



Home Office

# Annual Report and Accounts 2018-19

(For the year ended 31 March 2019)



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(For the year ended 31 March 2019)

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000 and Section 2(3) of the Exchequer and Audit Departments Act 1921

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

Ordered by the House of Commons to be printed on  
6 June 2019

HC 2193

This is part of a series of departmental publications which along with the Main Estimates 2018-19 and the document Public Expenditure: Statistical Analyses 2018, present the Government's outturn for 2018-19 and planned expenditure for 2019-20



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Any enquiries regarding this publication should be sent to us at Direct Communications Unit, 2 Marsham Street, London SW1P 4DF

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

Print ISBN: 978-1-5286-1356-9

CCS 0619352314 06/19

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 first duty of Government is the safety of our citizens.

And in the past year, the Home Office has worked to tackle violent crime, fight terrorism, and secure our borders.

But our remit is wider than that. We do everything from supporting victims of domestic abuse, to fighting fires, to resettling Syrian refugees.

This report is a record of all that the Home Office has achieved in the last year, as well as a public account of how we have spent taxpayers' money.

The past 12 months have seen the department rise to meet significant challenges. Our work has hardly ever been out of the news.

Leaving the EU has, of course, been a central priority. Not only is the Home Office responsible for designing and implementing our post-Brexit immigration system, but we have also been making extensive preparations for no-deal.

Our EU Settlement Scheme is now fully operational. By the end of March, I am pleased to say that we had successfully processed over 210,000 applications, free of charge.

We have also been working with our European allies to ensure that, whatever the outcome, we can continue to cooperate on intelligence and security.

We have expanded our capacity to meet these new demands; the Home Office now employs almost 35,000 full-time staff.

Domestically, we have prioritised tackling the shocking rise in knife crime.

We have given police additional powers, made it more difficult for young people to buy knives, and announced a new £100 million Serious Violence Fund to allocate emergency resources.

We've set aside over £220 million for early intervention work, to offer our young people a real alternative to a life of violence.

And we have delivered on my own personal priority by establishing a Windrush Task Force, to put right the wrongs suffered by that generation. We have already granted citizenship to over 3,600 people, and the compensation scheme is now open.

There is no quick fix or easy solution to the issues we face, but I am proud to say that the Home Office has risen to the challenge through the competence, professionalism, and dedication of our staff.

I am immensely proud of all that we have achieved this year.

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



## Foreword

The Home Office has one of the most challenging remits in government: to cut crime, prevent terrorism, control immigration, protect the vulnerable and respond to crises.

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

EU Exit has remained a core focus for the Home Office in 2018-19 and the Department has delivered an enormous amount of work to prepare for this. Since the referendum, we have recruited more than 4,000 people to work in EU Exit roles across the Home Office; 900 of them to protect our borders.

The EU Settlement Scheme went live this year, offering 3.5 million EU citizens the means to secure their status so they can continue living their lives in the UK after EU Exit, just as they do now. The scheme has been designed with EU citizens in mind and seeks to place their needs at the heart of every element of the design. It is a great example of the more user-focused way of working we are adopting as we develop our Future Border and Immigration System.

Windrush has rightly brought the Home Office under renewed scrutiny. We are taking steps to put things right for those affected by running a taskforce to identify them and setting up the compensation scheme. We are capturing the lessons learned through an independent review to ensure the same mistakes are never repeated.

We launched the Serious and Organised Crime Strategy, setting out our response to the full range of serious and organised crime threats, and refreshed the national strategy to tackle violence against women and girls. We have intensified the effort to tackle knife crime; granting additional powers for police and developing the Serious Violence Strategy and the Youth Endowment Fund. Backed by over £300 million of funding, the strategy puts greater focus on steering young people away from a life of crime.

As the Permanent Secretary, I remain incredibly proud of the dedicated public servants from across the Home Office system. The often difficult work they do is vital in keeping our citizens safe and our country secure.

**Sir Philip Rutnam**  
**Permanent Secretary**  
28 May 2019



# 1

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# 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 1 April 2018 to 31 March 2019 (and includes updates available before the document was printed). In some instances, due to the availability of data, other time periods are referenced. 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>

## Responsibilities

We are responsible for:

- 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
- fire prevention and rescue
- keeping the United Kingdom safe from the threat of terrorism and extremism
- securing the UK border and controlling immigration by considering applications to enter and stay in the UK and by issuing passports and visas

## Goals

Our priorities<sup>1</sup> are to:

1. Cut crime and the harm it causes, including cybercrime 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

<sup>1</sup> To note the Home Office is moving to reporting against 12 goals for 2019-20, as will be shown in an update of the Single Departmental Plan. This will be reflected in the 2019-20 Annual Report and Accounts.

# Performance Analysis – Our performance in 2018-19

## 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 £10.9 billion and the Outturn is £10.8 billion. Enhanced financial management and active involvement from the Executive Committee throughout the year helped ensure that the Department managed performance close to budget.

The underspend in Capital DEL at £3.9 million represented 0.6% of the £696 million budget.

The £4.1 billion Estimate for Annually Managed Expenditure was underspent by £1.5 billion. The underspend relates to matters where budget cover had been agreed with HM Treasury but where the cases involved have not advanced to the point where the costs involved need to be recognised in these Accounts. The two major contributors to the underspend were liability for compensation entitled to those of the Windrush generation, this is noted as a contingent liability; the remainder relates to potential pension liabilities.

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 2019 shows taxpayers' equity of £(402) million, a reduction in Net Assets of £287 million compared to the position as at 31 March 2018.

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 55 to 65.



# Performance Overview

## Home Office goals

This report is divided into the seven main Home Office goals:

**Cut crime and the harm it causes, including cyber-crime and serious and organised crime**

**Manage civil emergencies within the remit of the Home Office**

**Protect vulnerable people and communities**

**Reduce terrorism**

**Control legal migration**

**Provide world-class public services and contribute to prosperity**

**Maximise the benefits of the United Kingdom leaving the European Union**

# Cut crime and the harm it causes, including cyber-crime and serious and organised crime



Financed an anti-knife  
crime Community Fund  
which provided

**£1.5 million**

in 2018-19 to support  
68 community projects

## Headline indicators

### Overall levels of crime

In the year ending December 2018, the Crime Survey for England and Wales (CSEW) showed that there was no change in total crime (including fraud and computer misuse) compared with the previous year. Police recorded crime figures showed an increase of 7% over the same period.

