its obligations for the reinstatement of its leasehold buildings to their original state before its occupation.

## Legal Claims

Provision has been made for various legal claims against the Home Office. 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 15.

## Pensions and 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:

### **Forensic Science Service (FSS)**

A provision of £42 million relates to the value of the pension liability for FSS.

### **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.

## 15. Contingent liabilities

The liabilities described cover all known claims where legal advice indicated that the criteria for recognition of a provision have not been met but where the possibility of economic transfer is not remote.

There are a number of legal claims outstanding against the Department including unlawful detention and unlawful dismissal claims. Contingent liabilities of £6 million relate to ongoing Home Office litigation.

## 16. Related-party transactions

The Home Office is the sponsor of the Non-Departmental Public Bodies listed in Note 17. These bodies are regarded as related parties, with which the Home Office has had various material transactions during the year.

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 Staff Report within the accountability section; and

- The Foreign and Commonwealth Office relating to the overseas collection of Visa income and the Immigration Health Surcharge.
- 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 Members' 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.

The Remuneration Report provides information on key management compensation.

Details of related party transactions of NDPBs are disclosed in their audited accounts.

## 17. Entities within the Departmental boundary

The entities within the Departmental boundary during 2016-17 were as follows:

### Entities consolidated

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

### Non-Departmental Public Bodies (NDPBs)

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

Disclosure and Barring Service

Independent Police Complaints Commission

Office of the Immigration Services Commissioner

Security Industry Authority

Gangmasters Licensing Authority (now known as Gangmasters and Labour Abuse Authority)

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

### Other Entities

College of Policing

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

### Entities within the Core Department

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

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

The Advisory Council on the Misuse of Drugs

Animals in Science Committee

Migration Advisory Committee

National DNA Database Ethics Group

Police Advisory Board for England and Wales

National Crime Agency Remuneration Review Body

Technical Advisory Board

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

Investigatory Powers Tribunal

Office of Surveillance Commissioners

Police Discipline Appeals Tribunal

**Other**

The Office of the Independent Anti-Slavery Commissioner

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

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

The Office of the Forensic Science Regulator

HM Inspectorate of Constabulary

Office of the Chief Inspector of the UK Border Agency

Independent Family Returns Panel

The Office of the Independent Reviewer of Terrorism Legislation

The Office of the Surveillance Camera Commissioner

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

Office of the Intelligence Services Commissioner

Office of the Interception of Communications Commissioner

Police Remuneration Review Body

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



## 18. Machinery of Government changes

On 6 January 2016 an announcement was made about the change in ministerial responsibility for Fire and Rescue services from the Department for Communities and Local Government to the Home Office. This Machinery of Government change was agreed that the transfer of responsibilities should take place from 1 April 2016. The note below provides the impact on the Department.

	2015-16 Impact on Core Department & Agencies £000	2015-16 Impact on Departmental Group £000
<b>Statement of Comprehensive Net Expenditure:</b>		
Income from sale of goods and services	-	-
Other operating income	(28,242)	(28,242)
<b>Total operating income</b>	<b>(28,242)</b>	<b>(28,242)</b>
Staff costs	1,847	1,847
Purchase of goods and services	-	-
Depreciation and impairment charges	-	-
Provision expense	-	-
Other operating expenditure	702,604	702,604
<b>Total operating expenditure</b>	<b>704,451</b>	<b>704,451</b>
<b>Net expenditure for the year</b>	<b>676,209</b>	<b>676,209</b>
<b>Statement of Financial Position:</b>		
Property, plant and equipment	7,242	7,242
Intangible assets	770	770
Trade and other receivables	52,390	52,390
Cash and cash equivalents	-	-
Trade and other payables	(127,142)	(127,142)
Provisions	(17,861)	(17,861)
Pension Liability	275	275
<b>Total Assets Less Liabilities</b>	<b>(84,326)</b>	<b>(84,326)</b>
General fund	(84,601)	(84,601)
Pension reserve	275	275
<b>Total</b>	<b>(84,326)</b>	<b>(84,326)</b>

	2014-15 Impact on Core Department & Agencies £000	2014-15 Impact on Departmental Group £000
<b>Statement of Financial Position:</b>		
Property, plant and equipment	7,735	7,735
Intangible assets	935	935
Trade and other receivables	51,268	51,268
Cash and cash equivalents	-	-
Trade and other payables	(94,663)	(94,663)
Provisions	(94,000)	(94,000)
Pension Liability	(1,546)	(1,546)
<b>Total Assets Less Liabilities</b>	<b>(130,271)</b>	<b>(130,271)</b>
General fund	(130,374)	(130,374)
Pension reserve	103	103
<b>Total</b>	<b>(130,271)</b>	<b>(130,271)</b>

#### 2015-16 Statement of Parliamentary Supply

The 2015-16 numbers reported in the Statement of Parliamentary Supply have been restated to take account of the machinery of government change mentioned above.

