



Home Office

Annual Report and Accounts 2017-18

(For the year ended 31 March 2018)



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(For the year ended 31 March 2018)

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

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

Ordered by the House of Commons to be printed on
19 July 2018

This is part of a series of departmental publications which, along with the Trust Statement 2017-18, the Main Estimates 2017-18 and the document Public Expenditure: Statistical Analyses 2017, present the Government's outturn for 2017-18 and planned expenditure for 2018-19

OGL

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Telephone: 020 7035 4848 (09:00-17:00 Mon-Fri) Fax: 020 7035 4745

Print ISBN: 978-1-5286-0464-2

CCS 0518736368 07/18

Printed on paper containing 75% recycled fibre content minimum

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



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Introduction

The Home Office has an exceptionally busy year and the Department has worked hard to keep our citizens safe and our country secure to support the Government's top priority to protect the public.

It was a great honour to be asked by the Prime Minister to become Home Secretary in April. Since then, I've been learning the brief and understanding the demands of the role.

Last year was a busy year for the Home Office. Our work led to 400 arrests for online child exploitation, we upgraded tools and equipment to support our fire and police services, we dealt with over 135 million passenger arrivals at our ports and airports and HM Passport Office printed a record 6.9 million passports.

We also faced a number of significant challenges. We had to respond to devastating terrorist attacks in London and Manchester, the tragic Grenfell Tower fire and the poisoning of Sergei and Yulia Skripal in Salisbury. More recently, being in the full glare of the media and receiving almost daily criticism in light of the Windrush revelations was disheartening and difficult for everyone.

The year ahead will be another busy one for the Home Office.

With the unique and historic task of leaving the European Union in March 2019, we will continue to work hard to make that a success. We will continue to develop our response to managing the terrorist threat to ensure the country's safety and security. We will also support the police to bring crime down and to protect the vulnerable. And we will deliver an immigration system that is fair but reduces the harm caused by illegal migration.

Even though there are challenges ahead, I am confident that the Home Office will continue to keep the public safe and to maintain order for a thriving and prosperous economy.

Rt Hon Sajid Javid MP
Secretary of State for the
Home Department



Foreword

The Annual Report and Accounts sets out what the Department has achieved over the past year with the money allocated by Parliament, as well as providing an overview of how we are organised and governed.

Protecting the public is the top priority for the Government and the Home Office is at the heart of this with a mission to keep our citizens safe and our country secure. The Department has one of the most challenging remits in government: to cut crime, prevent terrorism, control immigration, protect the vulnerable and respond to crises.

In 2017-18, the Home Office has responded to the terrorist attacks in London and Manchester, the Grenfell Tower tragedy and the incident in Salisbury. Through the tragedy of these events, we have seen both professionalism and many examples of bravery, above all in the emergency services. I am very grateful to all those in the Home Office and beyond who responded to these events and to the many who work tirelessly to keep our citizens safe and our country secure.

The priorities for the Department going forward are to continue to deliver on preparations for EU Exit, to develop the response of the national counter terrorism system to the level of threat that we face and continued operational improvement in the many services that we deliver in support of security and serving the public, whether the border, immigration and citizenship system or any of the other operational functions. This includes reassuring people in the Windrush generation of their right to be in this country, ensuring they are able to become British Citizens, if that is their wish, as well as conducting a full review to establish the lessons to be learned.

The Department is also working hard implementing changes to improve efficiency and deliver better services, and to improve its assurance and governance structures and capability. This hard work is crucial for the challenging period ahead.

I would like to take this opportunity to thank all staff for their hard work during the last year. In my first year as the Home Office's Permanent Secretary I have been impressed by the professionalism and commitment of Home Office staff at all levels to the Department's mission and to the cause of public service. I am delighted to be the senior official and leading the Department, working to the very best of our abilities supporting the Home Secretary and the Ministerial team and the Government.

Sir Philip Rutnam
Permanent Secretary
12 July 2018



1

PERFORMANCE REPORT

Purpose and activities

The first duty of the government is to keep citizens safe and the country secure. The Home Office has been at the front line of this endeavour since 1782. As such, the Home Office plays a fundamental role in the security and economic prosperity of the United Kingdom.

The Home Office is a ministerial department, supported by 30 agencies and public bodies.

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

This report focuses on the period April 2017 to March 2018 (and includes updates available before the document was printed). Details of our future plans are available online in our Single Departmental Plan. It is available at <https://www.gov.uk/government/publications/home-office-single-departmental-plan/home-office-single-departmental-plan--2>.

Responsibilities

We are responsible for:

- keeping the United Kingdom safe from the threat of terrorism and extremism
- reducing and preventing crime, and ensuring people feel safe in their homes and communities
- supporting visible, responsible and accountable policing by empowering the public and freeing up the police to fight crime
- securing the UK border and controlling immigration by considering applications to enter and stay in the UK and by issuing passports and visas
- fire prevention and rescue

Goals

Our priorities are to:

1. Cut crime and the harm it causes, including cyber-crime and serious and organised crime
2. Manage civil emergencies within the remit of the Home Office
3. Protect vulnerable people and communities
4. Reduce terrorism
5. Control migration
6. Provide world-class public services and contribute to prosperity
7. Maximise the benefits of the United Kingdom leaving the European Union

Our performance in 2017-18




£288 million
 Border Force protected tax revenue through detecting goods where excise duty had not been declared



135.2 million
 record number of passenger arrivals in 2017

6.9 million
 HM Passport Office passports printed in 2017-18




1.1 million
 General Register Office (GRO) certificates in 2017-18



244,000
 Net migration year ending September 2017




We remain on track to resettle **20,000** refugees under the **Vulnerable Persons Resettlement Scheme** by 2020





The number of Tier 1 (Exceptional talent) visas available doubled to **2,000**

988
 Border Force seizures made related to the **Convention of International Trade of Endangered Species**




417
 Immigration Enforcement disruptions of **Organised Crime Groups**

72%
 of all applicants received a passport within seven working days in 2017-18

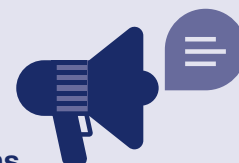


**47**

projects around England receiving funding from the new anti-knife crime fund

124

partners receiving grant and in-kind communications support to challenge extremism in local communities and promote positive alternatives

**5,145**

potential victims of trafficking referred to the National Referral Mechanism

**56 million**

checks against the Arachnid database to tackle child sexual abuse

**30%**

increase in counter terrorism active investigations

1,738

disruptions against some of the highest harm organised criminals, groups, individual threats and vulnerabilities



The infographics shown demonstrate the breadth of scope that the Home Office has responsibility for and the increasing demands that the Home Office is addressing. 2017 was a record year for passenger arrivals and we have also seen increases in activity across Home Office systems, including in the number of potential victims of trafficking identified and the number of counter-terrorism active investigations. Whilst only a small snapshot for illustrative purposes, they highlight a number of the key achievements the Department has made in the last year.

The Home Office manages its financial position carefully in line with Spending Review (SR 15), which was the budget settlement agreed with HM Treasury for future years up to 2019-20.

Over the SR15 period the Department will continue to reduce its operating costs, whilst improving the efficiency and effectiveness of our services. This will include managing a challenging portfolio of projects that will deliver transformational changes, developing digital solutions and integrating them where possible for cross-government benefit.

Outturn and the Estimate **Going Concern**

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) stands at £10.5 billion and the Outturn is £10.4 billion. The underspend is primarily due to the following reasons:

£44 million unspent depreciation.

£25 million additional passport income from increased passport demand.

The underspend in Capital DEL at £21.7 million represented 3.5% of the £613 million budget.

The £3 billion Estimate for Annually Managed Expenditure was underspent by £505 million. £418 million of the underspend was due to the Forensic Science Service scheme pension scheme, where funding decisions are ongoing.

The underspend for Net Cash Requirement is a result of the above underspends and accruals to cash adjustments.

The Consolidated Statement of Financial Position as at 31 March 2018 shows taxpayers' equity of £(115) million, an increase of £59 million compared to the position as at 31 March 2017.

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 **pages 50 to 55**.

Performance Overview

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.

Border, 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

We are already investing **£1.4 billion** in new counter-terrorism capabilities for the security and intelligence agencies as part of our Strategic Defence and Security Review commitments

Our response to counter-terrorism is built on an approach uniting partners including the public and private sector, and overseas partners around the single purpose to leave no safe space for terrorists.

The overarching aim of CONTEST¹ is to reduce the risk to the UK, its citizens and interests overseas from terrorism, so that people can go about their lives freely and with confidence.

CONTEST reflects the findings of our fundamental review of all aspects of counter-terrorism, to ensure we have the best response to the heightened threat in coming years.

The strategy outlines how the government will respond to the evolving terrorist threat using a tried and tested framework:

- Prevent: to stop people from becoming terrorists or supporting terrorism
- Pursue: to stop terrorist attacks
- Protect: to strengthen our protection against terrorists
- Prepare: to mitigate the impact of a terrorist attack

Agile approach

CONTEST sets out a more agile, flexible and coordinated approach. It is designed to respond to a greater number of potential terrorists, many of whom are quickly moving to commit terrorist acts using diverse tactics that take advantage of new technologies.

Prevent

The purpose of Prevent is at its heart to safeguard and support vulnerable people to stop them from becoming terrorists or supporting terrorism. Success means an enhanced response to tackle the causes of radicalisation, in communities and online; continued effective support to those who are vulnerable to radicalisation; and disengagement from terrorist activities by those already engaged in or supporters of terrorism. In November 2017, we published, for the first time, statistics on individuals who receive support from the Channel programme², the aim of which is to safeguard and support vulnerable individuals at risk of being drawn into terrorism.

¹ CONTEST is the United Kingdom's strategy for countering terrorism.

² The Channel programme is a confidential, voluntary, multiagency safeguarding programme that supports people who are vulnerable to radicalisation.



Pursue

Our success in Pursue counter-terrorism work has been underpinned by the very close partnerships between Counter-Terrorism Policing and the security and intelligence agencies and, overseas, with the Armed Forces. We are already investing £1.4 billion in new counter-terrorism capabilities for the security and intelligence agencies as part of our Strategic Defence and Security Review commitments. This will include the recruitment of 1,900 officers to support our national security effort.

To meet the recent change in threat, which has seen a 30% increase in the number of active investigations, the Government has allocated an additional £50 million funding to Counter-Terrorism Policing in 2018-19; this is in addition to £28 million allocated in 2017-18 to meet the immediate costs of responding to the terrorist attacks in London and Manchester.

We consider the police and prosecuting authorities' ability to secure convictions in terrorist cases an important measure of success in stopping acts of terrorism. In the year ended 30 September 2017, 78 trials were completed by the Crown Prosecution Service for terrorism-related offences in England and Wales, an increase of 16% from the previous year. Of the 78 persons proceeded against, 88% were convicted. In the remaining nine cases, the defendants were acquitted.

Protect

The purpose of our Protect work is to keep the public safe by strengthening our protection against a terrorist attack in the UK or against our interests overseas, and so reduce our vulnerability. We aim to have an effective multi-layered defence to protect against an attack, reducing illicit access to the material needed for an attack including increasing the timeliness of suspicious transaction reports, whilst also protecting the UK's public spaces, transport and infrastructure that are most at risk of attack, and making full use of our powers and capabilities at the border.

As the 2017 attacks demonstrated, crowded places present attractive targets for terrorists. Subsequently disrupted plots and intelligence assessments suggest this will continue to be the case. The police constantly review our national approach to protective security in light of changes in threat, with a number of changes made following the 2017 attacks.

The Government has also provided additional funding to the police to increase the National Barrier Asset, which is made up of a range of hostile vehicle mitigation equipment, security fences and gates that enable temporary physical protection of sites from vehicle attacks

Operational activity led and coordinated by the NCA has resulted in

1,738 disruptions against some of the highest harm organised criminals, groups, individual threats and vulnerabilities

Prepare

The purpose of our Prepare work is to mitigate the impact of a terrorist incident if it occurs. The emergency services have trained specialists to deal with terrorist incidents – including armed officers supported by specialist fire and ambulance teams. They also have skills and equipment to deal with an attack using a chemical, biological, radiological or nuclear device. These specialists were used to life saving effect in 2017-18 with armed officers arriving on scene and taking swift action at terrorist incidents within a matter of minutes.

The cross-Government Victims of Terrorism Unit work with each area affected by terrorist attacks and with national organisations to ensure that victims, witnesses, and bereaved families received quick, effective, coordinated support.

Serious and Organised Crime

Serious and Organised Crime threatens our security and prosperity. There are around 6,000 organised crime groups, comprising approximately 40,000 individuals, operating in the UK.

Key threats include drug trafficking, human trafficking, cyber-crime, child sexual exploitation and abuse, and economic crime (fraud, bribery, corruption and money laundering).

The total impact of Serious and Organised Crime on the UK is estimated at a cost of £24 billion per year but we know this continues to increase.

In 2013 the Government published the Serious and Organised Crime Strategy which coincided with the launch of the National Crime Agency (NCA). Since then, we have made progress in responding to the threat, with new powers, legislation and partnerships leading to significant increases in convictions, seizures and number of children safeguarded. More detail for each threat is outlined below.

The NCA has built on its impressive track record in disrupting serious and organised crime and safeguarding children. Operational activity led and coordinated by the NCA has resulted in: 1738 disruptions against some of the highest harm organised criminals, groups, individual threats and vulnerabilities; the arrest of over 2,600 people in the UK and overseas; and, a 95% conviction rate in UK courts.

However, the threat continues to evolve rapidly and we must ensure our strategic response keeps pace with the activities and methodologies of serious and organised criminals. That is why the Home Secretary commissioned a review of the 2013 Strategy and a new one will be published in 2018.



Child Sexual Exploitation

We have strengthened our approach to all forms of child sexual exploitation and abuse. The Home Office-funded national network of police Child Sexual Exploitation coordinators and analysts working in Regional Organised Crime Units has strengthened intelligence and understanding of the threat across force boundaries. Collaborative working between the NCA and the police is resulting in over 400 arrests each month for online Child Sexual Exploitation offences, and the safeguarding of over 500 children each month.

This Government has led a global response to online Child Sexual Exploitation through the WePROTECT Global Alliance, working with countries, companies and civil society to develop a co-ordinated global response and pledging £40 million to the Fund to End Violence Against Children. In February 2018, WePROTECT Global Alliance published the Global Threat Assessment highlighting the growing dangers posed to children by the growth of smart phone technology, increasing awareness of the risks posed to children by online offenders.

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.

Drugs

The threat from drugs continues to evolve and there are overlaps between drugs and other Serious and Organised Crime threats. We are improving our ability to pursue and prevent Organised Crime Groups controlling the importation and distribution of drugs into and around the UK.

We continue to work with international partners to reduce upstream supply, whilst reducing drug misuse within the UK is a key part of our evidence-based Drug Strategy.

As set out in the Serious Violence Strategy, £3.6 million in funding is being provided for a new National County Lines Co-ordination Centre (NCLCC).³ County Lines is a major cross-cutting issue and the NCLCC will help bring the law enforcement effort together and identify the links with criminal exploitation and the illegal drugs market.

Each month collaborative working between police forces and the NCA is now resulting in over 400 arrests for online child sexual exploitation offences and the safeguarding of over 500 children

³ County lines is the police term for urban gangs supplying drugs to suburban areas and market and coastal towns.

Proceeds of crime and corruption

In the Strategic Defence and Security Review we committed to introducing new measures to make the UK a more hostile place for those seeking to move, hide or use the proceeds of crime and corruption, or evade sanctions. The Criminal Finances Act 2017 is a key element of delivering the Government's Action Plan for tackling money laundering, corruption, tax evasion and terrorist financing. The majority of the new provisions came into force on 31 January 2018 and some of these new powers, such as, Unexplained Wealth Orders, have already been used.

Cyber-crime

We are enhancing the UK's law enforcement capabilities and skills at the national, regional and local level to investigate cyber-crime. As these threats continue to grow in scale and sophistication, we continue to invest in the cyber teams in each of the Regional Organised Crime Units across England and Wales, to bolster the national and local response.

Modern Slavery

The Government has made tackling modern slavery a domestic and international priority. At the UN General Assembly last year, the Prime Minister announced that the Government would double its aid spending to £150 million to tackle modern slavery internationally.

This includes the Modern Slavery Fund, which targets action in high-risk countries from

which victims are trafficked to the UK and existing and new programmes from the Department for International Development. Domestically we have provided £8.5 million of additional dedicated funding to the police in England and Wales to transform the operational response. We are beginning to see the results of this: police forces in England and Wales recorded 2,811 modern slavery offences in the year to September 2017. This is a 119% increase on the previous year's 1,282 offences.

Serious and Organised Crime Prevent

We have recognised that Serious and Organised Crime cannot be tackled through enforcement activity alone. We have continued to work to strengthen the evidence base around how people are drawn into and away from Serious and Organised Crime and toward positive outcomes. We funded five local projects that offered interventions to vulnerable people on a pathway toward Serious and Organised Crime. We have also funded a team within the NCA to better understand the factors that lead to people being drawn into Serious and Organised Crime offending looking at geographical locations and thematic crime types. Alongside this, through Regional Engagement and Delivery Team, we have continued to work with police and local partners to drive the number and effectiveness of Serious and Organised Crime multi-agency partnerships and to ensure that they are working together to understand Serious and Organised Crime within their communities and to deliver actions against it.

Public Safety System

The Home Office leads the Public Safety System through legislation, incentives, relationships and funding. The system comprises 43 police forces in England and Wales and 45 fire and rescue services in England, together comprising around 250,000 officers and staff. We also provide strategic leadership to reduce crime, support vulnerable people, tackle extremism and manage civil emergencies and fire safety.

Police and Fire Funding

The annual police funding settlement for Police and Crime Commissioners in England and Wales was announced this year following a programme of engagement with the sector. This increases total police investment by around £460 million in 2018-19, including Council Tax precept income and funding for national priorities, as well as identifying opportunities for the police to improve productivity and efficiency. In 2018-19, the Government will provide approximately £12.2 billion of public investment for policing and a separate Home Office grant totalling at least £757 million in 2018-19 provides funds for counter-terrorism policing. Fire and Rescue Authorities will receive around £2.3 billion in 2018-19.

Tackling Serious Violence

In April 2018, we published a new Serious Violence Strategy, responding to recent increases in serious violence including knife crime, gun crime and homicide. It establishes a new balance between early prevention and law enforcement and shifts our approach towards steering young people away from crime in the first place, with new measures to tackle the root causes of the problem. We continue to tackle knife crime through a range of actions. In December 2017, we awarded £765,000 from the new anti-knife crime Community Fund to 47 projects around England. In March 2018, we launched a major national media campaign, #knifefree, focused on young people aged between 10 and 21. The £1.3m campaign ran on TV, radio, digital channels and billboards.

In July 2017, the Home Secretary announced an action plan to tackle the use of acid and other corrosive substances in violent attacks. In January 2018, we announced a set of voluntary commitments on the responsible sale of corrosive substances to which several major retailers have signed up.



In March 2018, we launched a major national media campaign, #knifefree, focused on young people aged between 10 and 21.”

In 2017-18, the Home Office launched the VAWG Service Transformation Fund and provided **£17 million** funding to 41 areas across England and Wales

We have expanded delivery of our Ending Gang Violence and Exploitation programme awarding over £280,000 to 16 local projects, including: gang, knife and county lines awareness training; community sports and arts provisions; mentoring programmes; and young people's safeguarding workshops. The National County Lines Working Group delivered new guidance for frontline practitioners; the fourth National Crime Agency threat assessment (November 2017); and the Drug Dealing Telecommunications Restriction Orders Regulations were brought into force in December 2017, to enable police to shut down phone lines used to facilitate drug dealing.

Violence Against Women and Girls (VAWG)

In 2017-18, the Home Office launched the VAWG Service Transformation Fund and provided £17 million funding to 41 areas across England and Wales to transform services and prevent VAWG. In July, the Home Office supported the introduction of the Stalking Protection Private Member's Bill which had second reading in January 2018, and which seeks to introduce new Stalking Protection Civil Orders. And in March 2018, the Home Office, jointly with the Ministry of Justice, launched a 12-week public consultation, supported by a series of consultation events, which seeks views on proposals for the landmark draft Domestic Abuse Bill and a non-legislative package designed to promote awareness of domestic abuse, protect and

support victims and their families, pursue and deter perpetrators and improve our response to domestic abuse across all sectors.

Drug Strategy

In July 2017, the Government published its Drug Strategy, setting a comprehensive programme of activity to reduce demand for drugs, restrict their supply, and build recovery.

Following the introduction of the Psychoactive Substances Act 2016, data from the Crime Survey for England and Wales showed a fall in the number of adults using new psychoactive substances in the past twelve months. Following advice from its independent experts, the Advisory Council on the Misuse of Drugs, the Government introduced controls for 30 new substances under the Misuse of Drugs Act 1971 from April 2017.

New resilience capabilities

To better protect citizens in the event of an attack and provide frontline services with the tools they may need, we rolled out 28 new mass decontamination units this year. In April 2018, we completed an uplift of the Marauding Terrorist Fire Arms capability to a complement of 27 teams across the country.



Drugs and Firearms Licensing

We continue to operate an effective and self-funded regulatory system, acting as the Competent Authority for Controlled Drug and Precursor Chemical Licensing and Prohibited weapon/ 'Section 5' Firearms Licensing. The Unit digitised the firearms licensing system for Section 5 prohibited weapons and ammunition applications, and applications from museums and the final stage of the digital licensing system is anticipated to roll out in 2018. In 2017-18, we issued 866 Firearms Licences, 2,243 Domestic Controlled Drug and Precursor Chemical licences to UK premises and 22,743 Import-Export licences for individual shipments of drugs – we also made 533 Compliance Visits.