### Violent Crime<sup>2</sup>

In the year to December 2018, violence against the person offences recorded by the police showed an increase of 19% compared with the year to December 2017, whilst violent crime as measured by the CSEW stayed stable.

## Performance during 2018-19

### Implementation of the Serious Violence Strategy

In April 2018, government published the 'Serious Violence Strategy' which sets out an ambitious programme including 61 commitments and actions. The Home Office has made progress against the commitments, including:

- Introducing an Offensive Weapons Bill to tighten up legislation on firearms, knives and corrosive substances. The Bill has completed its parliamentary stages and awaits Royal Assent.
- Running a national knife crime media campaign - #knifefree - to raise awareness of the consequences of knife crime.
- Financing an anti-knife crime Community Fund which provided £1.5 million in 2018-19 to support 68 community projects.
- Launching a new £22 million Early Intervention Youth Fund which is already supporting 29 projects in England and Wales. Over £17 million has already been allocated to projects delivering interventions to support young people.
- Providing £3.6 million to support the development of a National County Lines Co-ordination Centre to tackle violent and exploitative criminal activity associated with county lines.
- Establishing the Serious Violence Taskforce, chaired by the Home Secretary to oversee and drive delivery of the strategy.



- In October 2018 the Home Secretary announced:
  - a consultation on new legal duty to underpin a 'public health' approach to tackling serious violence,
  - a new £200 million youth endowment fund focused on targeted early intervention with those children and young people most vulnerable to involvement in serious violence.
  - an Independent review of drug misuse.

Each commitment set out within the Serious Violence Strategy involves a complex set of actions to achieve a range of specific outcomes. Therefore, in order to effectively measure the success of the Strategy, we are developing a model to assess the input, output, outcomes and impact, as well as the information required to measure each action.

In February 2019, the Home Secretary appointed Professor Dame Carol Black to lead a major review to look into the ways in which drugs are fuelling serious violence. The review will build on existing government strategies and will look at who drug users are, what they are taking, and how often, to examine the harms that drugs cause and the best ways to prevent drug-taking.

In the Spring statement in March 2019, an additional £100 million was announced to support the police's response against serious violence and to invest in Violence Reduction Units. There will be sustained action in this area in the face of continuing increases in knife crime and homicides.

On 23 March 2019, the charity Impetus was announced as the successful bidder to run the Youth Endowment Fund, working in partnership with the Early Intervention Foundation and Social Investment Business. Operating across England and Wales, the fund will seek long-term, sustainable change by delivering a ten-year programme of grants that will enable interventions targeted at children and young people who are most vulnerable to involvement in serious crime and violence. The fund will operate independently of government to find, test and evaluate the best ideas and approaches, select the most promising interventions for support, based on best available evidence, and work with partners to scale these up. It will act as a centre of expertise, generating, disseminating and promoting new knowledge and practice to transform local and national responses. It will also leverage impact by generating and securing additional funding and resources to deliver a lasting legacy. The Youth Endowment Fund is aiming to launch its first funding round in the summer, with the first grant awards expected in the autumn.

Overall, during 2018-19, the government made available funding of up to £460 million to the police to combat these problems. This included £280 million in additional funding from council tax precepts. In February 2019, the government announced up to £970 million extra money available for policing in 2019-20, to keep our communities safe.

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In the Spring statement in March 2019 an additional **£100 million** was announced to support the police's response against serious violence and to invest in Violence Reduction Units.

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In December 2018, the UK came top in a review of **60 countries**

by the Financial Action Task Force, the international standard setter against money laundering and counter terrorist finance



### Serious and Organised Crime (SOC)

The new SOC strategy launched on 1 November 2018, sets out how the Home Office will mobilise the full force of the state and align our collective efforts to tackle SOC. It features four objectives:

- Relentless disruption and targeted action against the highest harm serious and organised criminals and networks affecting the UK.
- Building the highest levels of defence and resilience in vulnerable people, communities, businesses and systems.
- Stopping the problem at source, identifying and supporting those at risk of engaging in criminality.
- Establishing a single, whole-system response, aligning the efforts of all those involved in responding to serious and organised crime as one, cohesive system.

The strategy sets out how we will deliver this through: a strengthened response to economic crime and illicit finance; an enhanced data and intelligence-led approach; and a focus on community resilience and early intervention. These contribute to a number of the Home Office goals including on modern slavery, human trafficking and child sexual exploitation and abuse. The other two major areas of activity, in 2018-19, in addressing the threat SOC poses were:

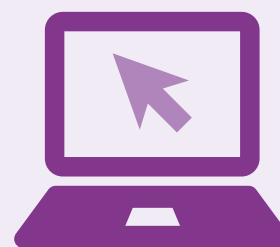
- **tackling economic crime and anti-corruption:** In December 2018, the UK came top in a review of 60 countries by the Financial Action Task Force, the international standard setter against money laundering and counter terrorist finance. The Task Force noted that the UK has a well-developed and robust anti-money laundering and counter terrorist financing regime with the strongest controls of any country assessed to date. During 2018-19 we also:
  - Established the National Economic Crime Centre - part of a new, whole system approach, which will deliver significant improvements in the UK's response to serious and organised crime.
  - Invested in a National Assessments Centre and National Data Exploitation Centre, building new capabilities to investigate high-end, complex economic crimes.
  - Implemented powers contained within the Criminal Finances Act to make it easier to seize the proceeds of crime through access to bank accounts and to make it harder for criminals to launder money through other means.
  - Published the 'UK Anti-Corruption Strategy Year 1 Update', which set out action taken by the UK over the last year to implement the Strategy.
  - Hosted the Western Balkans Summit in London, where five of the six countries in the region made public anti-corruption commitments.