	2015-16 Impact on Departmental Group £000
<b>Resource DEL</b>	
Administration costs	2,022
Programme costs	94,152
Total Resource DEL	96,174
Resource AME	427,641
<b>Total Resource</b>	<b>523,815</b>
<b>Net cash requirement</b>	
Capital DEL	61,411
Capital AME	90,969
<b>Total Capital</b>	<b>152,380</b>

## 19. Events after the reporting period date

Following the General Election on 8 June 2017, the ministerial team for the Home Office was announced, with the Rt Hon Amber Rudd MP returning as Home Secretary. The confirmed ministerial announcements are as follows:

The Rt Hon Amber Rudd MP – Home Secretary

The Rt Hon Brandon Lewis MP – Minister of State for Immigration

Nick Hurd MP – Minister of State for Police and the Fire Service

The Rt Hon Ben Wallace MP – Minister of State for Security

Baroness Williams of Trafford – Minister of State

Sarah Newton MP – Parliamentary Under Secretary of State for Vulnerability, Safeguarding and Countering Extremism

The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

## Glossary

ACA	Asset Clearing Account
ACMD	Advisory Council on the Misuse of Drugs
ACS	Approved Contractor Scheme
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AQA	Analytical Quality Assurance
ARAC	Audit and Risk Assurance Committee
BBA	Broadly by Analogy
BF	Border Force
BIT	Business Impact Target
BME	Black and Minority Ethnic
BSP	Border Systems Programme
CAESER	Corporate Assessment of Environmental, Social & Economic Responsibility
CBI	Confederation of British Industry's
CCL	Consultancy & Contingent Labour
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
CIA	Chief Internal Auditor
CIFAS	Credit Industry Fraud Avoidance Service
CJS	Criminal Justice System
CMIP	Contract Management Improvement Plan
CPG	Crime and Policing Group
CPS	Crown Prosecution Service
CS	Corporate Security
CSA	Chief Scientific Adviser
CSA	Child Sexual Abuse
CSL	Civil Service Learning
CSOPS	Civil Servants and Others Pension Scheme
CTIRU	Counter-Terrorism Internet referral Unit
DBS	Disclosure and Barring Service
DCLG	Department for Communities and Local Government
DCMS	Department for Culture, Media & Sports
DEL	Departmental Expenditure Limit
DEFRA	Department for Environment, Food and Rural Affairs
DFID	Department for International Development
DLR	De La Rue
DRD	Data Retention Directive
DRIPA	Data Retention and Investigatory Powers Act
DSAB	Digital Services at the Border'
DSB	Diversity Strategy Board
DVLA	Driver and Vehicle Licensing Agency
EC	Executive Committee
EEA	European Economic Area
EMB	Executive Management Board
ESA	European System of Accounts
ETS	Educational Testing Service
FNOs	Foreign National Offenders
FOI	Freedom of Information
FReM	Financial Reporting Manual
FSS	Forensic Science Service
FTE	Full Time Equivalent
GAD	Government Actuary's Department
GBS	Government Banking Service
GGC	Greening Government Commitments
GLAA	Gangmasters and Labour Abuse Authority
GRAA	Government Resources and Accounts Act 2000

HMIC	HM Inspectorate of Constabulary
HMIP	HM Inspectorate of Prisons
HMPO	Her Majesty's Passport Office
HMRC	HM Revenue and Customs
HO	Home Office
HODS	Home Office Disability Support Network
HOCLAS	Home Office Central London Accommodation Strategy
IA	Internal Audit
IAOs	Information Asset Owners
IAS	International Accounting Standard
IAU	Internal Audit Unit
ICI	Independent Chief Inspector
ICIBI	Independent Chief Inspector of Borders & Immigration
ICT	Information Communications Technology
IE	Immigration Enforcement
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IIPG	International and Immigration Policy Group
IPCC	Independent Police Complaints Commission
ISC	Intelligence and Security Committee
ISIL	Islamic State in Iraq and the Levant
ITTs	Invitations To Tender
JESIP	Joint Emergency Services Interoperability Programme
LGBT	Lesbian, Gay, Bisexual and Transgender
MoG	Machinery of Government
MoJ	Ministry of Justice
MPS	Metropolitan Police Service
MSRO	Model Senior Responsible Owner
NAO	National Audit Office
NCA	National Crime Agency
NDPBs	Non-Departmental Public Bodies
NDT	New Detection Technology
NED	Non-Executive Director
NGC	Nominations and Governance Committee
NGO	Non-governmental Organisation
NGSVCV	National Group on Sexual Violence against Children and Vulnerable People
NHS	National Health Service
NPIA	National Policing Improvement Agency
OISC	Office of the Immigration Services Commissioner
ONS	Office for National Statistics
OSCE	Organisation for Security and Co-operation in Europe
OSCT	Office for Security and Counter-Terrorism
PAC	Public Accounts Committee
PCC	Police and Crime Commissioners
PCC	Police Complaints Commission
PCPF	Parliamentary Contributory Pension Fund
PCSPS	Principal Civil Service Pension Scheme
PFI	Private Finance Initiative
PHSO	Parliamentary and Health Service Ombudsman
PIC	Portfolio and Investment Committee
PIF	Police Innovation Fund
PIPU	Police Integrity and Powers Unit
PNC	Police National Computer
PPP	Public Private Partnership
PSRU	Police Strategy and Reform Unit
PSTU	Police Science and Technology Unit
QDS	Quarterly Data Summary
RICS	Royal Institute of Chartered Surveyors

SB	Supervisory Board
SCC	Strategic Command Course
SCS	Senior Civil Servant
SELT	Secure English Language Test
SIA	Security Industry Authority
SIO	Specified Information Order
SIRO	Senior Information Risk Owner
SLGRS	Senior Leadership Group on Risk and Safety
SMEs	Small and Medium Enterprises
SoFP	Statement of Financial Position
SOP	Single Operating Platform
SOPS	Statement of Parliamentary Supply
SPL	Shared Parental Leave
SPT	Simplifying Passenger Travel
SR13	Spending Round 2013
SRO	Senior Responsible Officer
SSCL	Shared Services Connected Limited
SSRB	Senior Salaries Review Body
tCO <sub>2</sub> e	tonnes of carbon dioxide
TCS	Tata Consultancy Service
TPIMS	Terrorism Prevention and Investigation Measures
UKVI	UK Visas and Immigration
UNCAC	United Nations Convention Against Corruption
UNHCR	United Nations High Commissioner for Refugees
VFM	Value for Money
WI	Warnings Index



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