Police integrity

In January 2018, regulations came into effect creating the Independent Office for Police Conduct, with significantly strengthened governance arrangements, headed by a new Director General – Michael Lockwood.

Deaths in Custody

In October 2017, the Government simultaneously published Dame Elish Angiolini's Independent Review of Deaths and Serious Incidents in Police Custody and the Government response. The Government committed to reviewing existing legal aid guidance so that the starting presumption is that legal aid is awarded for representation of the bereaved at an inquest following a suspicious death or suicide in police

custody or in prison. The Ministerial Board on Deaths in Custody were also tasked with agreeing and delivering an ambitious work programme to tackle long-standing issues requiring system change in the areas of: healthcare in police custody, the inquest process and post-incident support for bereaved families.

Countering Extremism

In 2017-18, our Counter-Extremism Unit took further steps to improve government's understanding of extremism; confront extremist narratives; and promote a positive alternative – two years after the launch of the Counter Extremism strategy over half of its commitments have been delivered.

In July 2017, the Home Secretary concluded the Islamist Extremism Funding Review by laying a Written Ministerial Statement in Parliament.

In February 2018, the Home Secretary published, and responded to, the report from the independent review into the application of Sharia Law. We committed £3.4million for protective security measures for places of worship subject to, or vulnerable to hate crime, as well as £900,000 for community led projects designed to tackle hate crime.

January 2018, the Home Secretary launched a new national online hate crime hub, run by police officers for the National Police Chiefs Council, that ensures that online cases are managed effectively and provide support for victims and a streamlined process for frontline officers. During 2017-18, our £63 million Building a Stronger Britain Together Programme is challenging

In 2017-18, we issued

866 Firearms Licences

2,243 Domestic Controlled Drug and Precursor Chemical licences to UK premises

22,743 Import-Export licences for individual shipments of drugs

25% increase

in the recording of sexual offences against children in the year to September 2017 on the previous year

extremism in local communities and promoting positive alternatives. In January 2018, the Home Secretary launched a new national online hate crime hub, run by police officers for the National Police Chiefs Council, that ensures that online cases are managed effectively and provide support for victims and a streamlined process for frontline officers. During 2017-18, our £63 million Building a Stronger Britain Together Programme continued to challenge extremism in local communities and promoted positive alternatives. The reporting period included a significant increase in the scale of the Building a Stronger Britain Together network, with the number of partners receiving grants and in-kind communication support increasing from just over 50 in 2016-17 to 124 at the end of 2017-18. We now have a growing network of over 160 groups.

By the end of 2017-18, 39 Community Co-ordinators were embedded in local authorities to support groups challenging extremism.

Strategic communications work, shaped by qualitative research, included national campaigns to reduce the funding that organisations of extremist concern raise from the UK public and to counter narratives that extremists exploit about UK foreign policy. In addition, we initiated local campaigns to counter extremism, starting with a pilot in Newcastle in partnership with local authorities. We also launched the independent Commission for Countering Extremism with Sara Khan as Lead Commissioner. It will identify and challenge all forms of extremism.

Child Sexual Abuse

The Government is building a robust evidence base about what works to prevent and tackle abuse and exploitation of children and young people, including through the ground-breaking Centre of Expertise on Child Sexual Abuse and the recently launched Trusted Relationships Fund. We are also investing in modern technologies to meet emerging threats, such as the dangers posed to children from smart technology and a growing community of online offenders.

The Home Secretary announced UK investment in Project Arachnid, a web-crawler technology, developed by the Canadian Centre for Child Protection, which speeds up the time it takes to locate a known indecent image on the internet. Companies have made approximately 56 million checks against the Arachnid database, and Arachnid has analysed approximately 48 billion images for child sexual abuse material. Collaborative working between the NCA and the police is resulting in over 400 arrests each month for online Child Sexual Exploitation offences, and the safeguarding of over 500 children each month.

The success of this work is evidenced by a 25% increase in the recording of sexual offences against children in the year to September 2017 on the previous year. Similarly, there has been a 40% increase in recording of obscene publications offences (a proxy for indecent images of children (IIOC)) in the year to September 2017 on the previous year. This rise in recorded offences was reflected in a rise in prosecutions and convictions.



UK police forces and the NCA are connected to the Child Abuse Image Database, allowing them to identify and protect victims quicker than before and leading to a 200% growth in identification since the database's introduction.

Modern Slavery

We remain committed to stamping out the crime of modern slavery. In 2017-18, we rolled out the child trafficking advocates regime; developed options to build the resilience of vulnerable people and communities; and closed opportunities for offending through increased focus on prediction, partnerships and prevention. In the calendar year 2017, 5145 potential victims were referred to the National Referral Mechanism (up from 3,804 in 2016); following our strengthening of our law enforcement response, over 600 live operations are now underway.

We also published comprehensive research identifying 17 distinct types of modern slavery in the UK, which informs prevention work. In October 2017, we announced reforms to the National Referral Mechanism to ensure that victims who are identified and rescued from situations of exploitation are appropriately safeguarded. These include quicker and more certain decision making, improved identification of victims and improved support for adult victims, before, during and after the National Referral Mechanism.

We commissioned a digital system to support decision making and provide data to improve our understanding of victims and we have identified six local authorities with whom we will be piloting pathways into support. In October 2017, the Home Secretary launched the 'Business Against Slavery' forum; a partnership between Government and business to accelerate progress in tackling slavery in supply chains.

The Gangmaster and Labour Abuse Authority (GLAA) also gained new powers to clamp down on employers who exploit workers. Since its inception (1st May 2017) the GLAA has arrested over 90 people on suspicion of exploiting workers, referred over 50 victims of slavery to the National Referral Mechanism and recovered tens of thousands of pounds in confiscated wages.

In the calendar year 2017,
5,145 potential victims
were referred to the
National Referral
Mechanism



Border, Immigration and Citizenship system

The Border, Immigration and Citizenship System includes strategic, policy making and operational functions that secures the UK’s border, manages immigration and controls access to citizenship. The system is made up of four operational commands supported by a central policy and strategy function. Immigration operations are provided by Border Force, UK Visas & Immigration and Immigration Enforcement. HM Passport Office provides UK Passport services and includes the General Register Office.

Undocumented Commonwealth Citizens

We are fully committed to ensuring that Commonwealth Citizens, including those of the Windrush generation can establish their right to be in the UK and ensure they have access to services. We have set up a dedicated customer service centre to provide support, advice and to facilitate applications for residency and citizenship.

Control legal migration

We need to manage an immigration system that meets the economic and social needs of the UK whilst reducing net migration from the hundreds of thousands to the tens of thousands. Our aim is to facilitate the movement of legitimate trade and travellers whilst ensuring the right measures are in place to deter hostile actors and prevent illicit cross-border movements.

Following record levels during 2015 and early 2016, net migration has fallen to a level comparable with 2014. For the year ending September 2017, overall net migration fell 29,000 to 244,000.

We continue to take steps to ensure that the UK is able to attract the brightest and the best: in December 2017, the number of places available annually for the Tier 1 (Exceptional Talent) visas doubled from 1,000 places to 2,000 places.



We continue to take steps to ensure that the UK is able to attract the brightest and the best”

Secure the border against threats from people and goods

Security of the border is paramount. This year we reviewed port, airport and border security more widely within the government-wide 2017 National Security Capability Review. We are now taking forward the findings of the review including integrating the knowledge and expertise held by all organisations who operate at our border to produce more detailed and comprehensive threat assessments. We will use the assessments to inform prioritisation and investment decisions around the border.

At the border, we have continued to deliver against our core operating mandate, approved by Ministers, and carried out 100% of checks during 2017-18. Our Cyclamen Programme continues to provide mandated radioactive nuclear detection requirements.

It is vital that we detect and disrupt commodities harmful to the UK and protect revenue lost through fraudulent activity. Our Border Force officers use search equipment to both combat immigration crime and to 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. In 2017-18, Border Force:

- protected £288 million tax revenue through detecting goods where excise duty had not been declared

- Made 988 seizures related to the Convention of International Trade of Endangered Species
- In the first six months of 2017-18, seized 1,651 kg of cocaine and heroin

To speed up border checks and facilitate movement at ports of entry, we use advance information on both people and goods to identify people and items of concern. We now receive Advance Passenger Information for 94% of all routes to and from the UK. The continuing development of the Electronic General Aviation Report System will improve our ability to get information on those travelling in small aircraft and deploy Border Force officers accordingly.

Reduce the size of the illegal population and the harm that it causes

In 2017-18, Immigration Enforcement disrupted more than 400 Organised Crime Groups. In one of many successful operations we worked jointly with Law Enforcement from Belgium, Bulgaria, France and the Netherlands through Operation Halifax to tackle systematic smuggling of people into northern Europe. The operation resulted in 120 arrests across 10 EU countries.

We continue to assist local authorities to reduce pressure on local areas through direct enforcement action against people in the UK illegally by allocating grants from the Controlling Migration Fund, with an enforcement part worth £40 million.

In the UK Customer Satisfaction Index HM Passport Office was the top public service organisation with a score of **81.4%**

Deliver world class customer services and contribute to prosperity

Our ambition is to deliver world class services to support business growth and to encourage the brightest and best to visit, study and live in the UK, which remains an attractive destination to visit, study, work, and invest. Demand has increased this year with decisions on about three million visa applications, over 130,000 citizenship applications and about 120,000 European Economic Area residence applications.

The volume of passengers crossing the border is growing too. There were 135.2 million passenger arrivals in 2017, including returning UK residents, an increase of 5.3 million compared to the previous year: a record number.

We are meeting the challenge of maintaining customer service in the face of high demand through a combination of digitisation (for example, electronic visas), better use of data and differentiation, as well as investment in our people. We have continued to maintain the flow of increased passenger volumes across the border, through further roll out of electronic passport gates and by expanding our Registered Traveller scheme to 15 new countries. Most customers in the UK and overseas applying for visas or extensions of stay can now apply online, with the roll out of online applications due to be complete by Summer 2018. HM Passport Office printed 6.9 million passports in 2017-18. 72% of all applicants received a passport within seven working days.

Customer insight has been used to support the development of a range of premium, digital and assisted digital services that make the application process as smooth as possible. HM Passport Office's Digital Priority Service went live on 31 July 2017 offering eligible customers the opportunity to complete their application online and book an appointment to collect the passport from an office of their choice 48 working hours after submission.

We have been recognised externally for our work to improve customer satisfaction. In the latest UK Customer Satisfaction Index published by the Institute of Customer Service (January 2018) HM Passport Office was ranked the top public service organisation with a score of 81.4%. UK Visas and Immigration received positive customer satisfaction scores in 2018 and its Customer Service Excellence accreditation was renewed for a further three years.

The General Register Office (GRO) has coped with high demand over 2017-18 and made substantial progress including producing 1.1 million certificates during 2017-18 generating an income of 16.6 million with 100% of priority orders despatched on time and 93% of standard orders despatched within service standards.

Protect vulnerable people and communities

Asylum and resettlement are some of the most visible areas in which we actively extend protection to the vulnerable, including minors. We



remain on track to resettle 20,000 refugees and up to 3,000 at-risk children and their families from the Middle East and North Africa region through the Vulnerable Persons Resettlement Scheme by 2020. A total of 11,649 people have been resettled under the scheme since it began in 2014.

Equally important is our work in-country, through enforcement, to protect those subject to modern slavery, and prosecute those responsible. We are reforming the support system for identifying and supporting victims of modern slavery in many ways, such as improving the detection of those being trafficked through better use of data and analysis, and investment in behavioural detection techniques. Under the National Referral Mechanism, we referred over 2,200 potential victims of modern slavery and human trafficking in 2017, which represents over 43% of all referrals made under the scheme.

Border, Immigration and Citizenship - Planning for EU Exit

We are actively planning for a number of post-EU Exit scenarios. We are working to develop the new Settled Status Scheme for European Union nationals currently in the UK. This has involved extensive stakeholder consultation, and will be a simple and customer focussed registration scheme, with a dedicated customer resolution centre. We have sourced additional accommodation and staff resources to support the Scheme, which will launch later this year.

During the financial year 2017-18, the Department received £60 million from

HM Treasury for work required in preparation on EU exit. Of this, £21 million was spent on strengthening border controls and a further £24 million was spent on the further development and early delivery of the Settled Status Scheme.

In addition, £9 million was invested in IT costs associated with the project; £6 million was set aside for additional estate costs; and a further £10 million had been spent on a combination of legal, analytical and policy/strategy costs.

Official Development Assistance

The Home Office provided £354 million of Official Development Assistance (ODA) in 2017. Of this, the Home Office spent £19 million from the Government's Conflict Security and Stability Fund (CSSF).

The Home Office's ODA spend in 2017 was focused on the following three areas, which contribute to the delivery of the UK's Aid Strategy:

- Support to asylum seekers and the resettlement of vulnerable people in the UK. This helps pay for food, shelter and training for up to 12 months.
- Work upstream in ODA countries to build capacity and capability to improve security, protect the vulnerable and tackle modern slavery.
- CSSF-funded activity to tackle organised immigration crime through the Organised Immigration Crime Taskforce, and to save lives at sea through the deployment of Border Force vessels in the Mediterranean.

In 2017 under the National Referral Mechanism, we referred over **2,200** potential victims of modern slavery and human trafficking

Sustainability Report

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.

United Nations Sustainable Development Goals

The United Nations Conference on Sustainable Development - or Rio+20 - took place in Rio de Janeiro, Brazil on 20-22 June 2012. Member States decided to launch a process to develop a set of Sustainable Development Goals (SDGs), which would build upon the Millennium Development Goals.

On the 1st January 2016, the 17 SDGs - containing 169 targets and 230 indicators - of the 2030 Agenda for Sustainable Development (adopted by world leaders, including David Cameron, in Sept 2015) officially came into force.

The new SDGs are unique in that they call for actions by all countries to promote prosperity while protecting the planet. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

The UK's work is co-ordinated jointly by DfID and Cabinet Office. While the Home Office does not own any one particular Goal, we do contribute to delivery of several. Goal 16 – Peace, Justice and Strong Institutions being a clear example. The UK is to provide its





Voluntary National Review (VNR) in 2019. A year in which the identified SDG theme is 'Empowering people and ensuring inclusiveness and equality'. In addition, Goals 4, 8, 10, 13, 16 and 17 (G17 being included every year) will be reviewed in depth.

Annual progress against the Goals is currently reported in the Single Departmental Plan⁴ but continued progress will be included as appropriate within the Annual Report.

Sustainable Operations

The Home Office subscribe to several targets including the Greening Government Commitments (GGC) for reducing energy, water, and paper use, reducing travel and managing waste. The data below shows our present position for the financial year ending 2017-18 against a 2009-10 baseline, unless otherwise stated.

Data

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).

All 2017-18 data is for a 12 month period from January 2017 to December 2017. All data is UK unless otherwise stated. The Department is unable to report data from locations where landlords do not provide data.

The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business⁵.

The Home Office estate is managed as part of a central government cluster arrangement based in the Ministry of Justice. It is the Estates Cluster Sustainability Operations Team who are responsible for reporting and managing sustainability in the Department. The data is gathered and verified by an external organisation and quality assured by the Building Research Establishment on behalf of Defra.

Summary of performance against the Greening Government Commitments

Overall GGC Performance 2017-18

Requirement	2017-18 performance	Achievement against target	Explanation where target not achieved
Reduce greenhouse gas (GHG) emissions by 34%	42%		
Reduce domestic business flights by 30%	9%		Organisational changes in front line operational teams have resulted in an increase in domestic flights
Continue to reduce overall waste beyond 43%	55%		
Reduce paper use by 50%	37%		The Home Office is transitioning more services on an online platform, and these will produce a decrease in paper consumption.
Continue to reduce total estate water consumption beyond 43%	52%		

⁴ <https://www.gov.uk/government/publications/home-office-single-departmental-plan>

⁵ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Greenhouse gases



	Greenhouse Gas Emissions	2009-10	2014-15	2015-16	2016-17	2017-18
Non-Financial Indicators (tonnes CO2e)	Scope 1 (Direct) GHG emissions	22,088	15,057	16,573	15,225	14,309
	Scope 2 (Energy indirect) GHG emissions	49,533	38,198	33,043	28,385	24,694
	Scope 3 (Official business travel) GHG emissions	9,811	5,852	5,253	8,439	8,518
	Total GHG Emissions - Scope 1, 2 & 3	81,432	59,107	54,869	52,049	47,521
Related Energy Consumption (MWh)	Electricity: Non-Renewable	49,214	28,026	26,299	24,431	22,098
	Electricity: Renewable	51,094	49,258	45,000	44,457	45,169
	Gas	71,394	51,721	51,807	51,460	49,013
	Gas Oil	11,940	2,114	4,742	1,754	1,215
	LPG	1,482	521	171	4,887	4,409
	Burning oil	4,047	26	49	5,762*	5,450
	Total Energy Consumption	189,172	131,665	128,067	132,752	127,353
Financial Indicators (£'000)	Expenditure on Energy	10,190	8,134	8,126	13,726	11,982
	CRC Licence Expenditure	2.2	1.3	1.3	1.3	1.3
	Expenditure on accredited offsets (e.g. Government Carbon Offsetting Fund)	57	7	0**	0**	0**
	Expenditure on official business travel	13,277	15,692	12,921	16,111	26,568
	Expenditure on domestic air travel	1,329	1,363	760	1,215	5,275
	Total Expenditure on energy and business travel***	23,467	23,826	21,047	29,837	43,825

* Refers to fuel used at two Immigration Removal Centres

**No expenditure made

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

The Home Office has achieved a 42% reduction in carbon emissions from buildings and business-related travel through its Smarter Working programme, building consolidations and investment in energy efficiency measures.

Central Government achieved its 2016-20 carbon reduction targets during 2017-18, and as such will set new more challenging ones for 2018-20.

The Home Office has achieved a **42%** reduction in carbon emissions from buildings and business-related travel

**Energy expenditure in £'000**

2009-10	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
10,190	9,548	8,349	8,826	8,134	8,126	13,726*	11,982

*This figure now includes energy expenditure from Immigration Removal Centres

Domestic Flights

2009-10	2014-15	2015-16	2016-17	2017-18
15,241	13,963	10,724	13,072	13,826

The number of business and operational flights taken increased in 2017-18. This is in part due to operational changes in the structures of HMPO and Border Force, and a requirement to improve our ability to react to changes required at our border controls. 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 provider provides a cost and CO₂ 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	2017-18
Non-Financial Indicators (Tonnes CO ₂ e)	Flights	2,079	1,554	1,618	1,941	3,295
	Rail	10	6	14	10	11
	Total	2,089	1,560	1,632	1,951	3,306

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

Waste		2009-10	2014-15	2015-16	2016-17	2017-18
Total waste		5,685	3,909	1,941	2,724	2,568
Non-Financial Indicators (tonnes)	Non-hazardous waste					
	Landfill	1,240	10	805	357	276
	Reused/Recycled	4,445	1,951	2,326	2,057	2,122
	Incinerated with energy from waste	Not collected	70	62	238	117
	Incinerated without energy recovery	Not collected	21	1,941	2	3
Total disposal cost		725	Not available	1,951	305	288
Financial Indicators (£'000)	Non-hazardous waste					
	Landfill	99	Not available	68	86	82
	Reused / Recycled	626	Not available	230	219	206

The Department has continued to reduce water consumption, currently a 52% reduction against 2009-10.

In our London Headquarters we have been using compostable coffee cups and loose hot and cold food packaging for several years, and have maintained our achievement of zero waste to landfill. Any materials not recovered are sent to generate energy through incineration as refuse derived fuels.

We are working with our facilities management providers to improve recycling and associated guidance, and to find alternatives to single use plastics and reduce the need for incineration.

The Department has continued to reduce water consumption currently a **52%** reduction against 2009-10



Water



Water Consumption			2009-10	2014-15	2015-16	2016-17	2017-18
Non-Financial Indicators (m ³)	Water Consumption	Office Estate	260,800	125,739	133,755	155,215	123,779
		Office Estate water use per person	17	8	9	9	8
		Whole Estate	310,338	174,976	163,201	163,201	149,703
Financial Indicators (£'000)	Water Supply & Sewage Costs		557	389	386*	1,325	1,293*

*This figure now contains sewage.

The Department has continued to reduce water consumption, currently -52%, against 2009-10.

Paper consumption



Paper consumption	2009-10	2014-15	2015-16	2016-17	2017-18
Reams of Paper Procured	398,001	322,182	290,763	275,496	249,148

The Department has continued to reduce its paper consumption, recording an 37% 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.

The Department has continued to reduce its paper consumption, recording an **37%** drop against 2009-10

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 contract. New contracts require that suppliers meet the Government Buying Standards. New procurement staff are provided with training on sustainable procurement.
Small and Medium-sized Enterprises (SME)	22.6% of spend by the Department is currently 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 check list 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	The Home Office continues to implement the national MoJ Strategy and Policy for Biodiversity across its estate, and seeks further opportunities to develop its strategy for pollinators. The Home Office is now working with its facility management providers to erect Barn owl boxes on its Police Training college sites and further develop its long rank grasslands, the prime habitat for Barn owls.
Procurement of Food & Catering	All food supplied is produced to UK or equivalent food 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	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.
Her Majesty's Passport Office	The new Passport Personalisation and Production contract includes sustainability requirements.
Asylum Accommodation Services	The new Asylum Accommodation Services contract includes sustainability requirements.
Transparency - Energy Use	Energy usage for several Home Office sites can be viewed online .