- **the illicit supply of goods:** in addition to the Offensive Weapons Bill, we are investing £4million on a new three-year programme to tackle illicit use of the Dark Web. We are building on the existing investigative work of the National Crime Agency (NCA) Dark Web intelligence collection and exploitation capability, to disrupt and bring to justice those who aim to use the anonymity afforded them by the Dark Web to trade in illegal goods and services, including firearms, drugs and images of child sexual exploitation and abuse. Regional Dark Web Operational Teams have been created in every region in England and Wales, working closely with the NCA to deliver coordinated and concerted action against online threats based in or impacting on the UK. In building on NCA Project RANSEL, to disrupt the marketplaces and vendors of synthetic opioids, such as fentanyl, which present a very serious threat to public safety.

### **Moped crime**

Due to a sharp increase in the number of crimes involving motorcycles, mopeds and scooters in London between 2016 and 2017, the Home Office worked with other government departments, the police, industry partners and civil society to develop a comprehensive action plan to address this problem. Metropolitan Police Service figures show that, in the period from January to October 2018 compared with the same period in 2017, there was a 36% fall in these crimes, and the number of motorcycle, moped and scooter thefts fell by 32%.

We are investing  
**£4 million**  
on a new three-year  
programme to tackle illicit  
use of the **Dark Web**



# Manage civil emergencies within the remit of the Home Office

## Headline indicators

### Fire and Rescue Service (FRS) attendance at incidents

Around 577,000 incidents were attended by the FRS in the year ending December 2018 (up 2% compared with the previous year).

Of these, almost one third (approximately 178,000) were to attend fires, of which around 73,000 (41%) were primary fires (those that meet at least one of the following criteria – occurred in a non-derelict building, building, vehicle or outdoor structure or involved a fatality or were attended by five or more pumping appliances), a 2% decrease compared with the previous year. Other outdoor fires, whilst a relatively small category, increased by 19%, linked to the hot, dry summer in 2018.

### Fire-related fatalities

There were 261 fire-related fatalities in the year ending December 2018, a 23% decrease compared to the previous year (338 including 71 from the Grenfell Tower fire).

## Fire safety audits

In 2017-18 two thirds of fire safety audits were rated 'satisfactory', the same as the previous year. However, the proportion of 'satisfactory' fire safety audits on purpose-built flats of four storeys or more fell from 78% (2016-17) to 69% (2017-18), the latest full year for which statistics are available.



## Performance during 2018-19

### Grenfell Tower and fire safety

The tragedy of the Grenfell Tower fire in June 2017 continued to be a significant part of the work of the Police and Fire Directorate during the year. We contributed to the Grenfell Tower Inquiry in our role as a core participant; advised on the independent review on Building Regulations and fire safety and the government response to it; and took forward policy on fire prevention and protection. We provided evidence to the Grenfell Tower Public Inquiry, including prepared position statements and we supported witnesses to prepare their statements to the Inquiry. We also contributed to the Inquiry's development of interim recommendations relating to public safety; we supported Dame Judith Hackitt's independent review of Building Regulations and Fire Safety; we worked with the Ministry of Housing, Communities and Local Government to prepare the government response and a subsequent implementation plan; and we more than doubled the number of Fire Safety audits on purpose-built flats of four or more storeys from 3,100 in 2016-17 to 6,600 in 2017-18.

In response to the Grenfell Fire, the Home Office decided to strengthen its arrangements for managing non-terrorist critical incidents. This included agreement to the establishment of the Departmental Operations Centre, which could be called upon as a surge capability when needed. In line with the government's decision to plan for a No Deal Exit from the EU, the second half of 2018-19 has seen the creation of the Operations Centre tailored to the EU Exit cross-government requirements.

In 2018-19, we continued to work with the FRS to enhance its response to civil emergencies, including major projects on mass decontamination of the public after a chemical release, and increased the number of specially trained firefighting teams to support the Police and the Ambulance service in the multi-agency response to the terrorist threat.

During the dry summer, we led the cross-Whitehall group supporting the FRS and other agencies in responding to the extensive moorland fires in the vicinity of Greater Manchester and Lancashire; the Home Office-funded National Resilience team in Merseyside FRS coordinated help to tackle the moorland fires from Fire and Rescue Services across the country.

We more than doubled the number of fire safety audits on purpose-built flats of four or more storeys from 3,100 in 2016-17 to

# 6,600

in 2017-18



# Protect vulnerable people and communities

# 3,674

citizenship grants under the **Windrush scheme**



## Headline indicators

### Domestic abuse

The Crime Survey England and Wales showed no significant change in the prevalence of domestic abuse. In the year ending March 2018, an estimated 2.0 million adults aged 16 to 59 years experienced domestic abuse compared with 1.9 million in the year ending March 2017. The police recorded nearly 600,000 domestic abuse-related crimes in the year ending March 2018.

### Vulnerable Persons Resettlement Scheme

As of December 2018, a total of 14,945 people had been resettled in the UK under the Resettlement Scheme since it began in 2014.

### Number of people granted protection

In 2018, 15,900 people were granted asylum, protection and resettlement, of which 6,600 (42%) were children (under 18 years old). This was an increase from 2017, where 14,800 people were granted asylum, protection and resettlement, with 40% of those being children.

## Performance during 2018-19

In response to Windrush, the Commonwealth Citizens' Taskforce was set up. As of January 2019, the Home Office has given: 2,459 individuals documentation confirming status, 3,674 citizenship grants under the Windrush scheme were made and documents under the Windrush scheme were provided to 87 individuals who are overseas.

A public consultation on the design of the Windrush Compensation Scheme was concluded on 16 November 2018. We have consulted widely with the public on the shape of the scheme: 12 focus groups were held, involving over 300 participants; 1,435 responses were received from individuals and organisations. The scheme was launched on 3 April 2019.

We continue to be global leaders in tackling online child sexual exploitation and abuse through leading on the WePROTECT Global Alliance, which had its fourth summit this year.

To tackle the problem domestically we have invested an additional £21.5 million investment in law enforcement to track down offenders and £2.6 million for prevention work. We continue to invest in technologies to remove images of abuse online and target the offenders. We have been progressing the web crawler technology system Project Arachnid to do this, and co-hosted a hackathon with Microsoft to develop new tools to tackle grooming.