Better Regulation

The Home Office is fully committed to getting the right balance between its responsibility to protect the public and its firm commitment to support the wider government principles of better regulation. It does this through the careful examination of policy initiatives to ensure that regulations on business and civil society are both proportionate; and are introduced only where there is a clear case for doing so.

The Home Office has continued to promote effective policy making through robust assessment of evidence and detailed and thorough impact assessments.

2

ACCOUNTABILITY REPORT



Corporate Governance Report

Director's Report

Lead Non-Executive Board Member's Report

Composition

There were numerous changes to the membership of the Departmental Board during the year at Official and Ministerial level, most notably a new Permanent Secretary in April 2017 and three new Ministers who joined the Home Office Ministerial team throughout the year (June 2017, November 2017 and January 2018 respectively). Three Departmental Boards were held all of which were reasonably well attended and had the right diversity of attendance to facilitate good quality discussions. A new Home Secretary took up post in May 2018.

Quality

The Board agendas covered several topic areas including performance against Government priorities, key risks and budget challenges. Significant focus was given to EU Exit discussions, including regular updates on the EU Settlement Scheme.

The meetings were focused, board papers were of high quality, supporting quality discussions and challenge was 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)

The team of five Non-Executive Directors (NEDs) at the Home Office continued to offer significant contributions to the running of the Department. For example, the NEDs attend/chair a variety of Home Office Boards including: The Audit and Risk Assurance Committee (John Studzinski, Nicholas Shott), the Data Board (Adrian Joseph), People and Workforce Planning Board (Suzy Levy) and the Nominations and Governance Board (Sue Langley).

NEDs have been involved in numerous other activities, including the mentoring of individuals and assisting with recruitment of senior officials within the Department. NEDs also attend the Permanent Secretary's Executive Committee meetings monthly, 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 has added value with interactive debate and thematic discussions on key issues and has made good use of, and benefited from, the external expertise NEDs provide at and outside the Board environment.

The Department conducted a short Board effectiveness evaluation for 2017 – 2018 on the content, structure and membership of the Departmental Board. The conclusions of the evaluation were predominantly positive; the key area for improvement indicated is to ensure clarity around the Board agenda and topics for discussion to ensure that the meetings are prioritised by all attendees.

Overall, the Departmental Board performance was satisfactory and held good discussions on key risks for the Department (such as the EU Settlement scheme).

Sue Langley Home Office Lead Non-Executive



Our Ministers June 2018

Rt Hon Sajid Javid MP



Secretary of State for
the Home Department

Rt Hon Caroline Nokes MP



Minister of State for
Immigration
(From 8 January 2018)

Rt Hon Ben Wallace MP



Minister of State
for Security and
Economic Crime

Rt Hon Nick Hurd MP



Minister of State
for Policing and the
Fire Service

Baroness Williams of Trafford



Minister of State for
Countering Extremism,
Minister for Equalities

Victoria Atkins MP



Parliamentary Under
Secretary of State for
Crime, Safeguarding
and Vulnerability; Minister
for Women
(From 9 November 2017)

Previous Ministers

Rt Hon Amber Rudd MP	Secretary of State for the Home Department	Until 30 April 2018
Rt Hon Brandon Lewis MP	Minister of State for Policing and the Fire Service	Until 11 June 2017
	Minister of State for Immigration	11 June 2017-8 January 2018
Robert Goodwill MP	Minister of State for Immigration	Until 11 June 2017
Sarah Newton MP	Parliamentary Under Secretary of State for Crime, Safeguarding and Vulnerability	Until 9 November 2017
Baroness Shields	Parliamentary Under Secretary of State for Internet Safety and Security	Until 15 June 2017



Machinery of Government Changes

There was a Machinery of Government change during this financial year. In January 2018, Ministerial responsibility for the Government Equalities Office and the Equality and Human Rights Commission moved to the Home Office from the Department for Education. On 30 April 2018, a further Machinery of Government change was decided which will move these two bodies to the Department for International Development and measures are being put in place for the Department for International Development to take effective, practical responsibility for policy, decisions and processes as soon as possible. From the 30 April 2018 to the point where the Supplementary Estimate is passed by Parliament, formal accountability to Parliament will continue to be with the Home Office Accounting Officer.

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 £370,000 (2016-17, £360,000), of which that for the core Department alone was £370,000 (2016-17, £360,000). The audit fee for the Department's non-departmental public bodies was not notional and totalled £289,000 (2016-17, £282,000). No remuneration has been paid to the NAO during 2017-18 for non-audit work (2016-17, £nil).

From 1st May 2018, the Home Office has acquired office space in the NAO building at 157-197 Buckingham Palace Road under the terms of a lease for which a commercial payment is being made. There will be a cost of £206,000 per annum for rents, adjusting for the rent free period over the period of the lease, as well as annual costs of £54,000 service charge and £11,250 for hire of furniture.

Political and Charitable Donations

The Home Office has not made any political or charitable donations during 2017-18.

Our Boards

The role and membership of the Departmental Board and the Executive Committee can be found in the Governance Statement on [pages 45 to 49](#).

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 are set out below.

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

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

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 (OCPA) 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 2017-18

The Department notified the Information Commissioner's Office of two incidents during the 2017-18 reporting period.

Category	Nature of Incident	2017-18 total	2016-17 total
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	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	0
IV	Unauthorised disclosure	2	2
V	Other	0	0

Processes and procedures used to identify, manage and resolve personal data breaches have been updated in preparation for the General Data Protection Regulation (GDPR) and Data Protection Act 2018 that both came into force in May 2018. The resulting changes will ensure that the definition of a personal data breach used by the Department is aligned with new regulatory guidance; a robust and consistent approach to the centralised reporting of such breaches is adopted; and consequently, that the Department's approach is compliant with the new legislation.

**Table 2: SUMMARY OF OTHER PERSONAL DATA INCIDENTS RECORDED IN 2017-18**

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	2017-18 total	2016-17 total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	4	2
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	17	18
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1	1
IV	Unauthorised disclosure	37	13
V	Other	5	37

Note:

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

Data Losses/Information Assurance

Information Assurance (IA) and managing information risk has continued to be a priority for the Home Office in 2017-18.

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.

Management of Data Incidents has been reviewed in preparation for the EU General Data Protection Regulation (GDPR) that came into force in May 2018, to ensure that processes and policies are compliant with the requirements set by the legislation.

The enhanced Information Management and Assurance maturity assessment model used by the Department was taken forward by a programme of reviews in 2017-18. 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 IA 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 1,193 complaints against the Home Office during 2016-17. This report was published in December 2017 and is the period for which the most recently published [Parliamentary Ombudsman's report](#) is available.

Organisation	Enquiries received	Complaints assessed	Complaints resolved through intervention	Complaints accepted for investigation	Investigations fully upheld	Investigations partly upheld	Investigations not upheld	Investigations resolved without a finding*	Investigations discontinued	Uphold rate
Gangmasters Licensing Authority	1	2	0	2	0	2	1	0	0	66.7%
HM Passport Office	113	43	0	16	1	5	2	1	6	43.8%
Home Office	171	9	1	2	0	0	0	0	0	n/a
Security Industry Authority	105	5	0	0	0	0	0	0	0	n/a
The Disclosure and Barring Service	74	1	0	1	0	0	1	0	0	0.0%
UK Border Agency	18	3	0	1	0	0	0	0	1	0.0%
UK Border Force	73	40	0	14	2	10	6	0	1	63.2%
UK Immigration Enforcement	19	13	0	13	0	8	8	0	0	50.0%
UK Visas and Immigration	619	211	1	83	18	50	26	0	11	64.8%
Home Office - Total	1193	327	2	132	21	75	44	1	19	36%

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



The Home Office is committed to providing a high-quality service to both internal and external customers. 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 2017, Home Office Headquarters received 7939 letters and emails from the public which required our response. We replied to 93% of this correspondence within the target of 20 working days.

In 2017-18, Home Office Headquarters received

7,939

letters and emails from the public

We responded to

93%

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 2017 No.1256. These bodies together are 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.

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 is fair, balanced and understandable and that he or she 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.

Sir Philip Rutnam
Accounting Officer
12 July 2018



Governance Statement

How we are governed

The Home Office operates and follows the principles of good governance in accordance with HM Treasury guidance. This year we have evaluated our governance and board structure and introduced changes to support more effective management of the Department, enhance collective decision making and improve the effectiveness of our systems of internal control, risk management and accountability.

This Governance Statement sets out how our Executive Committee and its supporting governance structures work and how they have performed for the year 1 April 2017 to 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

Corporate governance, management and controls

Governance

The Departmental Board continues to oversee the work of the Department. This year we have reorganised its sub-committees which provide layers of control, scrutiny and assurance to ensure that the Department has been achieving its aims and objectives in line with an appropriate level of control. The following table sets out the new structure of the top-level committees that operate in the Department and the chair of each committee.

	Departmental Board Chair: Home Secretary	
Nominations and Governance Committee Chair: Sue Langley Lead NED	Executive Committee (ExCo) Chair: Sir Philip Rutnam Permanent Secretary	Audit Risk and Assurance Committee Chair: John Studzinski NED
People and Workforce Planning Board Chair: Fiona Spencer Interim DG C&R	Strategic Planning & Resourcing Committee Chair: Patsy Wilkinson Second Permanent Secretary (during 2017-18)	Portfolio, Investment & Change (PIC) Chair: Fiona Spencer Interim DG C&R
Performance & Risk Committee Chair: Mark Thomson DG HMPO & UKVI	Data Board Chair: Scott McPherson DG CPFG	

Our Boards and Committees

Departmental Board

Chair: Home Secretary

As per the Cabinet Office 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 three occasions between April 2017 and March 2018. Detailed attendance for 2017-18 can be found on [pages 63 and 64](#).

Executive Committee (ExCo)

Chair: Permanent Secretary

ExCo is the Department's senior management team, providing corporate strategic leadership, setting the medium to long-term vision and strategy whilst understanding and responding to live issues when overseeing the day-to-day running of the Department. ExCo ensures the long-term health of the organisation by overseeing medium and long-term financial planning, inclusion and diversity, workforce and skills planning, and the health, safety and wellbeing of our people. It also builds and fosters strategic partnerships, determines accountability for delivery and enhances the reputation of the Department.

Detailed attendance for 2017-18 can be found on [pages 63 and 64](#).

Audit and Risk Assurance Committee (ARAC)

Chair: John Studzinski,
Non-Executive Director

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. ARAC comprises two Non-Executive Home Office Departmental Board members, together with independent external members.

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.

People and Workforce Planning Board

Chair: DG Capabilities and Resources

This 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. It has responsibility for corporate management of Home Office workforce planning and is responsible for the 'golden thread' elements of the People Capability Strategy: diversity and inclusion; employee engagement; and wellbeing. The Board is also responsible for the Professions

agenda, and has oversight of the departmental talent agenda (up to and including Senior Civil Servant Pay band 1 level) through Profession-led Talent Committees.

Portfolio, Investment and Change Committee (PIC)

Chair: DG Capabilities & Resources

PIC 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. Drawing from the Strategic Business Plan, PIC proposes to ExCo, and then operates within, the Department's agreed Investment Strategy. This includes prioritising some areas of investment over others, including having regard to seeding innovation and to those areas of investment required to sustain existing capabilities; maximising the efficiency and effectiveness of investment; ensuring that planned benefits are secured; and considering investing or disinvesting in certain programmes where to do so will have an impact on the deliverability and benefits realisation of other programmes within the portfolio.



Strategic Planning and Resourcing Committee

Chair: Second Permanent Secretary (during 2017-18)

The Committee guides and manages the Department's programme of strategy development, planning and resource allocation, including informing advice to, and choices by, ExCo, the Permanent Secretary and the Home Secretary. It oversees development of the Home Office Strategic Plan, setting out the Department's desired end and the means to achieve it for the next five years, against a long term (ten year) view of its Vision, Mission and operating environment. It also considers the maturity of the Department in being able to produce and implement integrated business plans; and the annual business planning cycle (including the quarterly review process).

Performance and Risk Committee

Chair: DG UKVI and HMPO

The purpose of this Committee is to keep strong oversight of Home Office performance and risk, and Home Office assurance. It does this by exploring the issues raised from across the Department. It escalates major items of good news or concern to ExCo, and considers the monthly top-level Home Office performance & risk report after it is issued, and prior to ExCo's monthly consideration of the report. It ensures that the Department has good organisational performance management in place and that

it practices high-quality risk management, and advises the Permanent Secretary and ExCo on the overall level of assurance in the Department.

Nominations and Governance Committee

Chair: Sue Langley, Lead Non-Executive Director

The remit of the Nominations and Governance Committee covers three central elements: scrutinising systems for identifying and developing leadership and high potential; scrutinising plans for orderly succession of appointments to the Board and of senior management to maintain an appropriate balance of skills and experience; and scrutinising the process for the appointment of non-executives and external experts to the central Department and its arm's length bodies.

Data Board

Chair: DG CPFG

This Board provides top level oversight and assurance over data strategy, policy and governance across the Home Office. It provides direction to, commission and monitor work that evolves the Department's data policy and improves operational connectivity and security of using data across the sector. It provides a central forum for senior figures from the Home Office and neighbouring sectors (particularly policing) to identify and recommend solutions to emerging issues in areas like data ownership.

Board Members

Home Office Executive Committee

Sir Philip Rutnam



Permanent Secretary

Tom Hurd



DG Office for Security
and Counter-Terrorism

Paul Lincoln



DG Border Force

Fiona Spencer



Interim DG
Capabilities &
Resources

Mark Thomson



DG UKVI & HMPO

Scott McPherson



DG Crime, Policing
and Fire Group

Tyson Hepple



Interim DG Immigration
Enforcement

Peter Fish



DG Legal

Glyn Williams



Borders, Immigration
and Citizenship System,
Policy and Strategy Group

Andy Tighe



Director of Communications

Paula Leach



Chief People Officer

Richard Hornby



Director of Finance
and Estates

Joanna Davinson



Chief Digital, Data and
Technology Officer

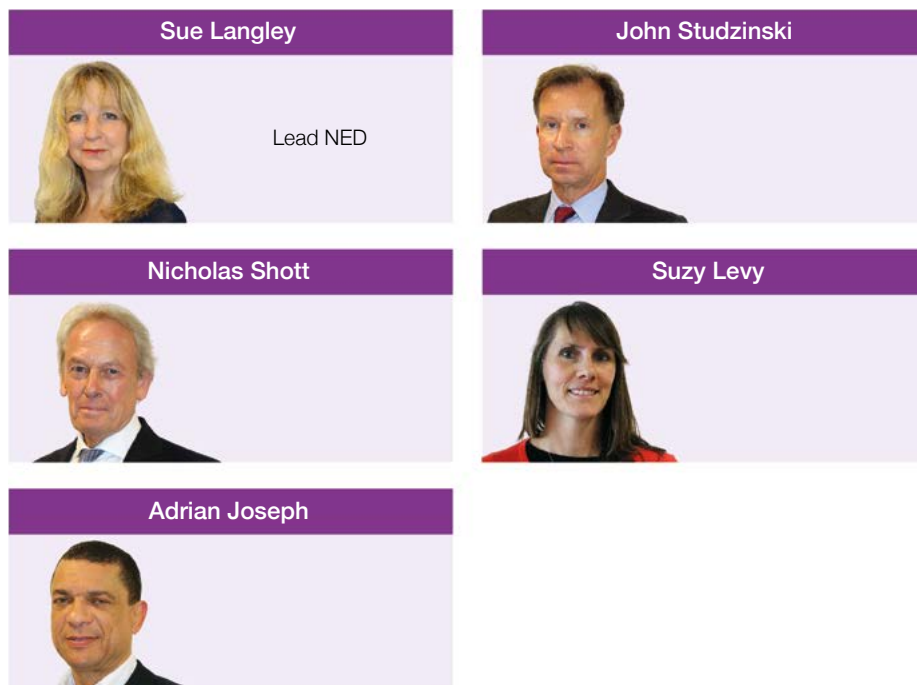
Diana Luchford



Director
Windrush Reform
Programme



Non-Executive Directors



Board Effectiveness Review

The lead Non-Executive Director has provided an evaluation of the effectiveness of the Board and this can be found on [page 37](#) of this Annual Report.

Our approach to risk

Risk management is part of everything we do, from how we manage our programmes and our money, to how we develop our policy and work with our arm's-length bodies. In addition, we welcome the input and insight from both our internal audit function and the oversight of other regulators as a key component in identifying and managing risks. In particular last year, the National Audit Office delivered several Value For Money reports which have been a helpful source of knowledge and information that has enabled us to improve our management controls and oversight.

Top level risks in 2017-18 and key mitigating factors

The nature of the Department's business means that it has to manage a range of risks. The following table sets out the top-level risks, that affected the Department in 2017-18.

Principal risks	What are we doing about them?
<p>Threat of a terrorist attack on an inbound aircraft, eg on a flight bound for the UK or in UK airspace.</p>	<ul style="list-style-type: none"> • A proportionate, risk-based approach is used by the Department and industry (that balances security risks against ease of air travel). Additional airline security measures were introduced as needed on some routes travelling to the UK. We have kept under review the ban on direct flights from very high-risk countries, and the additional measures imposed on electronic devices. Some restrictions lifted as airlines have adopted additional security measures. • Together with Australia, Canada, France, Germany, the Netherlands and the United States of America we are working multilaterally as members of an aviation security group. The United Nations Security Council has adopted the UK-led resolution on Aviation Security. • We have revised the UK's Counter Terrorism Strategy, CONTEST.
<p>Impacts on UK security if we cannot break the momentum of terrorist attacks, including dealing with ISIS-inspired terrorism including online.</p>	<ul style="list-style-type: none"> • We have set-up an Integrated Operations Centre to investigate and disrupt terrorist groups in the UK. • Investigative capacity has increased across the counter-terrorism policing network to deal with plots to commit terrorist attacks. The capacity and effectiveness of the De-radicalisation Programme has improved and the UK's Counter Terrorism Strategy, CONTEST has been revised. • Removal of terrorist content online is a priority. Communications service providers and social media companies have increased efforts to address terrorist content online by encouraging greater innovation to deliver technical solutions that enable more rapid detection and removal of such content.
<p>Impacts on public safety if we cannot identify and respond effectively to child sexual abuse and exploitation.</p>	<ul style="list-style-type: none"> • Awareness of child sexual abuse is much higher which has resulted in victims having more confidence to come forward. Practitioners are identifying many more children as at risk of sexual exploitation. This shift has been delivered through concentrated work by government departments and local agencies under the Cross-Government Tackling Child Sexual Exploitation (CSE) programme. • We are working to ensure that the system (criminal justice as well as social care) responds effectively, both to predict and intervene earlier to prevent child sexual abuse, but also to reduce the risk of repeat victimisation by dealing swiftly with victims and offenders. We are helping develop a national policing response and improve the capacity and expertise of frontline agencies. Cross-Government funding has delivered a CSE Response Unit and Centre of Expertise on countering Child Sexual Abuse to build the evidence base on effective prediction and recovery and improve victim services.



<p>The volume of immigration is too great</p>	<ul style="list-style-type: none"> • We have continued to build and manage an immigration system that meets the economic and social needs of the UK, including by reducing net migration to sustainable levels. We will continue to take steps to ensure that Britain is able to attract the brightest and the best. • We are developing options for controlling immigration post-leaving the EU. We are leading work across Government, including transitional arrangements for EU nationals already in the UK and the Common Travel Area with the Republic of Ireland.
<p>Ensuring that the UK Border is secure and that threats to the UK's border security are well-managed, and our operations are aligned.</p>	<ul style="list-style-type: none"> • There is improved alignment between government agencies and organisations that operate at the border through a collaboration framework. • Behavioural detection training is being provided to assist Border Force officers to further identify anomalous or suspicious behaviour. • Our border systems are being replaced and updated to maintain the security of the UK by gathering data about people and goods crossing our borders and providing timely and accurate data to those who need to use it to keep the border secure.
<p>Delivering EU Exit negotiations</p>	<ul style="list-style-type: none"> • We are identifying financial implications for the Department's budgets post-EU Exit and implementing a capability and capacity strategy on EU exit-related recruitment requirements. • We are working directly across government on future customs arrangements and have put in place governance and links to negotiation leads and set up internal mechanisms to support the delivery of the negotiations.

Risks and issues arising during the reporting year

Issues	Our response
<p>Counter Terrorism</p> <p>We remain committed to continued investment in capabilities to protect ourselves from terrorist attack. In 2017, we saw a significant shift in the terrorist threat to the UK, with five attacks in London and Manchester that led to the deaths of 36 innocent people and many more injured.</p>	<ul style="list-style-type: none"> • We responded decisively, rapidly adapting our priorities and capabilities, to break the momentum of these attacks. • Last year, the police and the security and intelligence agencies successfully foiled a further ten terrorist plots, and since 2017, have disrupted four extreme right-wing plots. • Our strategy to reduce the risk from terrorism, CONTEST, will be updated in 2018. The new strategy will set out the changing threat that we face and how our counter-terrorism approach is evolving to meet that threat. The updated CONTEST strategy will reflect the findings of a fundamental review of all aspects of counter-terrorism, to ensure we have the best response to the heightened threat in coming years.

Grenfell Tower and Fire Safety

The Department responded to the tragedy of the Grenfell Tower fire in June 2017.

- The Department responded to the immediate aftermath of the fire and established a dedicated Fire Safety Unit to support the Home Office's contribution to the Grenfell Tower Inquiry, the independent review on Building Regulations and Fire Safety and to continue fire prevention and protection activities.
- The Fire Safety unit secured core participation status for the Grenfell Tower Inquiry. It supported publication of Dame Judith Hackitt's interim report of the independent review of Building Regulations and Fire Safety.
- It supported the passing of the Regulatory Reform (Fire Safety) (Custodial Premises) Subordinate Provisions Order 2018 to ensure Crown inspectors are the enforcing authorities for fire safety in all custodial and detention premises in England and Wales, irrespective of ownership.
- It also delivered a national fire safety advertising campaign in partnership with the National Fire Chiefs Council to promote the benefits of having and regularly testing, smoke alarms.

EU Exit

On 29 March 2017, the UK Government submitted its notification to leave the EU and started 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.

- During 2017-18, the Department marshalled its response through the EU Exit Board, which meet monthly, chaired by the Second Permanent Secretary. It is supported by work-stream Boards: the EU Exit Immigration Portfolio Board, chaired by the DG BICS Policy and Strategy Group; the EU Exit Security, Law Enforcement and Criminal Justice Steering Group, chaired by the Europe Director; Border Force EU Exit Board, chaired by the Senior Director Transformation and Strategy; and the Regulatory Systems Senior Responsible Officer board. Arrangements also exist to draw together key enablers, such as Commercial and Capability and Capacity. This structure forms part of wider assurance, which also includes external independent assessment, for example by the Infrastructure and Project Authority.
- The Department reports progress monthly to the Department for Exiting the European Union, this also providing a forum for raising cross-Government barriers to delivery.



Brook House

Following the BBC Panorama programme in September 2017, of allegations regarding the conduct of a number of G4S staff at Brook House Immigration Removal Centre (IRC),

We have:

- Increased the Home Office presence at Immigration Removal Centres (IRC) and established teams with a distinct focus on more regular contact with detainees and strengthened oversight of our contracts.
- Developed an assurance strategy that provides a layered approach to contract monitoring and compliance at each IRC. As part of this, tailored assurance plans have been prepared for each IRC, including Brook House.
- Instructed our contract monitoring teams at each IRC to do more non-predictive and flexible dip sampling of reporting and performance indicators. Where material variance is identified we will challenge hard.
- Committed to pro-actively challenging the most significant issues for service delivery and detainee welfare. These issues will be site specific and will change over time but will include staffing, regime and welfare, healthcare, security (including substance misuse), maintenance and cleaning, catering, reception and discharge, and vulnerability.
- These on-site monitoring and assurance functions are supported by a small audit team that conducts estate wide thematic reviews, acts as a critical friend for individual IRCs and ensures progress in responding to IMB and HMCIP recommendations. Home Office Commercial will continue to provide input and expertise on the contractual aspects of our relationships with providers.

Independent Police Complaints Commission (IPCC)

The Triennial review of the IPCC in 2015 recommended that there should be changes to their governance and, in particular, the separation of the governance and operational roles.

- Following this the IPCC developed proposals for these changes for consideration by the Home Office.
- Ministers commissioned an independent review of these proposals by Sheila Drew Smith, whose recommendations formed part of a Home Office consultation: 'Reforming the Independent Police Complaints Commission: structure and governance', which closed on 28 January 2016.
- The Policing and Crime Act 2017 received Royal Assent on 31 January 2017 and contains measures to amend the IPCC's governance. It reflects the report's recommendations and addresses the matters raised in the Triennial review.
- These changes came into effect on 8 January 2018, when the IPCC became the Independent Office for Police Conduct.

Disclosure and Barring Service (DBS)

The Home Office remains committed to supporting the DBS in delivering its vital role within the wider safeguarding agenda. The DBS is responsible for ensuring that those seeking to employ people to work with children and/or vulnerable adults or in regulated activity, have the required information to make employment decisions.

- The DBS has been working to resolve issues caused by the delays in its modernisation programme.
- Recognising the impact that the delays were having, the Home Office has provided extensive support by way of Commercial specialists, Continuous Improvement and Performance Reporting and Analysis colleagues to ensure that the DBS has been able to deliver on its commitments during the transition.
- We are pleased to note that the first phase of the modernisation programme, including delivery of the DBS' first digital product "Basics" has been completed. Senior members of the Home Office and the DBS, attend regular Steering Group meetings to review performance, identify issues and collaboratively agree interventions and resolutions.
- The DBS modernisation programme was the subject of a Public Accounts Committee hearing on the 19 March 2018 which focused on the modernisation contract, delays to the programme and monitoring of delivery going forwards, following a National Audit Office Report January 2018. The DBS and the Home Office have agreed to provide a further update to the Committee when the Commercial Negotiations conclude. Home Office Officials continue to support DBS and monitor its performance, as we do for all Arm's Length Bodies. The DBS produces its own Annual Report which provides further detail on their performance and financial position.

⁶ Basics Certificates are the first digital product to be offered by DBS which includes details of unspent convictions and conditional conditions which can be used for any position or purpose.



Major Current issues

Issues	Our response
<p>Salisbury attack</p> <p>On 4 March 2018, a nerve agent named Novichok was used against a former Russian spy and his daughter in Salisbury. The attack also put the lives of innocent people at risk. At the time of printing, we are supporting the police in an on-going investigation related to this incident.</p>	<p>The Government has set out a proportionate but robust range of measures in response to the incident.</p>
<p>Undocumented Commonwealth citizens</p> <p>On 24 May 2018, the Home Secretary made a statement to Parliament to launch the Windrush Scheme and provide the legislative underpinning for new measures to establish a permanent and sustainable solution for Commonwealth citizens (known as ‘Windrush’ cases) who have been in the country for decades but found themselves unable to evidence their legal right to remain in the UK.</p>	<p>A new dedicated team will work across government to help individuals identify and gather evidence to confirm their existing right to be in the UK and enable those affected to become British Citizens, should they wish. A package of measures has been introduced to support individuals and encourage them to come forward, regularise their stay and become British Citizens. Home Office launched a ‘Call for Evidence’ on 10 May 2018, directed to those of the Windrush generation who have been adversely impacted.</p>
<p>Emergency Services Mobile Communications Programme</p> <p>The programme is currently undertaking a comprehensive review that incorporates significant external challenge and assurance of the findings.</p>	<p>This review will be completed in July 2018 and will include recommendations for the future of the programme.</p>
<p>Recruitment, vetting and on-boarding</p> <p>An increase in demand identified resilience issues across our end to end recruitment, pre-employment, vetting and onboarding processes.</p>	<p>Our approach to resolving these with our suppliers has been to simplify our processes and improve our strategic workforce planning techniques. This has already started to deliver results. We will build on this momentum as part of our People Strategy which sets out in more detail how this is a fundamental basic for us to fix. Our overall ambition is to improve our systems and processes to reduce the time it takes to recruit and vet our staff.</p>

Financial governance, management and controls

Financial governance

The Department's business planning process allocates the budget voted by Parliament to all parts of the organisation. The Finance and Estates Directorate monitors budget changes to ensure they have been implemented in accordance with decisions made by Ministers and the Board, and reviews the actual and forecast outturns each month to check that expenditure is managed in line with approved budgets. This monitoring is designed to ensure that the Department does not breach any of the Parliamentary control totals (resource DEL, capital DEL, resource AME, capital AME, cash and administration), while also providing advice on options to ensure best use of available resources.

Ministerial Direction

No Ministerial Directions were sought during 2017-18.

Financial and corporate planning

This year's Business Planning process confirmed budgets for 2017-18, aimed at aligning both people and financial resources to the Department's objectives and Ministers' priorities. Forecasts were made for each system to enable prioritisation decisions to be taken against a backdrop of increased capital investment and tighter resource budgets. The budget allocation for 2017-18 was then recommended for approval by Ministers at the Department's Executive Committee in early March 2017.

Fraud, bribery and whistleblowing

The Home Office revised the 'Whistleblowing and Raising a Concern' policy and procedure in November 2015 which accepted all the principles of the model policy recommended by Cabinet Office. In consultation with Civil Service Employee Policy this has been adapted in terms of operational procedure to improve access for staff wishing to raise a Whistleblowing concern and utilise existing structures to improve upon reporting of concerns to help ensure effective compliance with Cabinet Office requirements.

The Home Office Whistleblowing policy allows staff to raise legitimate issues of public interest via their manager, a confidential central reporting hotline and email address and through a network of Nominated Officers embedded within Director General commands. This is complimented by a Board-level Senior Responsible Officer.

The Home Office Professional Standards Unit provides an independent team of investigators, separate from business areas, to investigate thoroughly concerns that are raised. This in turn has led to improvements in Departmental procedures and new safeguards.

To support the policy, regular awareness campaigns are undertaken with positive reinforcement encouraging staff to feel safe to challenge and feel safe to report any concern.

The Home Office champions counter fraud at Board level, with the Second Permanent Secretary



leading on the insider threat and fraud across the Border, Immigration and Citizenship system along with a Senior Director in the Capabilities and Resources Directorate leading on countering financial, commercial and insider fraud across the Home Office.

The Home Office has a counter fraud strategy, policy and response plan which focuses on the insider threat. The wider counter fraud strategy is delivered through a range of other strategies and guidance which cover discrete areas of work – e.g. commercial activity or frontline delivery – these are governed, for example, by the direction of Ministers, control strategies and operating mandates.

Fraud risk is covered in the normal Home Office risk assessment process. The Home Office also carries out fraud risk assessments as part of the introduction of new policies and programmes.

The Home Office completes the Cabinet Office required action plan and metrics. This year we have focused on building a new finance system with improved controls around expenses to make it easier to spot unusual activity and therefore highlight potential insider fraud early on. In addition, action plans regarding insider threat are included in business level control strategies and in a central control strategy. Regarding countering fraud at a local, national and global level, key actions are included in a wide range of corporate and business level business plans and in operational control strategies.

The Home Office has a robust system for reporting fraud – both in terms of insider or external fraud. There are dedicated teams of investigators trained to PIP (Professionalising Investigations Programme) 2 responsible for investigating fraud perpetrated against the Home Office by insiders and against the wider Border, Immigration and Citizenship system.

All staff have access to fraud awareness training, this is mandated in some higher risk areas of the Home Office. In addition, the Home Office carries out a range of fraud awareness events including a fraud awareness week each year.

Assurance

The Department relies on assurance from multiple sources, consistent with good practice: Assurance activity is structured around three lines of defence, ranging from front line operational assurance (first line of defence) to independent assurance such as Internal Audit (third line of defence):

- Front-line and business operational areas: the Department has established assurance arrangements over how well objectives are being met and risks managed. These include monthly management reporting, risk registers, reports on the routine system controls, the Director General annual assurance returns and other management information;

- Management oversight and expert review: separate from the work of those responsible for delivery, this includes investment approval work undertaken by the Department's Investment committee, analytical assurance, as well as work undertaken by other enablers functions (e.g. Human Resources) and the departmental security teams;
- Independent and objective assurance: this includes the work of internal audit and independent specialists; and
- External reviews: this covers external and independent assurance commissioned by bodies outside the organisation. These include reviews by the National Audit Office and parliamentary select committees. These reviews are usually conducted after a project or event and are a particularly valuable source of learning for the organisation.

The Assurance and Governance Unit has been established to oversee assurance and risk across the Department. The Unit has developed a simplified management assurance framework which will be launched in 2018-19. The framework clarifies and structures the central Department's approach to assurance. It sets out the common principles and standard assurance activities that the Department expects to be in place, and how these should be assessed and reported. It aims to embed good assurance practice and to facilitate organisational learning.

Analytical assurance

The Home Office has a process for ensuring that all business-critical models are subject to proportionate quality assurance, and that risks and limitations are communicated and acknowledged by the users of the modelled outputs.

The Department's register of business-critical models is updated annually, including all analytical models where the financial risks are in excess of £25 million, or where errors could result in substantial reputational damage, or where the model is a major part of delivering the Department's capabilities.

Business critical models must have a Senior Responsible Owner (SRO) who commissions the model and uses the outputs, a Model Responsible Owner (MRO) in charge of delivering the analysis, and an Analytical Quality Assurance (AQA) Reviewer who gives their opinion on the level of AQA and the robustness of the model during a formal sign off process. The MRO and SRO must then acknowledge that they have understood these risks, limitations and uncertainties.

The process is overseen by the AQA Model Board, which meets quarterly and consists of senior civil servants from all areas of the Department. The Board has an independent chair, Professor Mike Pidd, an academic expert in operational research at Lancaster University, who is also a member of the Home Office Science Advisory Council. The Board reports to the Performance and Risk Committee and to ExCo.

A full-time Head of Analytical Quality Assurance supports the board, as well as running a programme of work to deliver training, guidance, and advice to analysts on quality assurance.

Most business-critical models have now been reviewed by the board, with new models planned for review once they are completed. Whilst a robust mechanism is now in place, further work will focus on ensuring this becomes a matter of routine, and that the processes are adopted into the culture of Home Office

Project assurance

Home Office programmes and projects continue to be delivered in accordance with Association for Project Management best practice and the new Government Standard for Project Delivery. The Portfolio and Project Delivery Directorate (PPD) provides monthly reports on portfolio delivery to the Portfolio, Investment and Change (PIC) Committee and to the Executive Committee. This covers major (Tier 1) and mission critical (Tier 2) projects within the Home Office portfolio and, from January 18 and starting with the Border, Immigration and Citizenship system business areas, has been expanded to include business area transformation delivery (Tier 3).

PPD also leads, manages and co-ordinates portfolio assurance, and again does so in line with the Government Standard for Project Delivery. All Tier 1 projects are expected to have integrated assurance and approval plans. This is not currently mandated below that level, but, as part of a wider assurance improvement

strategy, we are proposing that this should be extended to Tier 2 projects as well and already encourage this.

Assurance interventions are aligned to the major approval points of individual projects. Within the Home Office change portfolio, there are currently 12 projects that are included in the Government Major Projects Portfolio (GMPP) and therefore require quarterly reporting to the Infrastructure and Projects Authority (IPA). In the first three quarters of 2017-18, the IPA carried out 9 assurance reviews on these major projects, whilst 18 assurance reviews were organised by PPD for mission critical and business area transformation projects. PPD collates, tracks and analyses the recommendations arising from assurance interventions. The learning obtained from the latter helps to identify suitable topics for the Project Delivery Community Learning Events ('learning nibbles') that PPD runs and future Internal Audit thematic reviews. PPD also provides ongoing support to projects within the change portfolio through its Project Engagement Team.

The IPA is due to publish its next annual report shortly. In parallel with this, the Home Office will publish its 2017-18 Quarter 2 GMPP project data, including the IPA delivery confidence rating for each of these projects. These are based on a combination of project size, scale, the degree of risk, complexity and timeframes involved, with projects that are larger in scale and earlier in their lifecycle tending to have a lower delivery confidence assessment.



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 should be directed towards enhancing their policing and crime prevention 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.

Independent assurance

The Department is subject to independent oversight in several areas and implements many of the recommendations made. This oversight includes:

- National Audit Office reports (including Value for Money) and the audit report for the Annual Report and Accounts;
- Independent Chief Inspector of Borders;
- HM Chief Inspector of Prisons publications and (annual) report;
- Feedback from the Major Projects Review Group.

Update from Chief Internal Auditor

The Government Internal Audit Agency (GIAA) has conducted a range of work across the Home Office and summaries of internal audit reports are seen and reviewed by the Department's Audit and Risk Assurance Committee. Each year, I am required to express an opinion on the adequacy of the Department's governance, risk management and control arrangements. This year I have decided to offer the Accounting Officer limited assurance. I have concluded that although the Department is effective in managing demanding and highly pressurised situations, it could make improvements in fulfilling the routine tasks that are pivotal to the success of operational and strategic delivery.

The Department must seek to work more collaboratively if it intends to modify the assumptions and norms that are embedded across the department. There are many examples of silo working which contribute to the differences in how people respond and behave in relation to issues they face. The process of addressing these cultural challenges must be driven from the top of the organisation to ensure that the required cultural shift is achievable.

I have continued to provide my view on the areas where our audit work suggests improvements could be made. These are set out in the table on the following page.

The Home Office's capacity and capability is likely to be put under significant pressure by Brexit. The Department will need to manage delivery of complex programmes of work across commands to successfully achieve desired outcomes. This, as well as putting right the wrongs faced by some of the Windrush generation, provide the backdrop for the Department's immediate future.

Christopher Westwood
Chief Internal Auditor





Area of improvement identified by GIAA	Key issues
Improve guidance for staff - particularly in operational areas.	<ul style="list-style-type: none">• First line assurance relies on staff having accurate guidance to perform their duties, especially in operations.• Although progress is being made, with the Department reporting a significant reduction in the number of pieces of immigration guidance and an effective overarching management regime we still find that unapproved guidance and templates are in existence.• Progress in implementing agreed audit recommendations has been made but at a slower pace than planned.• This year I note that the programme to improve guidance is being revisited and a new Simplification Programme developed to continue this work.
Establish effective second line assurance capability in the Department	<ul style="list-style-type: none">• Last year I recommended that strategic direction and central oversight of assurance could be enhanced. Progress is being made but arrangements need to cover the whole department – currently second line activities are mainly focused in the Border, Immigration and Citizenship system.• The Department is evolving its assurance arrangements including launching a simplified management assurance framework to make it easier for managers to deliver their obligations using evidence to support their assessments.• The Department has also identified and created a network of Assurance Champions, leads and Subject Experts across the Department.
Implement outstanding agreed internal audit recommendations	<ul style="list-style-type: none">• Internal audit activity has identified weaknesses in the Department's arrangements for managing risks. We make recommendations to address the risks identified. Managers then agree actions and we follow-up their implementation.• We have previously drawn the Department's attention to a higher than desirable level of overdue actions.• We have seen some progress in relation to the most serious outstanding actions which is to be welcomed. However, the Department still has too many overdue actions over all.

Year-end governance assurance process

As the Principal Accounting Officer I am responsible for ensuring there is an effective process in place for monitoring and reporting governance issues during the year. I am supported by Directors General and Directors who have delegated financial and risk management authority appropriate to their responsibilities.

To prepare the Department's Governance Statement I am provided with feedback and assurance from across the Department.

This includes:

- Completion of annual Director General Assurance Statements to summarise the objectives, controls and risks within each Director General's operations and provide an assessment of the level of assurance within business processes; and
- Content of Agency and ALB Governance Statements to ensure consistency and completeness of this statement.

Conclusion & Compliance with Code of Good Practice

Government policy on departmental governance is outlined in Corporate Governance in Central Departments: Code of Good Practice. 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 one exception - the Chief Internal Auditor (CIA) does not receive an invitation to attend the Departmental Board. However, the CIA does have the facility to provide updates and briefings to the ExCo as well as routine sight of the Board agendas and papers. Additionally, the CIA also has a programme of one to one sessions with me as 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.

Our corporate governance arrangements have been reviewed during the year through a comprehensive Governance Review. An organisation of the Home Office's size and complexity will always have multiple risks to manage at any one time, but I am satisfied that the governance arrangements that were in place throughout 2017-18 have been sufficient to continue managing risks effectively. We continue to make good progress in improving our control frameworks and in introducing further measures to ensure effective controls operate consistently across the Home Office. Over the year ahead, we will extend our strong focus on efficiency and governance.

Sir Philip Rutnam
Accounting Officer

12 July 2018



Annex to Governance Statement

Board and Committee attendance during 2017–18

Name of Board member	Meeting attendance per board member of meetings eligible to attend		
	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
Rt Hon Amber Rudd MP , Home Secretary, until 30 April 2018	1/3	N/A	N/A
Baroness Williams , Lords Minister, Minister of State for Countering Extremism and Minister for Equalities	1/3	N/A	N/A
Caroline Nokes MP , Minister of State for Immigration, from 8 January 2018	2/2	N/A	N/A
Rt Hon Nick Hurd MP , Minister of State for Policing and the Fire Service	2/3	N/A	N/A
Ben Wallace MP , Minister of State for Security	1/3	N/A	N/A
Victoria Atkins MP , Parliamentary Under Secretary of State for Crime, Safeguarding and Vulnerability and Minister for Women from 9 November 2017	1/2	N/A	N/A
Sarah Newton MP , Parliamentary Under Secretary of State for Vulnerability, Safeguarding and Counter Extremism, to 9 November 2017	0/1	N/A	N/A
Rt Hon Brandon Lewis MP , Minister of State for Policing and the Fire Service, to 8 January 2018	0/1	N/A	N/A
Robert Goodwill MP , Minister of State for Immigration, to 8 January 2018	0/2	N/A	N/A
Sir Philip Rutman , Permanent Secretary, from 4 April 2017	3/3	35/39	5/5
Tom Hurd , Director General, Office of Security and Counter-Terrorism	1/3	22/39	N/A
Fiona Spencer , Interim Director General, Capabilities and Resources from 27 November 2017	2/2	13/15	2/2
Scott McPherson , Director General, Crime, Policing and Fire Group from 13 November 2017	2/2	12/16	N/A
Patsy Wilkinson , Second Permanent Secretary	3/3	34/39	4/4
Mike Parsons , Director General, Capabilities and Resources until 26 November 2017	1/1	20/24	3/3
Glyn Williams , Director General, BICS Policy & Strategy	1/1	33/39	N/A
Diana Luchford , Interim Director General of the Crime, Policing and Fire Group from 6 September 2017 to 30 November 2017	1/1	8/8	N/A

Other Board Members and Non-Executive Directors

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
Paul Lincoln , Director General, Crime, Policing and Fire Group until 17 September 2017 then Director General of Border Force	N/A	29/39	N/A
Peter Fish , Director General, Legal	N/A	31/39	N/A
Mark Thomson , Director General, HM Passport Office and Registrar General, also Director General, UK Visas and Immigration	N/A	29/39	N/A
Andy Tighe , Director, Communications from 7 November 2017	N/A	15/17	N/A
Richard Hornby , Director, Finance and Estates	N/A	9/11	3/5
Paula Leach , Chief People Officer	N/A	35/38	N/A
Joanna Davinson , Chief Digital, Data and Technology Officer	N/A	13/16	N/A
Hugh Ind , Director General, Immigration Enforcement	N/A	35/39	N/A
Simon Wren , Director, Communications, until 26 June 2017	N/A	4/7	N/A
Sir Charles Montgomery , Director General, Border Force until 4 October 2017	N/A	11/15	N/A
Sharon Sawers , Acting Director, Communications from 26 June 2017 until November 2017	N/A	13/16	N/A
Sue Langley , Lead Non-Executive Director	3/3	0/4*	N/A
Suzy Levy , Non-Executive Director	3/3	4/4*	N/A
Adrian Joseph , Non-Executive Director	2/3	2/4*	N/A
Nicholas Shott , Non-Executive Director	3/3	1/4*	5/5
John Studzinski , Non-Executive Director, Chair Audit & Risk Assurance Committee	3/3	2/4*	5/5
Sarah Pickup , Independent member, Audit & Risk Assurance Committee	N/A	N/A	5/5
Claire Cook , Independent member, Audit & Risk Assurance Committee	N/A	N/A	4/5
Terry Price , Independent member, Audit & Risk Assurance Committee	N/A	N/A	4/5
Anne Tutt , Independent member, Audit & Risk Assurance Committee	N/A	N/A	2/2
Karina McTeague , Independent member, Audit & Risk Assurance Committee	N/A	N/A	1/1

Not all members were invited to every meeting held.