The Home Office, the National Crime Agency and police forces have worked collaboratively resulting in an average of 438 arrests for online child sexual exploitation offences and the safeguarding of almost 600 children, on average, each month. Our efforts across this area have seen increased disclosure and identification of child sexual exploitation and abuse with a 13% increase in the recording of sexual offences against children and a 16% increase in recording of obscene publications offences (a proxy indicator for indecent images of children) in the last year.

We have made significant progress to deliver large scale reform to the National Referral Mechanism (NRM), the process for reporting potential victims of modern slavery, by extending 'move on' support for confirmed adult victims to 45 days to improve resilience and rolling out Independent Child Trafficking Advocates to one third of local authorities. Throughout 2018-19 we worked on establishing the new Single Competent Authority which launched in April 2019 and will make all NRM decisions for victims of modern slavery, regardless of their nationality.

We announced the Independent Review of the Modern Slavery Act to look at the effectiveness of the current legislation. Three of four thematic reports have been published and the final report was submitted to the Home Secretary in March 2019.

At the G20 in late 2018, we announced government will publish a 'Transparency in Supply Chains' (TISC) statement to prevent modern slavery in public procurement and announced an audit of TISC statements and potential 'naming and shaming' of non-compliant companies.

With investment in the development of awareness and operational expertise in tackling modern slavery; we have seen more than a six-fold increase since December 2016 in the number of police-led modern slavery operations (over 1,200 live operations as at the end of 2018-19) and delivery of 3,700 specialist modern slavery training days to over 2,600 police officers and staff.

The Gangmasters and Labour Abuse Authority (GLAA) has supported the effort to tackle modern slavery. It dealt with over 50 referrals in the period resulting in the recovery of tens of thousands of pounds of confiscated wages. The GLAA has an expanded role and powers to tackle serious cases of labour exploitation across all sectors of the economy. In 2018-19, the GLAA conducted 156 investigations and made 59 arrests on suspicion of committing labour market offences compared to 111 investigations and 107 arrests made in 2017-18.

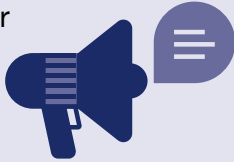
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We have supported and funded over

**230**  
**civil**  
**society**  
**groups**



countering extremism in their communities in all its forms – over 50 of which are tackling far right narratives

In 2018-19, the Home Office launched a £20 million fund to support victims of domestic abuse, including children, female offenders and LGBT+ victims as well as those with disabilities. In January 2019, we unveiled the most comprehensive draft legislative proposal ever to tackle domestic abuse. The draft Bill will: introduce the first ever statutory government definition of domestic abuse to specifically include economic abuse and controlling and manipulative non-physical abuse; establish a Domestic Abuse Commissioner to drive the response to domestic abuse issues as well as new Domestic Abuse Protection Notices and Domestic Abuse Protection Orders to further protect victims and place restrictions on the actions of offenders; prohibit the cross-examination of victims by their abusers in the family courts; and provide automatic eligibility for special measures to support more victims to give evidence in the criminal courts.

In 2018-19, our Counter-Extremism Unit continued to lead and coordinate government's work to challenge, disrupt and build resilience to extremism. Since the launch of the Counter-Extremism strategy in 2015, nearly all its commitments have now been delivered.

In October 2018, the Home Office announced the launch of a new government campaign against hate crime, which focused on increasing public awareness, making clear the unacceptability of such behaviour.

This was the third year of funding on a series of protective security measures aimed at places of worship that are at risk of hate crime. Following the terrorist attacks in New Zealand, we announced that we will be expanding this programme of work with a new £5million scheme over 3 years to provide security training for places of worship as well as an uplift of funding for 2019-20. The Department also announced the continuation of funding for the Police National Online Hate Crime Hub to assist the police to better respond to reported cases of online hate crime.

The 'Building a Stronger Britain Together Programme' is in its fourth funding round, delivering projects to challenge extremism in local communities and promote positive alternatives. We have supported and funded over 230 civil society groups countering extremism in their communities in all its forms – over 50 of which are tackling far right narratives. Our network of Counter-Extremism Community Coordinators is in place across 40 partnership areas and is boosting local capability to respond to extremism challenges.

In March 2018, government launched the independent Commission for Countering Extremism. The Commission has been set up to provide advice to the Government on what more needs to be done to tackle extremism. Since its launch, the Commission has visited over 15 towns and cities; met with more than 500 experts, activists and community groups; and published a call for evidence, which closed in January 2019. The Commission will publish a study into extremism and make recommendations to government in summer 2019.

We launched national campaigns focused on raising awareness of hate crime, female genital mutilation and forced marriage as well as continuing to run our campaign which focused on challenging narratives around British foreign policy.

The UK has committed to resettle 20,000 vulnerable refugees who have fled Syria and is on track to deliver the full commitment by 2020. The UK has also committed to the Vulnerable Children's Resettlement Scheme, and as of December 2018, a total of 1,258 people have been resettled through the Scheme. This is in addition to the thousands who receive protection in the UK under other asylum procedures.

We have been working constructively with the United Nations High Commissioner for Refugees and the community groups to explore alternatives to detention. A pilot scheme for vulnerable women started on 3 December 2018, which will keep them in the community while seeking to resolve their cases more quickly; more such measures are to follow.

For police funding, we followed a programme of engagement with the sector to understand changing demand and how these could best be managed. This enabled funding for national priorities, as well as identifying opportunities for the police to improve productivity and efficiency.

In December 2018, we published national 'Police use of force'<sup>2</sup> statistics, which stems from Home Office-initiated reforms, providing unprecedented transparency in ensuring that police forces are held to account and the public is better informed about the types of force being used and the context in which it occurs.

The UK has committed to resettle

**20,000**

**vulnerable refugees** who have fled Syria and is on track to deliver the **full commitment by 2020**



<sup>2</sup> <https://www.gov.uk/government/statistics/police-use-of-force-statistics-england-and-wales-april-2017-to-march-2018>

Over the past year, the Ministerial Board for Deaths in Custody work programme has focused on three key areas where deaths in police custody occur: measures to prevent such deaths, ensuring that organisations are held to account, and, in the tragic situations that they do occur, improving support for the families affected. As part of this far-reaching work programme, reformed the Independent Office for Police Conduct to strengthen its independence, to increase the speed of its investigations, and to strengthen the police discipline regime.