* ExCo: Following the Governance Review in October 2017, NEDs are invited to the monthly Performance ExCo meetings. 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 does when invited.



Remuneration and Staff Report

Staffing

Gender

The Department 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 2018. This is reported on a headcount basis for all staff in post as at that date.

Number of male and female employees¹

	Female	Male	Total at 31 March 2018
Directors ²	4	10	14
Senior Managers ³	96	147	243
Employees	16,548	15,242	31,790

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

² Members of the Executive Management Board

³ All managers at Senior Civil Service (SCS) level



The Department is committed to ensuring that both men and women are able to reach their full potential in the Home Office.”

Comparison with the numbers in 2016-17

Female Director numbers increased by 3 there were no changes in the number of male Directors.

There were fewer female and male Senior Managers, female Senior Managers decreased by 2, male Senior Managers decreased by 14.

The total employee figure decreased by 1% (Females increased by 1%; males decreased by 3%).

2016-17 Comparison Table

Number of male and female employees¹

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

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

² Members of the Executive Management Board

³ All managers at Senior Civil Service (SCS) level

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 and 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 2018 is 7.27 days (7.14 days in 2016-17). This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.



Trade Union facility time data

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require certain Public Sector employers to publish information on facility time used by Trade Union representatives. This document sets out the relevant Trade Union facility time data for the Home Office covering the period 1 April 2017 to 31 March 2018.

Number of Trade Union Representatives

This table shows the total number of employees who were Trade Union representatives during the period 1 April 2017 to 31 March 2018.

Number of employees who were Trade Union representatives	Number of employees who were Trade Union representatives expressed as a Full Time Equivalent number
334	317

Percentage of time spent on facility time

This table shows of the employees who were Trade Union representatives employed during the period 1 April 2017 to 31 March 2018 the percentage of their working hours spent on facility time.

Percentage of time spent on facility time	Number of employees
0%	60
1-50%	274
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

This table shows the percentage of the total pay bill spent on Trade Union facility time during the period 1 April 2017 to 31 March 2018.

Total cost of facility time	£667k
Total pay bill	£1,305,509k
Percentage of the total pay bill spent on facility time	0.05%

Paid Trade Union activities

This data shows, as a percentage of total paid facility time hours, the number of hours spent by employees who were Trade Union representatives during the period 1 April 2017 to 31 March 2018, on paid trade union activities.

Time spent on paid TU activities as a percentage of total paid facility time hours	0
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**Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2018**

Salary Bands	SCS within the range as at end of March 2018	Percentage
£65,000 - £70,000	9	3.83%
£70,000 - £75,000	26	11.06%
£75,000 - £80,000	43	18.30%
£80,000 - £85,000	38	16.17%
£85,000 - £90,000	20	8.51%
£90,000 - £95,000	25	10.64%
£95,000 - £100,000	8	3.40%
£100,000 - £105,000	13	5.53%
£105,000 - £110,000	6	2.55%
£110,000 - £115,000	8	3.40%
£115,000 - £120,000	9	3.83%
£120,000 - £130,000	8	3.40%
£130,000 - £150,000	8	3.40%
£150,000 - £205,000	7	2.98%
£155,000 - £160,000	2	0.85%
£160,000 - £165,000	1	0.43%
£175,000 - £180,000	1	0.43%
£180,000 - £185,000	1	0.43%
£200,000 - £205,000	1	0.43%
£300,000 - £305,000	1	0.43%
Grand Total	235	100.00%

This information has been extracted from Data View, the Department's single source of Office for National Statistics (ONS) compliant monthly snapshot corporate Human Resources data, using actual salaries as at the end of March 2018.

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.

2016-17 Comparison Table**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 – £125,000	6	2.74%
£125,000 – £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%
Grand Total	219	100.00%



Spend on consultancy services and temporary staff

The Home Office has a robust consultancy and contingent labour 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 Consultancy and Contingent Labour 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, Crown Commercial Service

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 2017-18 on Consultancy and Contingent Labour (CCL) by the Home Office, including agencies and NDPBs, was £94.5 million, an increase of £18.7 million from 2016-17 spend.

The spend on consultancy services of £12.7 million, was £0.6 million lower than 2016-17 and is the lowest spend by the Department on such services in the last nine years.

The Home Office monitors Temporary Staff costs to ensure that the continuing expenditure represents best value for money for the organisation. Of the £82 million spent by the Home Office Group on temporary staff, £32 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 2016-17, where the spend was just over £25 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.

The spend on
consultancy services of
**£12.7
million**

is the lowest spend by
the Department on such
services in the last
nine years.

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Consultancy Services	2017-18 total expenditure (£000)	2016-17 total expenditure (£000)
Home Office core Department	12,313	11,866
Disclosure and Barring Service	415	-
College of Policing	-	296
Security Industry Authority	-	1,047
Gangmasters and Labour Abuse Authority	-	139
TOTAL	12,728	13,348

Contingent Labour/Agency Costs	2017-18 total expenditure (£000)	2016-17 total expenditure (£000)
Home Office core Department	70,148	54,539
Independent Police Complaints Commission	2,563	4,740
College of Policing	7,826	2,377
Disclosure and Barring Service	687	-
Security Industry Authority	471	674
Gangmasters and Labour Abuse Authority	27	69
Office of Immigration Services Commission	5	-
TOTAL	81,727	62,399

Total Consultancy Services and Contingent Labour/Agency Costs	2017-18 total expenditure (£000)	2016-17 total expenditure (£000)
Home Office core Department	82,461	66,405
Independent Police Complaints Commission	2,563	4,740
College of Policing	7,826	2,673
Disclosure and Barring Service	1,102	-
Security Industry Authority	471	1,721
Gangmasters and Labour Abuse Authority	27	208
Office of Immigration Services Commission	5	-
TOTAL	94,455	75,747



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 more than £245 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 2018, for more than £245 per day and that last for longer than six months.

	Main Department	Agencies	ALBs
Number of existing engagements as of 31 March 2018	216	-	13
Of which:			
Number that have existed for less than one year at time of reporting	107	-	10
Number that have existed for between one and two years at time of reporting	93	-	2
Number that have existed for between two and three years at time of reporting	13	-	1
Number that have existed for between three and four years at time of reporting	2	-	-
Number that have existed for four or more years at time of reporting	1	-	-

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 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months.

	Main Department	Agencies	ALBs
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	169	-	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	169	-	10
Number for whom assurance has been requested	169	-	10
Of which:			
Number for whom assurance has been received	169	-	10
Number for whom assurance has not been received	-	-	-
Number that have been terminated as a result of assurance not being received.	-	-	-

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018.

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



The rest of this report is audited information.

Staff Costs

					2017-18 £000	2016-17 £000
	Permanently employed staff	Others	Ministers	Special Advisers	Departmental Group Total	Departmental Group Total
Wages and salaries	1,015,057	123,262	298	186	1,138,803	1,100,449
Social Security Costs	105,316	-	34	29	105,379	96,772
Other pension costs	199,673	-	-	47	199,720	193,455
Sub Total	1,320,046	123,262	332	262	1,443,902	1,390,676
Less recoveries in respect of outward secondments	(1,479)	-	-	-	(1,479)	(1,380)
Total net costs	1,318,567	123,262	332	262	1,442,423	1,389,296
Of which:						
Core Department	1,198,647	104,911	332	262	1,304,152	1,257,163
Core Department and Agencies	1,198,647	104,911	332	262	1,304,152	1,257,163
Departmental Group	1,318,567	123,262	332	262	1,442,423	1,389,296

The total amount of capitalised staff costs not included in the figures above is £0.2 million (£0.2 million in 2016-17).

Staff Costs by Business Segment

					2017-18 £000	2016-17 £000
Business Segment	Permanently employed staff	Others	Ministers	Special Advisers	Departmental Group Total	Departmental Group Total
Crime, Policing and Fire Group	187,185	37,134	-	-	224,319	198,187
Office for Security and Counter-Terrorism	37,045	1,114	-	-	38,159	39,095
Border Force	309,241	5,236	-	-	314,477	374,078
UK Visas & Immigration	181,487	43,860	-	-	225,347	255,167
Immigration Enforcement	169,361	11,732	-	-	181,093	207,845
International and Immigration Policy	21,575	2,407	-	-	23,982	21,329
HM Passport Office	97,605	4,788	-	-	102,393	123,151
Enablers	315,068	16,991	332	262	332,653	170,444
Total Staff Costs	1,318,567	123,262	332	262	1,442,423	1,389,296

(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 2017-18, employers’ contributions of £181 million were payable to PCSPS and CSOPS (2016-17 £177 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 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

53 persons (45 in 2016-17) retired early on ill-health grounds

(b) Partnership and Stakeholder Schemes

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2017-18, employers’ contributions of £1.6 million were paid to one or more of the panel of three appointed stakeholder pension providers (2016-17 £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 £280,000 (2016-17 £246,800), 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 2018 were £14.7 million (£14.7 million in 2016-17). Contributions prepaid at that date were £nil (£nil in 2016-17).

(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	Permanently employed staff	Others	Ministers	Special Advisers	2017-18	2016-17
					Departmental Group Total	Departmental Group Total
Crime, Policing and Fire Group	4,207	533	-	-	4,740	2,956
Office for Security and Counter-Terrorism	709	57	-	-	766	734
Border Force	7,674	60	-	-	7,734	7,670
UK Visas & Immigration	6,159	1,521	-	-	7,680	6,467
Immigration Enforcement	4,853	279	-	-	5,132	4,969
International & Immigration Policy	443	3	-	-	446	467
HM Passport Office	3,726	26	-	-	3,752	3,807
Enablers	2,752	203	6	3	2,964	3,849
Staff engaged on capital projects	2	-	-	-	2	2
Total	30,525	2,682	6	3	33,216	30,921
Of which:						
Core Department	27,659	2,316	6	3	29,984	28,949
Core Department and Agencies	27,659	2,316	6	3	29,984	28,949
Departmental Group	30,525	2,682	6	3	33,216	30,921

Included within the staff numbers above are 2 members of staff who were engaged in capital projects (2 in 2016-17).

Reporting of Civil Service and other compensation schemes – exit packages

Exit Package cost band	Core Department & Agencies			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	- (-)	2 (10)	2 (10)	- (-)	2 (11)	2 (11)
£10,000 - £25,000	- (3)	19 (28)	19 (31)	- (3)	19 (30)	19 (33)
£25,000 - £50,000	1 (2)	20 (18)	21 (20)	1 (2)	20 (21)	21 (23)
£50,000 - £100,000	- (2)	32 (31)	32 (33)	- (2)	32 (36)	32 (38)
£100,000 - £150,000	- (-)	2 (1)	2 (1)	- (-)	2 (1)	2 (1)
Total number of exit packages by type	1 (7)	75 (88)	76 (95)	1 (7)	75 (99)	76 (106)
Total Resource cost (£000)	36 (244)	3,747 (3,625)	3,799 (3,869)	36 (244)	3,763 (4,150)	3,799 (4,394)

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

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.

Ministers

The Ministers responsible for the Department during 2017-18 are reported on [page 38](#).

Membership of the Home Office Departmental Board

The membership of the Departmental Board during 2017-18 can be found in the annex to the Governance Statement on [page 63](#).

Executive Committee

The membership of the Executive Committee during 2017-18 is found in the annex to the Governance Statement on [page 48](#).

Non-executive directors

The information details relating to the non-executive directors is reported on [page 49](#).

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 2016-17 performance year the committees comprised:

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 2016-17 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 2016-17 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 0.5% and 1.5% 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 2.36% of the SCS pay bill on non-consolidated performance payments to staff in Group 1; this equates to £444,000.

The pay award and bonus payments for the 2016-17 performance year were paid in July 2017. The bonuses were up to £17,500 (Pay Band 3); £13,000 (Pay Band 2) and £7,000 (Pay Band 1) and were offset by any consolidated increases.

The assessment and review of performance for the 2017-18 performance year will be undertaken shortly.

Pay Band 3 Remuneration Committee

The Permanent Secretary, 2nd Permanent Secretary and Chief People Officer. The lead NED was invited to input prior to the Committee due to being out of the country when it was held.

Pay Band 2 Remuneration Committee

The Permanent Secretary, 2nd Permanent Secretary, Chief People Officer and all of the Department's Directors General.

Pay Band 1 Remuneration Committee

The Permanent Secretary, 2nd Permanent Secretary, Chief People Officer and all of the Department's Directors General.



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) ⁷		Total (to nearest £'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Rt Hon Amber Rudd MP (Until 30 April 2018)	67,505 (67,505)	48,270 (67,505)	-	-	19,000	13,000	87,000	61,000
Rt Hon Ben Wallace MP	31,680 (31,680)	22,568 (31,680)	-	100	9,000	6,000	41,000	29,000
Sarah Newton MP (Until 9 November 2017)	16,781 (22,375)	15,879 (22,375)	-	-	4,000	4,000	21,000	20,000
Rt Hon Brandon Lewis MP (Until 8 January 2018)	24,526 (31,680)	21,210 (31,680)	-	-	5,000	6,000	30,000	27,000
Robert Goodwill MP (Until 12/06/17)	7,920 (31,680)	22,568 (31,680)	-	-	2,000	6,000	10,000	29,000
Rt Hon Nick Hurd MP (From 12/06/07)	25,432 (31,680)	-	-	-	6,000	-	31,000	-
Baroness Shields ⁸ (Until 15 June 2017)	-	-	-	-	-	-	-	-
Baroness Williams ⁹ (From 15 June 2017)	115,257 (115,257)	77,303 (115,257)	8,600	8,300	32,000	8,000	156,000	94,000
Victoria Atkins MP (from 9 November 2017)	8,826 (22,375)	-	-	-	3,000	-	12,000	-
Caroline Nokes MP (from 9 January 2018)	7,154 (31,680)	-	-	-	2,000	-	9,000	-

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.

⁷ 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 transfer of pension rights.

⁸ Baroness Shields was an unpaid minister.

⁹ 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 ¹⁰ (to nearest £'000)		Total (to nearest £'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sir Mark Sedwill Permanent Secretary (until 14 April 2017)	15-20	180-185	-	15-20	-	-	37	69	50-55	270-275
Sir Philip Rutnam Permanent Secretary (from 5 April 2017)	185-190	-	15-20	-	-	-	65	-	265-270	-
Patsy Wilkinson Second Permanent Secretary	160-165	90-95 (155- 160)	0-5	-	-	-	50	76	210-215	165-170
Paul Lincoln ¹¹ Director General, Crime, Policing and Fire Group (Until 17 September 2017)	120-125	115-120	-	5-10	-	-	59	178	180-185	300-305
Tom Hurd ¹² Director General, Office of Security and Counter-Terrorism	300-305	195-200	-	-	-	-	160	152	460-465	350-355
Hugh Ind ¹³ Acting Director General, Immigration Enforcement	120-125	95-100	5-10	5-10	-	-	173	67	305-310	165-170
Mike Parsons ¹⁴ Director General, Capabilities and Resources (until 26 November 2017)	100-105 (155- 160)	155-160	-	10-15	-	-	-	60	100-105	225-230
Mark Thomson ¹⁵ Director General, HM Passport Office and Registrar General; and, Director General, UK Visas and Immigration	160-165	160-165	10-15	10-15	-	-	-	-	175-180	170-175

¹⁰ 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 transfer of pension rights.

¹¹ Paul Lincoln changed role in September 2017 from Director General of Crime, Fire and Policing Group to Director General Border Force.

¹² Tom Hurd is on secondment from the Foreign and Commonwealth Office. His salary includes a Continuity of Education allowance.

¹³ Hugh Ind made a salary sacrifice of £240 in the year.

¹⁴ Mike Parsons chose not to be covered by the Civil Service pension arrangements during the reporting year.

¹⁵ Mark Thomson chose not to be covered by the Civil Service pension arrangements during the reporting year.



Board members	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000)		Total (to nearest £'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sir Charles Montgomery ¹⁶ Director General, Border Force (Until 4 October 2017)	75-80 (145- 150)	140-145	-	-	800	1,000	-	-	75-80	140-145
Glyn Williams Acting Director General, BICS Policy & Strategy	110-115	5-10 (105- 110)	5-10	-	-	-	119	11	240-245	15-20
Diana Luchford, Interim Director General of the Crime, Policing and Fire Group (from 6 September 2017)	25-30 (95-100)	-	5-10	-	-	-	21	-	55-60	-
Fiona Spencer Interim DG of Capabilities and Resources (from 27 November 2017)	30-35 (95-100)	-	5-10	-	-	-	(1)	-	40-45	-
Scott McPherson Director General of CPFG add (from 13 November 2017)	45-50 (125- 130)	-	-	-	-	-	87	-	135-140	-

¹⁶ Sir Charles Montgomery chose not to be covered by the Civil Service pension arrangements during the reporting year.

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Non Executive Directors	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000)		Total (to nearest £'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sue Langley	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Suzy Levy	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Adrian Joseph	10-15	10-15	-	-	-	-	-	-	10-15	10-15
John Studzinski	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Nicholas Shott ¹⁷	10-15	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.¹⁶

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 (£76,011 from 1 April 2017) and various allowances to which they are entitled are borne centrally.

However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

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 2017-18 relate to performance in 2016-17 and the comparative bonuses reported for 2016-17 relate to the performance in 2015-16.

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 2017-18 was £300,000 - £305,000 (2016-17, £200,000 – £205,000). This was 9.4 times (2016-17, 6.3 times) the median remuneration of the workforce, which was £32,225 (2016-17, £31,932).

In 2017-18, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £15,000 – £20,000 to £300,000 – £305,000 (This is an increase from the previous year 2016-17).

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.

¹⁷ At his request, Nicholas Shott's fee will be donated directly to charity



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. Tom Hurd is the highest paid director for 2017-18, for 2016-17 it was Sir Mark Sedwill.

	2017-18	2016-17
Band of Highest Paid Director's Total Remuneration (£'000)	300-305	200-205
Median Total (£)	32,225	31,932
Remuneration Ratio	9.4	6.3

During 2017-18 the highest paid director was in receipt of a Continuity of Education allowance, which together with his salary and non-consolidated performance related pay, place him in a Remuneration band £100,000 more than the Remuneration band of the highest paid director in 2016-17. The median total for staff has increased by just under £300. These differences explain the increase in the Remuneration Ratio of 3.1.

Pension Benefits

Ministers	Accrued pension at age 65 as at 31/3/18 £000	Real increase in pension at age 65 £000	CETV at 31/3/18 £000	CETV at 31/3/17 £000	Real increase in CETV £000
Rt Hon Amber Rudd MP	0-5	0-2.5	62	43	10
Rt Hon Ben Wallace MP	0-5	0-2.5	22	15	3
Sarah Newton MP (Until 9 November 2017)	0-5	0-2.5	13	9	2
Rt Hon Brandon Lewis MP (Until 8 January 2018)	0-5	0-2.5	41	35	2
Robert Goodwill MP (Until 12 June 2017)	0-5	0-2.5	74	72	1
Rt Hon Nick Hurd MP (From 12 June 2017)	0-5	0-2.5	66	58	3
Baroness Shields (Until 15 June 2017)	-	-	-	-	-
Baroness Williams (From 15 June 2017)	5-10	0-2.5	77	53	15
Victoria Atkins (From 9 November 2017)	0-5	0-2.5	2	-	2
Caroline Nokes MP (from 9 January 2018)	0-5	0-2.5	8	6	1

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 March 2018 and related lump sum £'000	Real increase / (decrease) in pension and related lump sum at pension age £'000	CETV at 31 March 2018 £'000	CETV at 31 March 2017 £'000	Real increase / (decrease) in CETV £'000	Employer contributions to partnership pension account £'000
Sir Mark Sedwill Permanent Secretary (Until 14 April 2017)	75-80	0-2.5	1,211	1,182	28	-
Sir Philip Rutnam Permanent Secretary (From 5 April 2017)	25-30	2.5-5	396	332	32	-
Patsy Wilkinson Second Permanent Secretary	55-60 plus a lump sum of 170-175	2.5-5 plus a lump sum of 7.5-10	1,235	1,113	45	-
Paul Lincoln Director General, Crime, Policing and Fire Group until 17 September 2017 then Director General of Border Force	40 - 45 plus a lump sum of 20-25	2.5 - 5 plus a lump sum of 0 - 2.5	541	481	25	-



Board members	Accrued pension at pension age as at 31 March 2018 and related lump sum £'000	Real increase / (decrease) in pension and related lump sum at pension age £'000	CETV at 31 March 2018 £'000	CETV at 31 March 2017 £'000	Real increase / (decrease) in CETV £'000	Employer contributions to partnership pension account £'000
Tom Hurd Director General, Office of Security and Counter-Terrorism	50-55 plus a lump sum of 150-155	5-7.5 plus a lump sum of 20-22.5	1,364	1,131	222	-
Hugh Ind Director General, Immigration Enforcement from 14 July 2017, was acting Director General before that.	40-45 plus lump sum of 105-110	7.5-10 plus a lump sum of 17.5-20	695	559	119	-
Mike Parsons Director General, Capabilities and Resources until 26 November 2017	-	-	-	-	-	-
Mark Thomson Director General, HM Passport Office and Registrar General; and, Director General, UK Visas and Immigration	-	-	-	-	-	-
Sir Charles Montgomery Director General, Border Force until 4 October 2017.	-	-	-	-	-	-
Glyn Williams Acting Director General, BICS Policy & Strategy	45-50 plus a lump sum of 135-140	5-7.5 plus a lump sum of 15-17.5	967	802	110	-
Diana Luchford, Interim Director General of the Crime, Policing and Fire Group from 6 September 2017 to 30 November 2017	30-35 plus a lump sum of 100-105	0-2.5 plus a lump sum of 2.5-5	668	644	17	-
Fiona Spencer Interim DG of Capabilities and Resources from 27 November 2017	50-55	0-2.5	1,004	989	(1)	-
Scott McPherson Director General, Crime, Policing and Fire Group from 13 November 2017	30-35 plus a lump sum of 80-85	2.5-5 plus a lump sum of 7.5-10	498	424	55	-

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.

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.

Sir Philip Rutnam
Accounting Officer

12 July 2018

Statement of Parliamentary Supply

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 2017-18

		2017-18 £000			2016-17 £000				
		Estimate			Outturn			Voted outturn compared with Estimate: saving (excess)	Outturn
	SoPS Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total		Outturn Total
Departmental Expenditure Limit									
- Resource	1.1	10,539,268	-	10,539,268	10,442,881	-	10,442,881	96,387	10,493,694
- Capital	1.2	612,992	-	612,992	591,342	-	591,342	21,650	466,389
Annually Managed Expenditure									
- Resource	1.1	3,001,825	-	3,001,825	2,497,032	-	2,497,032	504,793	2,389,331
- Capital	1.2	-	-	-	-	-	-	-	-
Total Budget		14,154,085	-	14,154,085	13,531,255	-	13,531,255	622,830	13,349,414
Non-Budget									
- Resource		-	-	-	-	-	-	-	-
Total		14,154,085	-	14,154,085	13,531,255	-	13,531,255	622,830	13,349,414
Total Resource	1.1	13,541,093	-	13,541,093	12,939,913	-	12,939,913	601,180	12,883,025
Total Capital	1.2	612,992	-	612,992	591,342	-	591,342	21,650	466,389
Total		14,154,085	-	14,154,085	13,531,255	-	13,531,255	622,830	13,349,414

Net Cash Requirement 2017-18

		2017-18 £000		2016-17 £000	
	SoPS Note	Estimate	Outturn	Outturn compared with Estimate: saving/(excess)	Outturn
Net Cash Requirement	3	13,727,628	13,141,660	585,968	12,871,311

Administration Costs 2017-18

		2017-18 £000		2016-17 £000	
		Estimate	Outturn	Outturn	Outturn
		347,586	324,727		339,421

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 SoPS Note 1 (Analysis of net outturn by section).

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

	2017-18							2016-17				
	Outturn							Estimate	Outturn			
	Administration			Programme								
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000	Total £000	Net Total £000	Net total compared to Estimate £000	Net total compared to Estimate, adjusted for virements £000	Total £000	
Spending in Departmental Expenditure Limit												
Voted:												
A - Crime, Policing and Fire Group	40,109	(4,295)	35,814	8,325,191	(53,020)	8,272,171	8,307,985	8,437,666	129,681	5,324	8,293,666	
B - Office for Security and Counter-Terrorism	38,800	(4)	38,796	1,034,775	(181,859)	852,916	891,712	891,735	23	4	836,775	
C - Immigration Enforcement	5,505	-	5,505	425,336	(33,080)	392,256	397,761	412,413	14,652	11,286	403,256	
D - UK Visas & Immigration	19,422	-	19,422	1,089,195	(1,610,316)	(521,121)	(501,699)	(502,509)	(810)	25,921	(334,905)	
E - International and Immigration Policy Group	25,002	(86)	24,916	8,354	(4,988)	3,366	28,282	49,251	20,969	21,638	55,158	
F - Border Force	2,785	-	2,785	519,799	(22,024)	497,775	500,560	560,567	60,007	5,872	482,761	
G - HM Passport Office	31,545	(34,960)	(3,415)	232,564	(400,675)	(168,111)	(171,526)	(146,690)	24,836	2,381	(177,758)	
H - Enablers	269,958	(75,437)	194,521	813,522	(109,483)	704,039	898,560	743,941	(154,619)	22,313	827,013	
I - Arms Length Bodies (Net)	-	-	-	91,246	-	91,246	91,246	92,894	1,648	1,648	107,728	
J - European solidarity mechanism (Net)	-	-	-	-	-	-	-	-	-	-	-	
K - DUP	-	-	-	-	-	-	-	-	-	-	-	
	433,126	(114,782)	318,344	12,539,982	(2,415,445)	10,124,537	10,442,881	10,539,268	96,387	96,387	10,493,694	
Annually Managed Expenditure												
Voted:												
L - AME charges	-	-	-	19,587	-	19,587	19,587	423,830	404,243	404,243	45,912	
M - Police and Fire superannuation	-	-	-	2,477,445	-	2,477,445	2,477,445	2,527,994	50,549	50,549	2,343,419	
N - AME Charges Arms Length Bodies (Net)	-	-	-	-	-	-	-	50,001	50,001	50,001	-	
	-	-	-	2,497,032	-	2,497,032	2,497,032	3,001,825	504,793	504,793	2,389,331	
Total	433,126	(114,782)	318,344	15,037,014	(2,415,445)	12,621,569	12,939,913	13,541,093	601,180	601,180	12,883,025	

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SOPS 1.2 Analysis of net capital outturn by section

	Outturn			2017-18		2016-17	
	Gross £000	Income £000	Net £000	Net Total £000	Net total compared to Estimate £000	Estimate Outturn	
					Net total compared to Estimate, adjusted for virements £000	Net £000	
Spending in Departmental Expenditure Limit							
Voted:							
A - Crime, Policing and Fire Group	202,750	(624)	202,126	228,708	26,582	16,185	105,475
B - Office for Security and Counter- Terrorism	103,616	-	103,616	102,926	(690)	-	75,861
C - Immigration Enforcement	17,075	-	17,075	19,390	2,315	2,315	2,030
D - UK Visas & Immigration	69,862	-	69,862	70,361	499	499	2,044
E - International and Immigration Policy Group	966	-	966	892	(74)	-	196
F - Border Force	64,727	(506)	64,221	65,420	1,199	1,199	54,652
G - HM Passport Office	16,845	-	16,845	13,500	(3,345)	-	12,545
H - Enablers	99,933	(2,331)	97,602	99,054	1,452	1,452	196,619
I - Arms Length Bodies (Net)	19,029	-	19,029	12,741	(6,288)	-	16,967
J - European Solidarity Mechanism (Net)				-	-	-	-
	594,803	(3,461)	591,342	612,992	21,650	21,650	466,389
Annually Managed Expenditure							
Voted:							
L - AME charges			-		-	-	-
M - Police and Fire superannuation			-		-	-	-
N - AME Charges Arms Length Bodies (Net)			-		-	-	-
	-	-	-	-	-	-	-
Total	594,803	(3,461)	591,342	612,992	21,650	21,650	466,389



SOPS 2. Reconciliation of outturn to net operating expenditure

SOPS 2.1 Reconciliation of net resource outturn to net operating expenditure

	SOPS Note	2017-18 £000 Outturn	Restated 2016-17 £000 Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	12,939,913	12,883,025
Non-Budget	1.1	-	-
		12,939,913	12,883,025
Add:			
Capital Grants		192,430	179,889
Capital Expenditure		30,708	41,675
PFI adjustments		11,011	23,095
Capital Disposal adjustments		11,721	18,296
		13,185,783	13,145,980
Less:			
Income payable to the Consolidated Fund		5,815	16,534
Capital Grant Income		3,461	20,311
		9,276	36,845
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure		13,176,507	13,109,135

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

	SOPS	Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)
	Note	£000	£000	£000
Resource Outturn	1.1	13,541,093	12,939,913	601,180
Capital Outturn	1.2	612,992	591,342	21,650
Accruals to cash adjustments		(426,457)	(435,411)	8,954
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(105,636)	(110,275)	4,639
Add cash grant-in-aid		117,185	111,943	5,242
<i>Adjustments to remove non-cash items:</i>				
Depreciation and Amortisation		(284,400)	(240,024)	(44,376)
New provisions and adjustments to previous provisions		(470,000)	(28,833)	(441,167)
Accrued capital expenditure		-	(91,210)	91,210
Other non-cash items		(3,606)	(51,877)	48,271
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in inventories		-	(2,576)	2,576
Increase/(decrease) in receivables		200,000	(62,484)	262,484
(Increase)/decrease in payables		120,000	27,366	92,634
(Increase)/decrease in pension liability		-	27	(27)
Use of provisions		-	12,532	(12,532)
		13,727,628	13,095,844	631,784
Removal of non-voted budget items:				
Other adjustments:			45,816	(45,816)
Net cash requirement		13,727,628	13,141,660	585,968



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 2017-18 £000		Restated Outturn 2016-17 £000	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Income outside the ambit of the Estimate	5,815	<i>22,350</i>	16,534	-
Total income payable to the Consolidated Fund	5,815	<i>22,350</i>	16,534	-

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. In accordance with an HM Treasury direction, the non-retainable income generated is not recognised in the Financial Statements. The amounts collected on behalf of the Consolidated Fund are for Immigration Penalties and Civil Penalties, and are now reported in a separate Trust Statement. 2016-17 results have been restated to reflect this change.

3. Parliamentary Accountability Disclosures

The following sections are subject to audit

3.1 Losses and special payments

We have re-examined our approach to reporting this data and in the interests of improved transparency, the information that follows has greater detail on the number and types of cases. The 2016-17 comparatives have been re-stated to report on the same basis.

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.

	Core Department & Agencies		2017-18 Departmental Group		Core Department & Agencies		2016-17 Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Losses under £300,000	451	22	451	22	1,452	1,030	1,457	1,081
Cases over £300,000	-	-	-	-	4	5,137	5	7,337
Total	451	22	451	22	1,456	6,167	1,462	8,418
Cases over £300,000 comprise:								
Fruitless Payments	1	2,450	1	2,450	1	2,072	2	4,272
Loss of Pay/Cash Loss	-	-	-	-	-	-	-	-
Store losses	-	-	-	-	-	-	-	-
Exchange rate fluctuations	-	-	-	-	3	3,065	3	3,065
Total	1	2,450	1	2,450	4	5,137	5	7,337

A fruitless payment of £2.45 million (2016-17: £2.1 million) was incurred by the Home Office as a result of the cancellation of scheduled flights intended to remove ineligible asylum seekers, which were subsequently cancelled due to asylum seekers being granted the right to appeal.



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.

	Core Department & Agencies		2017-18 Departmental Group		Core Department & Agencies		2016-17 Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Special Payments	8,740	36,430	8,901	36,488	8,516	40,246	8,674	40,246
Special Payments over £300,000	5	4,005	5	4,005	1	5,740	1	5,740
Total	8,745	40,435	8,906	40,493	8,517	45,986	8,675	45,986

Special payments under £300,000 for 2017-18 totaled £36.4 million (2016-17: £40.2 million).

The payments were made in relation to:

- A) Adverse legal costs paid – 3,087 cases paid totalling £27.7m (2016-17: 2,472 cases paid totalling £30.8m)
- B) Tribunal award payments – 4,441 cases paid totalling £1.3m (2016-17: 5,306 cases paid totalling £0.7m)
- C) Compensation payments for wrongful detention – 118 cases paid totalling £3.0m (2016-17: 143 cases paid totalling £3.3m)
- D) Other compensation payments – 1,079 cases paid totalling £1.0m (2016-17: 535 cases paid totalling £1.8m)
- E) Ex-gratia payments – 176 payments totalling £3.4m (2016-17: 218 payments totalling £3.6m)

Special Payments over £300,000, comprise a £2m provision to settle a legal case; £0.8m in connection with a human rights case brought against the Department; payments totalling £0.3m and £0.4m in connection with two cases of wrongful detention; and £0.5m adverse legal costs.

3.2 Fees and Charges

This note has been produced 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	Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	2017-18 Fee recovery target %
Crime, Policing and Fire Group	College of Policing - People Development	1	25,027	47,837	(22,810)	52	100
Crime, Policing and Fire Group	SIA - Licensing and ACS Income	2	32,030	29,200	2,830	110	100
Crime, Policing and Fire Group	DBS Disclosures and Update Service	3	160,651	151,201	9,450	106	100
UK Visas & Immigration	International Group - Visas	4	769,690	394,520	375,170	195	194
UK Visas & Immigration	Immigration Group - In country	5	581,464	329,401	252,063	177	194
HM Passport Office	Passports and other associated income	6	504,560	441,704	62,856	114	100
HM Passport Office	Certificate Services	7	16,582	28,353	(11,771)	58	-
Enablers	Information Services	8	185,523	472,507	(286,984)	39	-
			2,275,527	1,894,723	380,804		

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 194% 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 194% 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 and as well as project support and IT systems.

Segment		Note	Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	2017-18 Fee recovery target %
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	-
			1,965,824	1,594,428	371,396		

The approach taken to calculate the full cost of the UKVI and Passport services are in line with HM Treasury's guidelines on full cost recovery set out in Managing Public Money (MPM). Full costs are calculated on an accruals basis and include direct operating costs, management and corporate overheads, depreciation and the cost of capital. In line with the charging provisions in the 2014 Immigration Act, UKVI costs also include those associated with other, related Home Office functions, in particular the cost of processing visa holders at the UK border.

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 52](#), 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 (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)

All NDT equipment is loaned by the United Kingdom Border Force to recipients. The indemnities are covered under the French Memorandum of Understanding and the Europe indemnity.

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, 2 July 2004 and 30 August 2016

The minutes above refer to the following locations and NDT equipment which is loaned by the Department to recipients:

Europe (deployment, and/or the demonstration of new Detection technology by the United Kingdom Border Force in Europe).

Equipment is occasionally deployed in support of Frontex operations (usually CO2 probes or Heartbeat detectors).

All ports operate CO2 probes

Specific European countries

1. Belgium (loan of motion detection equipment and building; and loan of passive millimetre wave imager trucks and reflector and thermal imaging equipment)
2. The Netherlands (loan of motion detection equipment and building/ shelter, CO2 probes and Thermal Imaging equipment)



3. France (loan of motion detection equipment and building/ shelters; CO2 probes; and loan of passive millimetre wave imager reflectors and ISO containers)

- 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. 6 motion detectors (3 at DRI, 1 at RORO C7 operated by French stakeholders, 2 at UKBF sheds operated by UKBF staff and French stakeholders) and 7 hangars to operate with another hangar conversion to take place. Calais has 2 Passive Millimetric Wave Imagers operated in parallel
- 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. One hangar, Clanect Machine operated by French Stakeholders and 2 Passive Millimetric Wave Imagers with reflectors operated in series.
- 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. 5 Hangars (3 at primary including a deep search area, 2 at secondary controls), 4 Clanect Machines operated by French Stakeholders.
- 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.

Indemnities	1 April 2017 £	Increase in year £	Liabilities crystallised in year £	Obligation expired in year £	31 March 2018 £
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)	7,789	1,016	-	-	8,805
Indemnity arising from Riot Damage Costs. (Minute dated 21 May 2012)	10,000	-	-	-	10,000
	-	-	-	-	-
	69,789	1,016	-	-	70,805

The €10 million indemnity granted in relation to Cyclamen has been translated at £ sterling exchange rates as at 31 March 2018. (Exchange rate used 1.1347).

Sir Philip Rutnam
Accounting Officer

12 July 2018



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

Opinion on financial statements

I certify that I have audited the financial statements of the Home Office and of its Departmental Group for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The Department comprises 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, including the significant accounting policies. 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 in the Performance and Accountability Report that is described in that report as having been audited.

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 2018 and of the Department's net expenditure and Departmental Group's net expenditure for the year then ended; and

- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

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 2018 and shows that those totals have not been exceeded; and
- the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard

2016. I am independent of the Home Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Home Office's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of

management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Home Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Performance and Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection



with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Performance and Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports 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 Performance and Accountability 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

**Comptroller and Auditor General
16 July 2018**

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

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FINANCIAL STATEMENTS



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 2018

		2017-18		Restated 2016-17	
	Note	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Income from sale of goods and services	5	(2,192,114)	(2,349,366)	(1,973,969)	(2,127,119)
Other operating income	5	(347,447)	(405,926)	(361,868)	(396,757)
Total operating income		(2,539,561)	(2,755,292)	(2,335,837)	(2,523,876)
Staff costs	3	1,304,152	1,442,423	1,257,164	1,389,296
Grants				-	-
Main Police Grants	4	7,324,893	7,324,893	7,421,597	7,421,597
Police Pensions top-up Grant	4	1,926,037	1,926,037	1,795,742	1,795,742
Fire Pensions top-up Grant	4	551,408	551,408	547,679	547,679
Other	4	1,908,949	1,911,900	1,807,970	1,809,093
Purchase of goods and services	4	961,766	1,008,907	1,043,639	1,076,963
Depreciation and impairment charges	4	248,662	276,264	247,406	259,470
Provision expense	4	27,159	30,933	75,930	76,437
Other operating expenditure	4	1,337,519	1,427,707	1,106,317	1,224,561
Grant in Aid to NDPBs		111,943	0	116,796	-
Total operating expenditure		15,702,488	15,900,472	15,420,240	15,600,838
Finance expense	4	31,327	31,327	31,953	32,173
Net expenditure for the year		13,194,254	13,176,507	13,116,356	13,109,135

Other Comprehensive Net Expenditure

Items which will not be reclassified to net operating costs:					
- Net (gain)/loss on revaluation of property, plant & equipment	6	(92,423)	(93,277)	(29,251)	(30,347)
- Net (gain)/loss on revaluation of Intangible assets	7	(5,744)	(5,868)	(13,486)	(13,674)
- Actuarial (gain)/loss on pension scheme liabilities		-	-	3	293
Comprehensive net expenditure for the year		13,096,087	13,077,362	13,073,622	13,065,407

All activities are continuing in operations. 2016-17 balances have been restated to reflect the removal of those balances now updated as part of the Home Office Trust Statement.

The notes on [pages 113 to 150](#) form part of the 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 2018

	Note	2017-18 Core Department & Agencies £000	2017-18 Departmental Group £000	Core Department & Agencies £000	Restated 2016-17 Departmental Group £000
Non-current assets:					
Property, plant and equipment	6	1,215,392	1,257,230	1,075,700	1,112,698
Intangible assets	7	458,281	500,077	405,036	462,090
Trade receivables and other non-current assets	12	8,140	8,140	-	802
Total non-current assets		1,681,813	1,765,447	1,480,736	1,575,590
Current assets:					
Assets classified as held for sale		2,356	2,356	2,356	2,356
Inventories		5,132	5,132	7,708	7,708
Trade and other receivables	12	507,840	524,664	580,138	580,291
Cash and cash equivalents	11	223,640	336,062	69,913	153,735
Total current assets		738,968	868,214	660,115	744,090
Total assets		2,420,781	2,633,661	2,140,851	2,319,680
Current liabilities:					
Provisions	14	40,848	41,969	63,494	65,383
Trade and other payables	13	2,197,875	2,265,350	1,966,003	2,017,525
Total current liabilities		2,238,723	2,307,319	2,029,497	2,082,908
Total assets less current liabilities		182,058	326,342	111,354	236,772
Non-current liabilities:					
Other payables	13	271,263	269,389	277,937	279,040
Provisions	14	165,025	169,594	127,752	129,119
Pensions liability		48	2,299	75	2,411
Total non-current liabilities		436,336	441,282	405,764	410,570
Assets less liabilities		(254,278)	(114,940)	(294,410)	(173,798)
Taxpayers' equity and other reserves:					
General fund		(570,326)	(435,635)	(553,196)	(436,295)
Revaluation reserve		316,096	322,994	258,861	264,908
Pensions reserve		(48)	(2,299)	(75)	(2,411)
Total equity		(254,278)	(114,940)	(294,410)	(173,798)

2016-17 balances have been restated to reflect the removal of those balances now updated as part of the Home Office Trust Statement.

The notes on [pages 113 to 150](#) form part of these accounts.