In June 2018, following several high-profile cases involving children, the Home Secretary announced a review to look at the scheduling of cannabis-based products for medicinal use under the Misuse of Drugs Regulations 2001. On 1 November 2018, in line with the expert advice of the UK’s Chief Medical Adviser and the Advisory Council on the Misuse of Drugs, provisions came into force to give effect to the rescheduling of cannabis-based products for medicinal use. Prior to this legislative change, the legislation did not allow cannabis-based products to be prescribed, save with the exceptional exercise of the Home Secretary’s discretion to issue a licence.

The law now enables doctors, specifically those on the General Medical Council’s Specialist Register, to make the clinical decision to decide whether to prescribe cannabis-based products for medicinal use where this is in the best interests of patients.



**The Home Office, the National Crime Agency and police forces have worked collaborative resulting in an average of 438 arrests for online child sexual exploitation offences and the safeguarding of almost 600 children, on average, each month.”**



# Reduce terrorism

## Headline indicators

The counter-terrorism policing budget has increased by 7% in 2018-19, a year-on-year increase of £50 million, from £707 million last year.

## Arrests, charges and conviction statistics

273 arrests were made for terrorist-related activity in the year ending 31 December 2018. 102 (37%) resulted in a charge, of which 81 were charged with terrorism-related offences.

## Performance during 2018-19

On 4 June 2018, we published an updated and strengthened version of Counter-terrorism strategy (CONTEST). The aim of CONTEST remains to reduce the risk to the UK and its citizens and interests overseas from terrorism, so that people can go about their lives freely and with confidence.

The attacks in London and Manchester in 2017 that claimed the lives of 36 innocent people, highlighted the evolving terrorist threat that we now face. CONTEST reflects 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. Following the reviews into the 2017 attacks, our strengthened response seeks to: disrupt terrorist threats in the UK earlier to counter the scale of the threat and speed at which plots develop; share information more widely to support more local interventions to prevent individuals from supporting acts of terrorism; and, deliver a more integrated relationship with the private sector to better protect our economic infrastructure and to scale our ability to tackle terrorism. Our goal to reduce the risk from terrorism is delivered through the comprehensive four 'P' work strands of CONTEST (Prevent, Pursue, Protect, Prepare).

CONTEST tackles all forms of terrorism, and the strategy in June 2018 noted the growing threat from far right and extreme right-wing terrorism. Terrorist incidents, both domestically and overseas, reinforce that terrorism stems from a range of ideologies and the importance of having ideologically-agnostic response. Our counter-terrorism capabilities apply to the far and extreme right wing, across all four 'P's of CONTEST.

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The Action Counters Terrorism campaigns continue to provide significant information and awareness raising with businesses and the public of terrorist threats and appropriate responses. Activity includes eLearning available to business, with

**c. 1,800**  
**organisations**

signed up by  
December 2018

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The purpose of our **Prevent**<sup>3</sup> work is to safeguard and support those vulnerable to all forms of radicalisation and to stop them from becoming terrorists or supporting terrorism. Following the 2017 terrorist attacks, Prevent work has focused on: working in partnership with communities to deliver support and activity in locations where the threat from terrorism is highest; expanding our Desistance and Disengagement Programme and strengthening our safeguarding and rehabilitative capabilities in the Prison and Probation sector; and focusing our online activity on preventing the dissemination of terrorist material and building strong counter-terrorist narratives. In January 2019, government announced that there will be an independent review of the Prevent programme to ensure it can continue to play a vital role in the fight against radicalisation.

The purpose of our **Pursue** work is to stop terrorist attacks happening in the UK and against UK interests overseas. We have a range of capabilities at our disposal to disrupt those who wish to engage in terrorist activity and we continuously work to make these stronger. On 12 February 2019, the Counter-Terrorism and Border Security Act<sup>4</sup> became UK law. The Act strengthens our border security through introducing a power to stop, question, search and detain an individual at a port or border area, to determine whether they are involved in hostile state

activity. The Act also introduces a new offence of entering or remaining in an area outside the UK, which has been designated by the Home Secretary necessary to protect the public from a risk of terrorism.

Our **Protect** work keeps the public safe by strengthening our protection against a terrorist attack in the UK or against our interests overseas. On 30 July 2018, the UK's Biological Security Strategy<sup>5</sup> was published. It draws together for the first time all the work that takes place across government to protect the UK and its interests from significant biological risks. The Department continues to work to improve biosecurity and biosafety to protect against the terrorist use of hazardous materials. On 1 July 2018, using the powers under the Poisons Act 1972, we put restrictions on sulphuric acid above a concentration level of 15%, so that now it can only be acquired, possessed or used by members of the public who hold a Home Office licence.

We have continued our long-standing work programme to provide the owners and operators of crowded places with high quality advice and guidance to protect the public. Counter Terrorism Policing and the Centre for the Protection of National Infrastructure have been working with a range of partners, including local authorities, to provide expert advice to help develop schemes that mitigate vehicle threats.

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3 <https://www.gov.uk/government/statistics/individuals-referred-to-and-supported-through-the-prevent-programme-april-2017-to-march-2018>

4 <https://www.gov.uk/government/collections/counter-terrorism-and-border-security-bill-2018>

5 <https://www.gov.uk/government/publications/biological-security-strategy>





The 'Action Counters Terrorism' campaigns continue to provide significant information and awareness raising with businesses and the public of terrorist threats and appropriate responses. Activity includes eLearning available to business, with c.1800 organisations signed up by December 2018; and an eight-week 'Communities Defeat Terrorism' cinema advertising campaign launched in January 2019.

The purpose of **Prepare** is to save lives, reduce harm and aid recovery quickly in the event of a terrorist attack. In November 2018, we coordinated a multi-agency exercise to rehearse the response to an attack involving hazardous materials. The three-day exercise in Buckinghamshire involved more than 40 different agencies and more than 500 people. Dozens of other exercises are organised annually to ensure that we can deliver an effective, fast and coordinated response to all types of terrorist attacks. The learning from these exercises has helped us to improve our multi-agency response plans and preparedness for any future incidents.