Sir Philip Rutnam

Accounting Officer

12 July 2018



Consolidated Statement of Cash Flows

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

for the year ended 31 March 2018

	Note	Core Department & Agencies £000	2017-18 Departmental Group £000	Core Department & Agencies £000	Restated 2016-17 Departmental Group £000
Cash flows from operating activities					
Net expenditure for the year		(13,194,254)	(13,176,507)	(13,116,356)	(13,109,135)
Adjustments for non-cash transactions		320,735	354,864	355,848	369,273
(Increase)/decrease in trade and other receivables	12	64,158	48,289	(106,950)	(88,751)
less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(1,674)	(4,455)	(2,185)	(1,820)
(Increase)/decrease in inventories & AHS		2,576	2,576	657	657
Increase/(decrease) in trade payables	13	225,198	238,174	304,279	290,810
less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(252,564)	(251,151)	(11,809)	(6,546)
Use of provisions	14	(12,532)	(13,872)	(33,634)	(33,760)
Increase/(decrease) in pension liability		(27)	(112)	(18)	276
Net cash outflow from operating activities		(12,848,384)	(12,802,194)	(12,610,168)	(12,578,996)
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(192,241)	(203,644)	(145,796)	(153,408)
Less: Capital creditors		57,033	57,033		
Purchase of intangible assets	7	(163,346)	(168,148)	(102,370)	(111,929)
Less: Capital creditors		34,177	34,177		
Proceeds of disposal		612	640	17,650	17,772
Net cash outflow from investing activities		(263,765)	(279,942)	(230,516)	(247,565)
Cash flows from financing activities					
From the Consolidated Fund (Supply) - current year		13,273,040	13,273,040	12,841,263	12,841,263
From the Consolidated Fund (Supply) - prior year		-	-	-	-
Advances from the Contingencies Fund		-	-	-	-
Repayments to the Contingencies Fund		-	-	-	-
Capital element of payments in respect of finance leases and on balance sheet (SoFP) PFI contracts		(7,164)	(8,577)	(6,630)	(12,113)
Net financing		13,265,876	13,264,463	12,834,633	12,829,150
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		153,727	182,327	(6,051)	2,589
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		153,727	182,327	(6,051)	2,589
Cash and cash equivalents at the beginning of the period		69,913	153,735	75,964	151,146
Cash and cash equivalents at the end of the period		223,640	336,062	69,913	153,735

2016-17 balances have been restated to reflect the removal of those balances now updated as part of the Home Office Trust statement. The notes on [pages 113 to 150](#) 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 2018

Departmental Group		General Fund	Revaluation Reserve	Pension Reserve	Restated Total Reserves
	Note	£000	£000	£000	£000
Balance at 1 April 2016		(207,444)	246,051	(2,135)	36,472
		-	-	-	
Net Parliamentary Funding -drawn down		12,841,263	-	-	12,841,263
Net Parliamentary Funding -deemed		98,542	-	-	98,542
Supply (payable)/receivable adjustment	13	(68,494)	-	-	(68,494)
Amounts payable to the Consolidated Fund	5	(16,534)	-	-	(16,534)
Net Expenditure for the year		(13,109,135)	-	-	(13,109,135)
Non-Cash Adjustments:					
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
Movements in Reserves:					
Non-cash charges - auditor's remuneration	4	360	-	-	360
Actuarial gain/(loss) in year		-	-	(293)	(293)
Other - Reserves transition adjustment		1	-	-	1
Transfers between reserves		25,146	(25,164)	17	(1)
Balance at 31 March 2017		(436,295)	264,908	(2,411)	(173,798)
Of which:					
Core Department		(553,197)	258,861	(74)	(294,410)
Agencies		-	-	-	-
NDPBs		116,902	6,047	(2,337)	120,612
		(436,295)	264,908	(2,411)	(173,798)



Departmental Group					
	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2017		(436,295)	264,908	(2,411)	(173,798)
Net Parliamentary Funding - drawn down		13,273,040	-	-	13,273,040
Net Parliamentary Funding - deemed		68,494	-	-	68,494
Supply (payable)/receivable adjustment	13	(199,870)	-	-	(199,870)
Amounts payable to the Consolidated Fund	5	(5,815)	-	-	(5,815)
Net Expenditure for the year		(13,176,507)	-	-	(13,176,507)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	6	-	93,277	-	93,277
Net gain/(loss) on revaluation of intangible assets	7	-	5,868	-	5,868
Movements in Reserves:					
Non-cash charges - auditor's remuneration	4	370	-	-	370
Transfers between reserves		40,947	(41,059)	112	-
Balance at 31 March 2018		(435,635)	322,994	(2,299)	(114,940)
Of which:					
Core Department		(570,326)	316,096	(48)	(254,278)
Agencies					
NDPBs		134,691	6,898	(2,251)	139,338
		(435,635)	322,994	(2,299)	(114,940)

Consolidated Statement of Changes in Taxpayers' Equity (Core Department and Agencies)
for the year ended 31 March 2018

Core Department & Agencies					
	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Restated Total Reserves £000
Balance at 31 March 2016		(317,039)	241,202	(93)	(75,930)
Net Parliamentary Funding -drawn down		12,841,263	-	-	12,841,263
Net Parliamentary Funding -deemed		98,542	-	-	98,542
Supply (payable)/receivable adjustment	13	(68,494)	-	-	(68,494)
Amounts payable to the Consolidated Fund	5	(16,534)	-	-	(16,534)
Net Expenditure for the year		(13,116,356)	-	-	(13,116,356)
Non-Cash Adjustments:					
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
		-	-	-	-
Movements in Reserves:					
Non-cash charges - auditor's remuneration	4	360	-	-	360
Actuarial gain/(loss) in year		-	-	(3)	(3)
Other - Reserves transition adjustment		3	-	-	3
Transfers between reserves		25,059	(25,080)	21	-
Balance at 31 March 2017		(553,196)	258,861	(75)	(294,410)
	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2017		(553,196)	258,861	(75)	(294,410)
Net Parliamentary Funding -drawn down		13,273,040	-	-	13,273,040
Net Parliamentary Funding -deemed		68,494	-	-	68,494
Supply (payable)/receivable adjustment	13	(199,870)	-	-	(199,870)
Amounts payable to the Consolidated Fund	5	(5,815)	-	-	(5,815)
Net Expenditure for the year		(13,194,254)	-	-	(13,194,254)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	6	-	92,423	-	92,423
Net gain/(loss) on revaluation of intangible assets	7	-	5,744	-	5,744
Movements in Reserves:					
Non-cash charges - auditor's remuneration	4	370	-	-	370
Transfers between reserves		40,905	(40,932)	27	-
Balance at 31 March 2018		(570,326)	316,096	(48)	(254,278)



Notes to the Departmental Resource Accounts

1. Statement of accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the 2017-18 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 2016-17 Results

The results for 2016-17 have been restated to reflect the transfer of Consolidated Fund Extra Receipts to a separate Home Office Trust Statement. The impact of this is detailed in Note 18.

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 Office for Police Conduct (IOPC) (formerly Independent Police Complaints Commission), 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.

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 and Fire Pensions top-up grant accrual

The Department makes a grant to police forces and fire brigades to match the estimated deficit in their pension schemes for the year. The grant is based on estimates provided in-year by the police and fire services 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 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 FReM to be noted in the resource accounts.

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

1.12 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 fees are not retained by the Home Office and are remitted to HM Treasury as Consolidated Fund Extra Receipts. These fees are separately reported in the Home Office Trust Statement.

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 Office for Police Conduct, 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 in 2017/18 are based on funding levels set out in the Police Grant Report (England and Wales) 2017-18.

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.

Police Transformation Grants

In contrast to top-up pension grants in which the Home Office is bound to make the payment once the requested data from the Forces is received, transformation grants are based on the funding application which must meet the required criteria and there is no guarantee that the grant will be approved.

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. This includes requirements for classification, recognition and measurement, impairment, derecognition and general hedge accounting. The version of IFRS 9 issued in July 2014 supersedes all previous versions and is effective from 2018-19. Restatement of comparative periods is (with limited exceptions) not required, however additional disclosures are required. The Treasury has mandated that balances with core central government departments (including their executive agencies) are excluded from recognising stage-1 and stage-2 impairments, with the liabilities being assessed as having zero 'own credit risk' by the entities holding these liabilities. As Home Office receivables are primarily with other central government departments we expect there to be minimal implications in terms of impairing debt. The Home Office does not operate hedge accounting, so the specific requirements of IFRS 9 for hedging instruments will not apply. The impact of the standard is not expected to be material.

IFRS 15 Revenue from Contracts with Customers. IFRS 15 aims to provide a comprehensive standard for revenue recognition. IFRS will be implemented in the Financial Reporting Manual from that date. The Home Office recognises revenue primarily from the provision of immigration related documentation such as passports and visas as well as certificates for the registration of births, deaths and marriages. Recognition of income from the provision of these services will not change. IFRS 15 is effective from 2018-19. As revenue recognition will not change, the impact of the standard is not expected to be material for the Home Office.

IFRS 16 Leases. The IASB has issued the final version of IFRS 16 which will replace IAS 17 for annual periods beginning on or after 1 January 2019. Changes to the FReM are still under discussion at HM Treasury regarding how this standard will be implemented in the public sector, there is currently a misalignment between IFRS 16 accounting and ESA10 budgets to be resolved. Preliminary analysis of the introduction of IFRS 16 has indicated that there will be a material impact on the Statement of Financial Position as operating leases will be treated in the same way as Finance Leases. The full impact of the introduction of this standard will require Assets and Liabilities to be increased by the same amount. This will be reported in 2019-20 with 2018-19 forming a comparative year.

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 Financial Reporting Advisory Board agreed to endorse the IFRS 4 amendments without adaptation or interpretation. It is not expected to have a material impact on the financial statements.

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2. Statement of Operating Costs by Operating Segment for the year ended 31 March 2018

	Gross Expenditure £000	Income £000	2017-18 Net £000
Reportable Segment			
Crime and Policing and Fire Group	11,273,376	(267,359)	11,006,017
Office for Security and Counter-Terrorism	1,171,026	(178,147)	992,879
Immigration Enforcement	430,841	(32,972)	397,869
UK Visas & Immigration	1,114,063	(1,616,114)	(502,051)
International and Immigration Policy Group	38,051	(5,075)	32,976
Border Force	522,617	(22,246)	500,371
HM Passport Office	263,708	(435,636)	(171,928)
Enablers	1,118,117	(197,743)	920,374
Net Expenditure	15,931,799	(2,755,292)	13,176,507
Reconciliation between Operating Segments and SOPS Note 1			
Capital Grants	(192,430)		(192,430)
Capital Income	-	3,461	3,461
Capital Expenditure	(30,708)	-	(30,708)
PFI adjustments	(11,011)	-	(11,011)
Consolidated Fund Extra Receipts	-	5,815	5,815
NDPB income (reported as net expenditure in SOPS Note 1)	(215,731)	215,731	-
Capital Disposal adjustments	-	(11,721)	(11,721)
NBV cost of disposal (treated as negative expenditure in SOPS note 1)	(11,779)	11,779	-
Net Resource Outturn	15,470,140	(2,530,227)	12,939,913
Departmental Net Assets by Operating Segment (as at 31 March 2018)			
	Total Assets £000	Total Liabilities £000	Net Assets £000
Reportable Segment			
Crime and Policing and Fire Group	466,791	(956,008)	(489,217)
Office for Security and Counter-Terrorism	66,264	(221,428)	(155,164)
Immigration Enforcement	256,326	(98,909)	157,417
UK Visas & Immigration	165,421	(528,344)	(362,923)
International and Immigration Policy Group	21,613	(9,819)	11,794
Border Force	210,831	(84,604)	126,227
HM Passport Office	161,948	(68,681)	93,267
Enablers	1,284,467	(780,808)	503,659
Net Expenditure	2,633,661	(2,748,601)	(114,940)



for the year ended 31 March 2017

	Gross Expenditure £000	Income £000	Restated 2016-17 Net £000
Reportable Segment			
Crime and 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	1,021,699	(114,784)	906,915
Net Expenditure	15,633,011	(2,523,876)	13,109,135

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	-	16,534	16,534
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)
Net Resource Outturn	15,146,833	(2,263,810)	12,883,023

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

	Total Assets £000	Total Liabilities £000	Net Assets £000
Reportable Segment			
Crime and Policing and Fire Group	388,677	(958,701)	(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
Net Expenditure	2,434,642	(2,608,440)	(173,798)

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, Home Office departmental priorities and financial risks. This provides the Board with decision making information based upon sound financial reporting. It enables the determination of resource spend by entity, Home Office 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 Office for Police Conduct, the Security Industry Authority, the Gangmasters and Labour Abuse 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 reduce 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 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 Border, Immigration & Citizenship System Policy and Strategy Group (BICS) was established to provide the Department with a focused cross-cutting capability to help it meet the government's agenda. This is done through a mixture of strategy and policy work, casework, management of external programmes, and coordinating and liaising with colleagues across the Department and externally. BICS 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.

Her Majesty's Passport Office (HMPO), provides accurate and secure records of key events and has responsibility

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



3. Staff Costs

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Wages and salaries	1,027,588	1,138,803	993,303	1,100,449
Social security costs	96,065	105,379	88,159	96,772
Other pension costs	181,856	199,720	177,039	193,455
Sub Total	1,305,509	1,443,902	1,258,501	1,390,676
Less recoveries in respect of outward secondments	(1,357)	(1,479)	(1,337)	(1,380)
Total net costs	1,304,152	1,442,423	1,257,164	1,389,296

The Staff Report on [pages 65 to 89](#) within the accountability section contains a full breakdown of staff costs.

4. Total Expenditure

		2017-18		2016-17	
	Note	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)		4,054,534	4,054,534	4,111,987	4,111,987
Department for Communities and Local Government (DCLG) Formula funding (2)		2,762,971	2,762,971	2,802,222	2,802,222
Legacy Council tax grants (3)		507,388	507,388	507,388	507,388
Total main police grants		7,324,893	7,324,893	7,421,597	7,421,597
Other (4)		1,676,385	1,676,385	1,574,603	1,575,726
Grants - capital (5)		189,479	192,430	179,889	179,889
Grants - EU (6)		43,085	43,085	53,478	53,478
Grants - Police Pensions top-up Grant (7)		1,926,037	1,926,037	1,795,742	1,795,742
Grants - Fire Pensions top-up Grant (7)		551,408	551,408	547,679	547,679
Non-cash items					
Depreciation	6	123,720	131,148	117,943	123,889
Amortisation	7	116,304	129,200	119,530	125,624
Impairment	8	8,638	15,917	9,933	9,957
(Profit)/loss on disposal of non-current assets		11,545	11,517	661	745
PFI Interest charges		25,091	25,091	25,438	25,658
Finance lease interest charge		6,236	6,236	6,515	6,515
External auditors remuneration		370	370	360	360
Provision movements		27,159	30,933	75,930	76,437
Bad debt movement		1,674	4,455	2,185	1,820
Goods and services					
Publication stationery and printing		10,253	10,865	11,811	13,346
Passport printing and stationery		62,542	62,542	63,363	63,363
Facilities management and staff services		60,976	77,524	178,279	189,594
Travel, subsistence and hospitality		60,793	69,684	49,658	56,534
Professional fees		100,930	107,289	102,132	104,820
External auditors remuneration		-	289	-	282
Media and IT		88,835	103,565	79,421	90,049
Asylum costs		311,954	311,954	283,406	283,406
Detention costs		108,008	108,008	118,076	118,076
UK Visas & Immigration commercial partner costs		100,528	100,528	97,621	97,621
FCO Charges		56,948	56,948	59,872	59,872
Other operating expenditure					
Rentals under operating leases		45,791	49,356	46,646	50,368
PFI and other service concession arrangements service charges		371,079	423,359	340,647	340,647
Other IT and accommodation related service charges		635,202	635,202	506,844	570,352
Early retirement costs		9,213	9,239	9,092	9,178
Asset recovery costs		78,371	78,371	80,269	80,269
Other costs		184,273	215,548	119,613	170,822
Total		14,317,720	14,489,376	14,078,233	14,243,715

No remuneration has been paid to the National Audit Office for non-audit work by the the Departmental Group (2016-17 £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

- Ministry 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

	2017-18		Restated 2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Retained Income				
Income from sale of goods and services				
Passport fees	395,200	395,200	398,277	398,277
Visa and Immigration income	1,367,044	1,367,044	1,182,375	1,182,375
Immigration Health Surcharge	234,668	234,668	193,715	193,715
Hendon data centre income	91,571	91,571	91,306	91,306
Airwave	43,964	43,964	39,000	39,000
Certificate Services	16,582	16,582	15,818	15,818
DBS income	-	157,252	-	153,150
EU income	43,085	43,085	53,478	53,478
Total income from sale of goods and services	2,192,114	2,349,366	1,973,969	2,127,119
Other operating income				
Asset recovery income	161,556	161,556	166,185	166,185
Other administration income	37,359	37,359	37,740	37,913
Other programme income	142,717	201,196	141,409	176,125
Total other operating income	341,632	400,111	345,334	380,223
Total Retained Income	2,533,746	2,749,477	2,319,303	2,507,342
Payable to Consolidated Fund	-	-	-	-
Immigration Health Surcharge	5,815	5,815	16,535	16,535
Other programme income	-	-	(1)	(1)
Total payable to Consolidated Fund	5,815	5,815	16,534	16,534
Total	2,539,561	2,755,292	2,335,837	2,523,876

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 is then transferred via the supply estimate process.



6. Property, plant and equipment

2017-18 Departmental Group

	Land	Buildings	Transport Equipment	Information Technology	Plant & Machinery	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2017	36,664	1,018,104	57,752	338,308	538,843	70,800	220,093	2,280,564
Adjustments to opening balances	-	(2)	24	273	-	543	(420)	418
Additions	-	3,079	3,690	14,028	8,454	35,954	138,021	203,226
Disposals	-	(8,403)	(10,411)	(8,817)	(3,242)	(3,016)	(6,306)	(40,195)
Impairment	-	(8,940)	-	-	-	(654)	104	(9,490)
External Transfers	-	-	-	-	-	-	-	-
Reclassifications	-	3,571	374	3,586	4,802	2,214	(15,583)	(1,036)
Revaluations	5,558	131,086	1,349	4,892	9,680	(309)	-	152,256
At 31 March 2018	42,222	1,138,495	52,778	352,270	558,537	105,532	335,909	2,585,743
Depreciation								
At 1 April 2017	-	(396,689)	(45,477)	(262,382)	(410,532)	(52,783)	-	(1,167,863)
Adjustments to opening balances	-	(8)	9	(117)	(1)	(118)	-	(235)
Charged in year	-	(34,106)	(5,190)	(34,717)	(44,639)	(12,261)	-	(130,913)
Disposals	-	3,328	10,283	8,811	3,103	2,894	-	28,419
Impairment	-	941	-	12	-	289	-	1,242
External transfers	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	4	(188)	-	-	(184)
Revaluations	-	(46,760)	(1,046)	(3,636)	(7,895)	358	-	(58,979)
At 31 March 2018	-	(473,294)	(41,421)	(292,025)	(460,152)	(61,621)	-	(1,328,513)
Carrying amount at 31 March 2018	42,222	665,201	11,357	60,245	98,385	43,911	335,909	1,257,230
Carrying amount at 1 April 2017	36,664	621,415	12,275	75,926	128,311	18,017	220,093	1,112,701
Asset financing:								
Owned	42,222	350,808	11,357	60,226	85,560	41,611	335,909	927,693
Finance leased	-	25,150	-	-	-	-	-	25,150
On balance sheet PFI/other concession arrangements	-	289,243	-	19	12,825	2,300	-	304,387
Carrying amount at 31 March 2018	42,222	665,201	11,357	60,245	98,385	43,911	335,909	1,257,230
Analysis of property, plant and equipment at 31 March 2018								
Of the total:								
Core Department	41,121	645,752	10,631	56,154	97,245	38,150	326,339	1,215,392
Agencies	-	-	-	-	-	-	-	-
Non-Departmental Public Bodies	1,101	19,449	726	4,091	1,140	5,761	9,570	41,838
Carrying amount at 31 March 2018	42,222	665,201	11,357	60,245	98,385	43,911	335,909	1,257,230

The consolidated opening balances have been adjusted for transactions undertaken by Arms Length Bodies after the 2016/17 results for these bodies were incorporated into the Home Office accounts and signed off by the comptroller and auditor general.