We are responsible for the legislation and the delivery of critical national capabilities to operational partners, which can be used for a broad range of purposes including, but not limited to, countering terrorism. On 5 February 2019, all the powers in the Investigatory Powers Act 2016 came into force, with 2018 seeing the commencement of the Equipment Interference, Interception and bulk provisions of the Act. Following legislation making provision for independent authorisation of communications

data requests, we have established the Office for Communications Data Authorisations under the auspices of the Investigatory Powers Commissioner, Sir Adrian Fulford.

Counter Terrorism Policing works across the 4 Ps. An additional £160 million of funding will be provided for counter-terrorism policing in 2019-20, a year-on-year increase of £59 million, which will take their annual funding to over £800 million. We continue to build partnerships with industry and academia through the Joint Security and Resilience Centre. For example, we have been working very closely with Pool Reinsurance and the broader insurance sector to fund the establishment of a counter-terrorism information exchange that will be hosted by Counter Terrorism Policing.

During 2018, we were heavily involved in the government's response to the attempted murder of Sergei and Yulia Skripal, and the subsequent poisoning of Charlie Rowley and Dawn Sturgess. Although not a terrorist incident, the response included the deployment of national capabilities that had been developed for counter-terrorism, with the Home Office coordinating the national Chemical, Biological, Radiological and Nuclear (CBRN) response.

The Home Office and partners successfully delivered phase two of the £17.5 million programme to replace expiring equipment which protects the safety of emergency responders. As a result, responders were able to be deployed safely into contaminated areas in Wiltshire, whilst maintaining our capability to provide proportionate response to any future CBRN event.

The disruption to civil aviation at Gatwick Airport in December 2018 demonstrated the significant risk that the malicious use of drones poses. The provision of government's counter-drone capability for the incident at Gatwick was coordinated by the Home Office, and a Counter-Drone Unit has subsequently been established. The Unit works to develop longer-term responses to the threat from drone technology including powers for police officers to stop and search those suspected of using drones maliciously.

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# Control legal migration

## Headline indicators

### Net migration

Net migration continues to add to the population of the UK. An estimated 258,000 more people moved to the UK with an intention to stay 12 months or more than left in the year ending December 2018.

### Skilled work visas granted

In 2018, almost 103,000 entry clearance visas (including dependents) were granted in the Tier 2 (Skilled) work category, up 9% on the previous year.

### Sponsored study visas granted

In 2018, there were just over 240,000 Tier 4 (Sponsored study) visas granted (including dependents), an 8% increase on the previous year.

### Refusal of Leave to enter

In 2018, 20,400 people were initially refused leave to enter of which 3,370 were EEA nationals, compared with 18,700 in 2017 of which 3,960 were EEA nationals.

### Organised immigration Crime

In 2018/19, Immigration Enforcement made 593 disruptions (of these 71 were major) against individuals and organised crime groups (OCGs) involved in the exploitation of people through modern slavery and organised immigration crime. This is an increase of 42% and 41% respectively on the previous year for the number of total disruptions and major disruptions respectively.

## Performance during 2018-19

The UK remains open for business and seeks to attract the best talent from around the world. In the summer of 2018, we removed doctors and nurses from the cap in the existing skilled worker system, ensuring that the NHS can recruit all the international doctors and nurses it needs, while freeing up places within the cap from which other sectors can benefit.

There continues to be no cap on the number of international students who can come to the UK to study. Applications to come to study at UK universities in 2018 were 10% higher compared to 2017.

The Border, Immigration and Citizenship System seeks to reduce the size of the illegal population and the harm it causes. A cross-government programme board, led by Immigration Enforcement, is overseeing work to take forward commitments made following the publication of Stephen Shaw's 2018 review into immigration detention. We are responding with pace and determination with the overarching aim, over time, of delivering a reduction both in the numbers of those detained and their length of stay before removal, and the improved welfare of detainees.



For foreign national offenders, including those involved in serious or organised crime, we continue to use immigration powers to remove or deport, curtail or refuse leave to remain, refuse British nationality or prevent travel to the UK in the first place. Where appropriate, this includes depriving foreign nationals who have been granted British citizenship of that status, and excluding foreign nationals from the UK whose presence here would not be conducive to the public good.

During 2018 over 500 migrants were known to have attempted to travel to the UK across the English Channel on small vessels, predominantly between October and December. The Home Secretary declared this a major incident in order to protect the immediate threat to life, secure the border and deter migrants from making further life-threatening journeys. The Home Secretary took the decision to re-deploy two Border Force cutters from overseas, there are now four Cutters in place to support operations in the Channel, as well as two Coastal Patrol Vessels. We have also deployed aerial surveillance of the English Channel. The UK has a strong and collaborative relationship with France on this issue and we are working hard to tackle the organised crime groups behind this life-threatening activity, including signing a joint action plan, which includes over £6 million investment in new security equipment, increased CCTV coverage of beaches and ports, air surveillance and shared intelligence and

mutual commitment to conduct return operations as quickly as possible under international and domestic laws.

Since 2015, the UK has been closely involved in the Organised Immigration Crime Taskforce (Project INVIGOR) to identify and tackle organised immigration crime groups. The Taskforce, which has staff from the National Crime Agency, Immigration Enforcement, Border Force, Crown Prosecution Service and Home Office, is deployed in 17 countries. We are improving our intelligence picture, investigating and disrupting the organised crime groups involved, building the capacity of 'source and transit' countries<sup>6</sup> to tackle organised immigration crime, disrupting the use of enablers (for example: human trafficking, people smuggling and organised activities such as forged travel documentation) and recovering illicit finances.

In September 2018, seven members of a people smuggling organised crime group were sentenced to over 48 years imprisonment. This followed an investigation into two UK and France based organised crime groups who illegally facilitated migrants, predominantly Albanian nationals, into the UK from the north coast of France.

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<sup>6</sup> The country through which migratory flows (regular or irregular) move. This is different from the country of origin, through which a migrant passes in order to enter a country of destination.

# Provide world-class public services and contribute to prosperity

# 56%

of all HMPO passport customers **applying online** in 2018-19



## Headline indicators

### Passenger clearance

In the final quarter 2018 96.2% of passengers sampled were cleared at the border within service standards, in comparison to 98.2% during the same time period in 2017.

### Passenger arrivals

More people are visiting the UK with 142.8 million passengers in 2018, an increase of 5.7 million compared to 2017.

## Performance during 2018-19

The UK is a global centre for business and tourism. More people are visiting the UK with 142.8 million passengers arriving across 2018-19, an increase of 5.7 million compared to the same period in 2017-18. Of the 142.8 million, 122.3 million were EEA Nationals (an increase of 5.2 million from the same period in 2017-18).

Border Force have facilitated the increase in passenger transactions through the ePassport Gates from 46.2 million in 2017 to 53.3 million for the year ended December 2018. Since their introduction in 2008 ePassport gates have processed over 200 million passengers through the UK borders.

As an open trading nation, the UK continues to handle a volume of freight passing through our borders and the UK continues to import more than it exports. A total of 248.3 million tonnes entered UK ports (both major and minor) from international sources, compared to 138.5 million tonnes exported.

Our programme to digitise HM Passport Office operations is improving our service for customers. More people are now using our online services with 56% of all HM Passport Office passport customers applying online in 2018-19 compared to 35% in 2017-18. Turnaround times for UK straightforward applications increased to 8 days however the customer experience score for HM Passport Office services has increased to 84% in 2018-19, compared to 81% in 2017-18.

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passengers arriving across 2018-19



# Maximise the benefits of the United Kingdom leaving the European Union

## Headline indicators

### European Union Settlement Scheme data

Since the private beta stage in August 2018 through to the end of March 2019, we have successfully processed over 210,000 applications.

### Performance during 2018-19

In December 2018, we published the 'UK's future skills-based immigration system' White Paper, which sets out the foundation for a single immigration system focusing on high skills, welcoming to the UK talented and hardworking individuals that will support our dynamic economy, enabling business and employers to continue to compete on the world stage. The new immigration system will work in the interests of the UK, allowing us to take back full control of who can come to the UK and for what purpose. Under the future system everyone, apart from British and Irish citizens, will need permission prior to travel to the UK.

We remain committed to reducing net-migration to sustainable levels and will ensure the future system is fair and balanced by considering immigration alongside investment in and development of the UK's domestic workforce.

We have laid the groundwork to agree a comprehensive new security, law enforcement and criminal justice partnership with the EU to fight shared threats from terrorism and organised crime. We have also agreed to continue to work with the EU to tackle the shared threat of illegal migration. We have worked closely with operational partners to lobby EU Member States to help achieve acceptable negotiation outcomes in both the Withdrawal Agreement and the accompanying Political Declaration on all Home Office issues. We have agreed that the future relationship on internal security should include cooperation on important capabilities such as passenger name records, extradition and the sharing of fingerprints and DNA for law enforcement purposes.

Border Force will ensure the necessary resources are in place for any future EU Exit requirements, including around 900 more Border Force officers compared to March 2018. Border Force has already recruited a Readiness Task Force to provide operational resilience to the front line and allow existing staff to undertake EU Exit-related training.



The EU Settlement Scheme is now fully open. It enables all EEA and Swiss citizens resident in the UK to secure the immigration status they will need to continue living in the UK. Over 230,000 applications were received during the three testing phases from 28 August 2018 until the scheme fully launched on 30 March 2019 and over 50,000 applications were received on the opening weekend of the full launch. By the end of 2018-19 we had successfully processed over 210,000 applications. Following the Prime Minister's announcement on 21 January 2019, the scheme is free of charge, making it simple and straightforward to apply. Fees have been refunded to those who paid them during the scheme's test phases. The removal of the EU Settlement Scheme fee will not have a direct impact on other areas of Borders, Immigration and Citizenship System fees. This is a funded scheme and a unique arrangement that is part of a specific set of discussions and agreements around the UK's exit from the EU. The Immigration White Paper sets out a framework for a future immigration system, including how the system will be funded. Income generation through fees and charges will continue to underpin our future system, and we will keep the level of fees under review.

In 2018, we worked with the Department for Digital Culture, Media and Sport to update the UK's data protection framework and progressed implementation of the new legislation including establishing an Office of the Data Protection Officer. To help ensure effective and lawful flow of personal data from the UK to the EU in the event of a no deal Brexit, secondary legislation has been passed and planning has been progressed across the sector.

In all scenarios, the UK will seek adequacy decisions from the EU to maintain the frictionless exchange of both commercial and law enforcement data between the UK and the EU. We have been working closely with the Department for Digital, Culture, Media and Sport throughout 2018-19 to prepare for the adequacy assessment which will begin once the UK leaves the EU.

# Sustainability Report

## 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 2030 Agenda for Sustainable Development officially came into force. It is a global agreement aimed at ending poverty and fighting inequality and injustice.

The 2030 Agenda contains 17 Goals:

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 the Department for International Development and the Cabinet Office. The Home Office contributes to the delivery of several Goals:

SDG	Home Office work area	Area of Home Office focus
 3 GOOD HEALTH AND WELL-BEING	<b>Reduce crime</b>	<ul style="list-style-type: none"> <li>• Substance abuse</li> <li>• Knife crime</li> </ul>
 5 GENDER EQUALITY	<b>Protect vulnerable people</b>	<ul style="list-style-type: none"> <li>• Violence against women and girls</li> <li>• Harmful practices such as forced marriage and FGM</li> </ul>
 8 DECENT WORK AND ECONOMIC GROWTH	<b>Reduce serious organised crime</b>	<ul style="list-style-type: none"> <li>• Modern slavery and human trafficking</li> </ul>
 10 REDUCED INEQUALITIES	<b>Reduce inequalities within and amongst countries</b>	<ul style="list-style-type: none"> <li>• Illegal migration</li> </ul>
 15 LIFE ON LAND	<b>Secure the borders</b>	<ul style="list-style-type: none"> <li>• Trafficking of protected species</li> </ul>
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<b>Reduce crime and the harm it causes</b>	<ul style="list-style-type: none"> <li>• Violence and related death rates</li> <li>• Abuse exploitation and violence against children</li> <li>• Illicit financial and arms flows, stolen assets and organised crime</li> <li>• Corruption and bribery</li> <li>• Legal identity for all, including birth registration Public access to information</li> <li>• National and international co-operation on terrorism and crime</li> </ul>

All 193 member states are expected, at least once, to review national progress towards these SDGs and present the report to the United Nations High Level Political Forum.