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2016-17 Departmental Group

	Land	Buildings	Transport Equipment	Information Technology	Plant & Machinery	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
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
At 31 March 2017	36,664	1,018,104	57,753	338,306	538,843	70,799	220,093	2,280,562
Depreciation								
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
Revaluations	-	(10,922)	(712)	(9,058)	(7,569)	-	-	(28,261)
At 31 March 2017	-	(396,690)	(45,477)	(262,383)	(410,532)	(52,782)	-	(1,167,864)
Carrying amount at 31 March 2017	36,664	621,414	12,276	75,924	128,311	18,017	220,093	1,112,698
Carrying amount at 1 April 2016	36,659	624,042	15,604	83,334	157,601	18,927	144,050	1,080,217
Asset financing:								
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
Carrying amount at 31 March 2017	36,664	621,414	12,276	75,924	128,311	18,017	220,093	1,112,698
Analysis of property, plant and equipment at 31 March 2017								
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
Carrying amount at 31 March 2017	36,664	621,414	12,276	75,924	128,311	18,017	220,093	1,112,698



7. Intangible assets

2017-18 Departmental Group

	Information Technology	Software Licenses	Websites	Payments on Account & Assets under Construction	Core Department Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2017	751,563	67,263	4,134	183,394	1,006,354
Adjustments to opening balances	1,043	(80)	682	(1,936)	(291)
Additions	33,213	993	27	134,206	168,439
Disposals	(1,016)	-	(378)	-	(1,394)
Impairments	(548)	-	-	(7,265)	(7,813)
Transfers	153	-	-	(166)	(13)
Reclassifications	90,061	-	-	(88,824)	1,237
Revaluations	11,990	1,277	90	-	13,357
At 31 March 2018	886,459	69,453	4,555	219,409	1,179,876
Amortisation					
At 1 April 2017	(503,663)	(40,103)	(498)	-	(544,264)
Adjustments to opening balances	(145)	75	(631)	-	(701)
Charged in year	(117,035)	(9,860)	(1,604)	-	(128,499)
Disposals	1,013	-	-	-	1,013
Impairments	145	-	-	-	145
Reclassifications	(4)	-	-	-	(4)
Transfers	-	-	-	-	-
Revaluations	(6,624)	(815)	(50)	-	(7,489)
At 31 March 2018	(626,313)	(50,703)	(2,783)	-	(679,799)
Carrying amount at 31 March 2018	260,146	18,750	1,772	219,409	500,077
Carrying amount at 1 April 2017	247,900	27,160	3,636	183,394	462,090
Asset financing:					
Owned	258,397	18,559	1,772	219,409	498,137
Finance leased	-	-	-	-	-
On balance sheet PFI/ other concession arrangements	1,749	191	-	-	1,940
Carrying amount at 31 March 2018	260,146	18,750	1,772	219,409	500,077
Analysis of intangible assets at 31 March 2018					
Of the total:					
Core Department	222,263	16,064	1,733	218,221	458,281
Agencies	-	-	-	-	-
Non-Departmental Public Bodies	37,883	2,686	39	1,188	41,796
Carrying amount at 31 March 2018	260,146	18,750	1,772	219,409	500,077

The Consolidated opening balances have been adjusted for transactions undertaken by Arms Length Bodies after the 2016/17 results for these bodies were incorporated into the home office accounts and signed off by the comptroller and auditor general.

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2016-17 Departmental Group

	Information Technology	Software Licenses	Websites	Payments on Account & Assets under Construction	Core Department Total
	£000	£000	£000	£000	£000
Cost or valuation					
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
At 31 March 2017	751,563	67,263	4,134	183,394	1,006,354
Amortisation					
At 1 April 2016	(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)
At 31 March 2017	(503,663)	(40,103)	(498)	-	(544,264)
Carrying amount at 31 March 2017	247,900	27,160	3,636	183,394	462,090
Carrying amount at 1 April 2016	285,094	44,962	497	131,208	461,761
Asset financing:					
Owned	242,446	26,968	3,636	156,376	429,426
Finance leased	-	-	-	-	-
On balance sheet PFI/ other concession arrangements	5,454	192	-	27,018	32,664
Carrying amount at 31 March 2017	247,900	27,160	3,636	183,394	462,090
Analysis of intangible assets at 31 March 2017					
Of the total:					
Core Department	232,293	21,838	3,636	147,269	405,036
Agencies	-	-	-	-	-
Non-Departmental Public Bodies	15,607	5,322	-	36,125	57,054
Carrying amount at 31 March 2017	247,900	27,160	3,636	183,394	462,090



8. Impairments

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

	Note	2017-18 Departmental Group £000	2016-17 Departmental Group £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	4	15,917	9,957
Charged to the Revaluation Reserve		(1)	(2,226)
		15,916	7,731

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

		2017-18 Departmental Group £000	2016-17 Departmental Group £000
Property, plant and equipment - Buildings	6	7,999	7,751
Property, plant and equipment - Information Technology	6	(12)	-
Property, plant and equipment - Plant and Machinery	6	-	(6)
Property, plant and equipment - Furniture and Fittings	6	365	(248)
Property, plant and equipment - Assets under construction	6	(104)	163
Intangible assets - Information Technology	7	403	-
Intangible assets - Assets under Construction	7	7,265	71
		15,916	7,731

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:

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Land				
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	90,331	90,331	91,212	91,212
	94,740	94,740	95,621	95,621
Buildings				
Not later than one year	35,991	38,078	33,971	39,105
Later than one year and not later than five years	86,119	91,533	84,953	92,639
Later than five years	110,708	115,921	122,145	122,332
	232,818	245,532	241,069	254,076
Other				
Not later than one year	984	1,201	2,849	2,931
Later than one year and not later than five years	14	520	25	79
Later than five years	1	1	1	1
	999	1,722	2,875	3,011
Total Commitment	328,557	341,994	339,565	352,708



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.

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Buildings				
Not later than one year	9,851	9,851	9,726	9,726
Later than one year and not later than five years	37,965	37,965	38,537	38,537
Later than five years	69,720	69,720	79,000	79,000
	117,536	117,536	127,263	127,263
Less interest element	54,268	54,268	60,503	60,503
Present value of obligations	63,268	63,268	66,760	66,760
	-	-	-	-
Total Commitment	63,268	63,268	66,760	66,760

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 National Policing Improvement Agency 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.

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 £240 million (2016-17 £210 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:

The reporting period 2017-18 saw the successful transition from an outsourced managed service provider for the management of the Airwave Firelink contract (for the provision of the Airwave Service to the Fire and Rescue Services, (FRS)) to an in-house Home Office Contract and Service Management Team.

In preparation for the transition of the current Airwave service to the Emergency Services Network, (ESN), work has continued on the delivery of an Interworking solution to enable communication between users of the TETRA Airwave network and users who will have migrated to the ESN network. Envisaged future work will involve preparations for the exiting of the current police and FRS Airwave contracts and transition to ESN.

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	244,985	244,985	211,321	211,321
		-		
Later than one year and not later than five years	182,032	182,032	359,092	359,092
		-		
Later than five years	-	-	-	-
	427,017	427,017	570,413	570,413

9.2.2 “On balance sheet” (SoFP)

Home Office IT Systems

In March 2018 the Home Office signed an extension to the contracts with Fujitsu to provide IT services to the Home Office. This extension allows for business continuity whilst new IT service contracts are being introduced to replace the services provided by Fujitsu. In May 2018 Home Office also intends to sign an extension to the contract with Atos for the same purpose. The contract with Fujitsu has been extended until April 2020, with the intent to extend with ATOS Origin until March 2019.

DXC Technology (formerly Computer Sciences Corporation)

Under the terms of the 10 year contract signed in 2009, DXC works with the Home Office in developing and maintaining a range of current passport ICT systems necessary for the processing of passport applications, including online applications.

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, and expires in 2019, 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 Ministry for Communities and Local Government (MCLG) and the Department for the Environment and Fisheries and Food (DEFRA) have staff based at 2 Marsham Street and occupy a portion of the building. In 2017-18 DCLG paid £14.0 million (2016-17, £14.3 million) and DEFRA paid £3.8 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 Office for Police Conduct (IOPC) 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 IOPC.

Under IFRIC 12 the contract is a service concession arrangement with the IOPC 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 £224 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 £171 million (2016-17: £167 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:

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Minimum lease payments				
Not later than one year	32,972	51,799	32,314	53,875
Later than one year and not later than five years	131,913	131,979	131,444	150,440
Later than five years	294,675	294,675	328,116	328,116
Total	459,560	478,453	491,874	532,431
Less interest element	278,740	278,736	307,757	307,779
Present Value	180,820	199,717	184,117	224,652
Service elements due in future periods				
Not later than one year	112,472	117,829	100,549	122,098
Later than one year and not later than five years	78,592	82,165	134,559	153,545
Later than five years	147,338	147,338	164,058	164,058
Total service elements due in future periods	338,402	347,332	399,166	439,701
Total Commitments	519,222	547,049	583,283	664,353



9.3. Capital commitments

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Property, plant & equipment	19,261	25,313	766	3,071
Intangible assets	31,684	31,684	57,855	57,858
Total Commitments	50,945	56,997	58,621	60,929

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 Linyx for data migration.

A commitment for £2.1 million on work carried out by Interserve on two Croydon offices.

College of Policing has a £2.3 million worth of commitments for the various building and IT network upgrades.

The Home Office has a commitment for £2.9 million to Northrup Grumman for IT Related Projects.

9.4. Other financial commitments

The Home Office has a number of major contracts (which are not leases or PFI contracts) as follows:

The Home Office has entered into a number of contracts with various providers to manage and maintain several immigration removal centres. The main contracts are with MITIE Care to manage and maintain Immigration Removal Centres. This contract has a current commitment of £102.9 million and an option to extend for a further 3 years extension beyond August 2022. The other contract is with Serco to manage and maintain the Yarl's Wood Immigration Removal Centre. This contract has a current commitment of £34.4 million and an option to extend for a further 3 years beyond 25 April 2023.

The Home Office also has a total commitment of £571.7 million with MITIE Care and Custody for the management of Escorting Services and holding rooms.

In 2012 the Home Office entered into six contracts for the provision of accommodation and transport services for asylum applicants for an initial term of 5 years. There were six regional contracts let to Clearel (now CRH), G4S and Serco with these three providers having two contracts each. In 2016 the Home Office decided to extend the contracts by the 2 years permitted within the contracts, meaning they will now expire in 2019, whilst the procurement to replace this suite of contracts is undertaken. The remaining commitments to the three providers are: - Clearel £60.7 million, G4S £178.2 million and Serco £140.3 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 £37.4 million.

The Home Office entered into two 5 year contracts with VF Worldwide Holdings and Teleperformance Limited for the management of Visa applications globally. The contracts commenced in April 2014, with the option to extend twice for a further two years each time. The remaining commitments to the two suppliers are VF Worldwide Holdings £76.9 million and Teleperformance Limited £38.5 million.

The Home Office extended its contract with ATOS IPIDS from 1 February 2016 for 2 years. The current commitment is £1.4 million.

The Home Office is also committed to Fujitsu WI support agreement which commenced May 2016, covering central infrastructure, port infrastructure and application and services support for £13.9 million.

There is currently a commitment of £15.7 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.

The Home Office entered into a 5 year contract with BT and Xerox to provide a Wide Area Network (WAN) and managed print services. The contracts commenced in April 2015 and August 2015 and the remaining commitments are £7.8 million and £2.6 million respectively.

The Home Office has entered into 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 £4.5 million.

The Department also has total commitments of £0.8 million with Tascor for the management of escorting services and the holding rooms.



The Home Office has a contract with IBM for the Border Systems Programme (BSP) which is responsible for IT systems at the UK borders. This contract has now been extended until April 2019, and the remaining commitment is £7.3 million.

The Home Office entered into various contracts with Oracle in March 2017 lasting between 3 and 5 years with remaining commitments of £14.6 million and £5.3 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.

The Home Office entered into a contract for Trustmarque services with Microsoft in April 2017 for 3 years, the remaining commitment for this is £7.6 million.

The Home Office has a contract with Thales for Public Key Infrastructure Shared Service from August 2017 for 2 years, the remaining commitment is £0.7 million.

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	660,558	660,558	639,551	646,887
	-			
Later than one year and not later than five years	677,878	677,878	824,689	828,014
Later than five years	306,216	306,216	183,271	183,271
Total Commitments	1,644,652	1,644,652	1,647,511	1,658,172

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

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Balance at 1 April 2017	69,913	153,735	75,965	151,146
Net change in cash and cash equivalent balances	153,727	182,327	(6,052)	2,589
Balance at 31 March 2018	223,640	336,062	69,913	153,735
The following balances at 31 March 2018 were held at:				
Government Banking Service (GBS)	223,597	312,184	69,871	134,234
Commercial banks and cash in hand	43	23,878	42	19,501
Balance at 31 March 2018	223,640	336,062	69,913	153,735



12. Trade receivables, financial and other assets

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due within one year:				
Trade receivables	117,431	132,130	58,352	62,661
VAT receivables net of payables	10,072	9,540	20,790	20,793
Staff receivables	1,314	1,467	1,837	2,232
Receivables - government departments*	111,273	111,273	228,038	209,961
Other receivables	10,125	7,529	2,515	8,266
Prepayments and accrued income	257,625	262,725	268,606	275,882
Current part of PFI and other service concession arrangements prepayment	-	-	-	496
	507,840	524,664	580,138	580,291
Amounts falling due after more than one year:				
Other receivables	8,140	8,140	0	543
Prepayments and accrued income	-	-	0	259
	8,140	8,140	-	802

* Included within Receivables - government departments within one year for the core Department are Consolidated Fund Extra Receipts receivables of £0 million (£16.5 million in 2016-17)

13. Trade payables and other current liabilities

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due within one year:				
Other taxation and social security	-	3,429	-	2,512
Trade payables	46,971	46,758	60,822	64,470
Other payables	4,933	3,988	2,477	2,786
Staff payables	45,804	48,449	43,406	44,541
Accruals and deferred income	1,741,328	1,803,790	1,629,450	1,671,724
Unpaid pension contributions	-	-	-	696
Payables - government departments	98,134	98,134	105,882	105,882
Current part of finance leases	9,851	9,851	9,726	10,178
Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements	28,634	28,731	29,211	29,707
Amounts issued from the Consolidated Fund for supply but not spent at year end	199,870	199,870	68,494	68,494
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund				
- received	22,350	22,350	(0)	(0)
- receivable	-	-	16,535	16,535
	2,197,875	2,265,350	1,966,003	2,017,525
Amounts falling due after more than one year:				
Other payables, accruals and deferred income	4,426	2,487	4,388	4,864
Imputed finance lease element of on-balance sheet (SoFP) PFI contracts and other service concession arrangements	213,419	213,484	216,516	216,907
Finance leases	53,418	53,418	57,033	57,269
	271,263	269,389	277,937	279,040



14. Provisions for liabilities and charges

	2017-18		2016-17	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Balance at 1 April	191,246	194,502	148,949	151,825
Provided in the year	58,175	62,509	103,338	104,189
Provisions not required written back	(31,016)	(31,576)	(27,407)	(27,766)
Provisions utilised in the year	(12,532)	(13,872)	(33,634)	(33,760)
Borrowing costs (unwinding of discounts)	-	-	-	14
Balance at 31 March	205,873	211,563	191,246	194,502
Comprising				
Not later than one year	40,848	41,969	63,494	65,383
Later than one year and not later than five years	65,134	69,703	17,057	17,951
Later than five years	99,891	99,891	110,695	111,168
Balance at 31 March	205,873	211,563	191,246	194,502

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	Early Departure	Dilapidations	Legal Claims	Pensions and Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2017	6,383	38,045	38,183	111,891	194,502
Provided in the year	3	5,263	39,392	17,851	62,509
Provisions not required written back	(216)	(662)	(22,998)	(7,700)	(31,576)
Provisions utilised in the year	(3,339)	(1,622)	(8,911)	-	(13,872)
Balance at 31 March 2018	2,831	41,024	45,666	122,042	211,563
Comprising					
Not later than one year	614	558	40,519	278	41,969
Later than one year and not later than five years	1,644	40,466	5,147	22,446	69,703
Later than five years	573	-	-	99,318	99,891
Balance at 31 March 2018	2,831	41,024	45,666	122,042	211,563
Of the total:					
Core Department & Agencies	2,820	36,699	45,261	121,093	205,873
Departmental Group	2,831	41,024	45,666	122,042	211,563

	Early Departure	Dilapidations	Legal Claims	Pensions and Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2016	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
Balance at 31 March 2017	6,383	38,045	38,183	111,891	194,502
Comprising:					
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
Balance at 31 March 2017	6,383	38,045	38,183	111,891	194,502
Of the total:					
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



Early Departure Costs

The Home Office meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (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 £102 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.

16. Related-party transactions

The Home Office is the sponsor of the Non-Departmental Public Bodies (NDPBs) listed in Note 17. These bodies are regarded as related parties, with which the Home Office has had various material transactions during the year. Details of related party transactions of NDPBs are disclosed in their audited accounts.

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 the Staff Report within the accountability section; and

- The Foreign and Commonwealth Office relating to the overseas collection of both 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.

17. Entities within the Departmental boundary

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

Entities consolidated

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

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

Disclosure and Barring Service

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

Office of the Immigration Services Commissioner

Security Industry Authority

Gangmasters and Labour Abuse Authority (formerly Gangmasters Licensing Authority)

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

Other Entities

College of Policing

The College of Policing is a company limited by guarantee. It is classified as an 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

Biometrics and Forensics Ethics Group

Police Advisory Board for England and Wales

National Crime Agency Remuneration Review Body

Technical Advisory Board

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

Investigatory Powers Tribunal

Office of Surveillance Commissioners

Police Discipline Appeals Tribunal

Other

The Office of the Independent Anti-Slavery Commissioner

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

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

The Office of the Forensic Science Regulator

HM Inspectorate of Constabulary

Office of the Chief Inspector of the UK Border Agency

Independent Family Returns Panel

The Office of the Independent Reviewer of Terrorism Legislation

The Office of the Surveillance Camera Commissioner

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

Office of the Intelligence Services Commissioner

Investigatory Powers Commissioner's Office

Police Remuneration Review Body

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



18. Prior Year Restatements 2016-17

In accordance with a direction from HM Treasury, the Home Office is now producing an annual Trust Statement, which reports the revenue and other income collected by the Department and payable into the Consolidated Fund. This new statement results in the following restatements of amounts previously reported in the Home Office Annual Report and Accounts.

	2016-17 Core Restatements £000	2016-17 Dept Restatements £000	2015-16 Core Restatements £000	2015-16 Dept Restatements £000
Consolidated Statement of Comprehensive Net Expenditure				
Other operating income	89,656	(89,656)	58,578	58,578
Total operating Income	89,656	(89,656)	58,578	58,578
Consolidated Statement of Changes in Taxpayers' Equity				
	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>
Amounts payable to the Consolidated Fund	89,656	89,656	86,820	86,820
Comprehensive Net Expenditure for the year	(89,656)	(89,656)	(86,820)	(86,820)
Balance at 31 March 2017				
2. Statement of Operating Costs by Operating Segment				
Reportable Segment	<i>Income</i>	<i>Income</i>	<i>Income</i>	<i>Income</i>
Enablers	89,656	89,656	86,820	86,820
Reconciliation between Operating Segments and SOPS Note 1				
	<i>Income</i>	<i>Income</i>	<i>Income</i>	<i>Income</i>
Consolidated Fund Extra Receipts	(89,656)	(89,656)	(86,820)	(86,820)
5. Income				
Passport fees	(85,103)	(85,103)	(83,723)	(83,723)
Other programme income	(4,553)	(4,553)	(3,096)	(3,096)
Other administration income	-	-	(1)	(1)
Total payable to Consolidated Fund	(89,656)	(89,656)	(86,820)	(86,820)
11. Cash and cash equivalents				
Balance 31 March	(114,962)	(114,962)	(91,605)	(91,605)
12. Trade receivables, financial and other assets				
Trade receivables	(1,178)	(1,178)		
13. Trade payables and other current liabilities				
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund				
- received	(116,140)	(116,140)	(81,204)	(81,204)
- receivable	-	-	(10,401)	(10,401)
	(116,140)	(116,140)	(91,605)	(91,605)

19. Events after the reporting period date

In accordance with the requirements of IAS 10 Events After the Reporting Period, events are considered up to the date on which the Accounts are authorised for issue.

The Rt Hon Sajid Javid MP was appointed Secretary of State for the Home Office on 30 April 2018, replacing the Rt Hon Amber Rudd.

Home Office launched a “Call for Evidence” on 10 May, 2018, directed to those of the Windrush generation who have been adversely impacted. This requested those affected to come forward and to provide details of the types of losses they may have suffered. The Call for Evidence closed on 8 June 2018 and Mr Martin Forde QC, has been appointed to provide independent oversight of the design of a compensation scheme. We continue to consider how many people may be impacted and how any compensation may be structured, subject to further public consultation.

The date the Accounts are authorised for issue is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.



Glossary

AQA	Analytical Quality Assurance
ARAC	Audit and Risk Assurance Committee
BBA	Broadly by Analogy
CCL	Consultancy & Contingent Labour
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
CIA	Chief Internal Auditor
CSOPS	Civil Servants and Others Pension Scheme
DBS	Disclosure and Barring Service
DEL	Departmental Expenditure Limit
DEFRA	Department for Environment, Food and Rural Affairs
DFID	Department for International Development
ExCo	Executive Committee
ESA	European System of Accounts
FReM	Financial Reporting Manual
FSS	Forensic Science Service
FTE	Full Time Equivalent
GGC	Greening Government Commitments
GLAA	Gangmasters and Labour Abuse Authority
GRAA	Government Resources and Accounts Act 2000
HMPO	Her Majesty's Passport Office
HMRC	HM Revenue and Customs
IA	Information Assurance
IA	Internal Audit
IAOs	Information Asset Owners
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
MoG	Machinery of Government
MoJ	Ministry of Justice
NAO	National Audit Office
NCA	National Crime Agency
NDPBs	Non-Departmental Public Bodies
NED	Non-Executive Director
ONS	Office for National Statistics
PAC	Public Accounts Committee
PCSPS	Principal Civil Service Pension Scheme
PFI	Private Finance Initiative
PHSO	Parliamentary and Health Service Ombudsman
PIC	Portfolio and Investment Committee
PPP	Public Private Partnership
RICS	Royal Institute of Chartered Surveyors
SCS	Senior Civil Servant
SMEs	Small and Medium Enterprises
SoFP	Statement of Financial Position
SOPS	Statement of Parliamentary Supply
SR15	Spending Review 2015
SRO	Senior Responsible Officer
SSCL	Shared Services Connected Limited
UKVI	UK Visas and Immigration