The Home Office is the lead department for the voluntary national review of Goal 16 (Peace, Justice and strong institutions).

Although approaches to Goal 16 vary across England, Scotland, Wales and Northern Ireland – it is recognised that the themes of hate crime; modern slavery; and fair institutions with a focus on reaching the most vulnerable; are all imperative to success in delivering Goal 16. The UK is committed to and responding to these challenges to help build

societies where no one is left behind. The UK is supporting Goal 16 overseas through its strong track record on (amongst other areas) modern slavery, illicit financial flows and inclusive democratic institutions.



## Our performance 2018 to 2019

### Sustainability

Sustainability recognises that the three 'pillars' of the economy, society and the environment are interconnected. It is a long-term, integrated approach, to achieving quality of life improvements while respecting the need to live within environmental limits.

There are two main strands to the work on sustainability in the Home Office. They are:

- The United Nations Sustainable Development Goals, and
- The Greening Government Commitments, including sustainable procurement.

### Environmental sustainability: Sustainable Operations

The Home Office subscribes to the Greening Government Commitments<sup>7</sup> (GGC) for reducing energy, water, and paper use reducing travel and managing waste. GGC also requires us to report on several other sustainability commitments including sustainable procurement.

### Scope and data

This report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting' published at:

**Government financial reporting manual 2018 to 2019 - GOV.UK**

The Departmental data below shows our present position for the financial year ending 2018-19 against a 2009-10 baseline, unless otherwise stated. Environmental data is for a 12-month period from January 2018 to December 2018. The environmental data for 2017-18 has been restated to show the full year up to March 2018.

The Department reports on all its arms-length bodies, except the Office of the Immigration Services Commissioner, which is not required to report (based on its size).

We are 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 business.<sup>8</sup>






The Home Office estate is managed as part of a central government cluster arrangement based in the Ministry of Justice. Its Sustainability Team are responsible for reporting and managing sustainability in the Department. The data is gathered and verified by an external organisation and quality assured by Building Research Establishment (BRE) on behalf of the Department for Food and Rural Affairs (Defra).

<sup>7</sup> <http://sd.defra.gov.uk/gov/green-government/commitments/>

<sup>8</sup> <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2018>

## Summary of performance against the Greening Government Commitments

### Overall GGC Performance 2018-19

Requirement by 2020	2017-18 performance	Achievement against target	Explanation where target not achieved
Reduce greenhouse gas (GHG) emissions by 41 %	-50%		
Reduce domestic business flights by 30%	-6%		Organisational changes in front line operational teams have resulted in an increase in domestic flights
Continue to reduce overall waste beyond 43%	-50%		
Reduce paper use by 50%	-48%		The Department is transitioning more services to online platforms, anticipating decreases in paper consumption to meet the target by 2019-20.
Continue to reduce total estate water consumption beyond 43%	-41%		Narrowly missing target due to an increase in the number of locations across the estate.



## Greenhouse gases

	<b>Greenhouse Gas Emissions (GHG)</b>	<b>2009-10</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18<sup>9</sup></b>	<b>2018-19</b>
Non-Financial Indicators (tonnes CO <sub>2</sub> e)	Scope 1 (Direct) GHG emissions <sup>10</sup>	22,088	16,573	15,225	13,844	12,087
	Scope 2 (Energy indirect) GHG emissions	49,533	33,043	28,385	23,657	19,607
	Scope 3 (Official business travel) GHG emissions	9,811	5,253	8,439	8,506	9,177
	<b>Total GHG Emissions - Scope 1, 2 &amp; 3</b>	<b>81,432</b>	<b>54,869</b>	<b>52,049</b>	<b>46,008</b>	<b>40,870</b>
Related Energy Consumption (MWh)	Electricity: Non-Renewable	49,214	26,299	24,431	21,953	21,475
	Electricity: Renewable	51,094	45,000	44,457	45,339	43,601
	Gas	71,394	51,807	51,460	47,792	43,290
	Gas Oil	11,940	4,742	1,754	1,069	633
	LPG	1,482	171	4,887	3,573	2,198
	Burning oil	4,047	49	5,762	4,833	3,988
	<b>Total Energy Consumption</b>	<b>189,172</b>	<b>128,067</b>	<b>132,752</b>	<b>124,560</b>	<b>115,186</b>
	<b>Total Expenditure on Energy</b>					
	including energy expenditure from Immigration Removal Centres from 2016-17	<b>10,190</b>	<b>8,126</b>	<b>13,726</b>	<b>11,982</b>	<b>10,780</b>
Financial Indicators (£'000)	CRC Licence Expenditure	2.2	1.3	1.3	1.3	1.3
	Expenditure on accredited offsets (e.g. Government Carbon Offsetting Fund)	57	0	0	0	0
	Expenditure on official business travel	13,277	12,921	16,111	26,568	42,703
	Expenditure on domestic air travel	1,329	760	1,215	5,275	6,702
	<b>Total Expenditure on energy and business travel</b>	<b>23,467</b>	<b>21,047</b>	<b>29,837</b>	<b>43,825</b>	<b>60,186</b>

9 2017-18 non-financial data has been restated to reflect the position at the end of the financial year

10 Definitions for Scope 1-3 emissions can be found at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/69282/pb13309-ghg-guidance-0909011.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69282/pb13309-ghg-guidance-0909011.pdf)

The Home Office has achieved a 50% reduction in carbon emissions from buildings and business-related travel through its Smarter Working programme, building consolidations and investment in energy efficiency measures such as the installation of LED lighting at our Festival Court site. We are looking at installing photovoltaic (PV) panels at one of our Police colleges during 2019-20. We are taking measures to make our operational fleet more environmentally friendly with the purchase of electric vehicles to meet the new Government Buying Standard for fleet vehicles.

## Domestic Flights



Domestic Flights	2009-10	2014-15	2015-16	2016-17	2017-18 <sup>11</sup>	2018-19
Number	15,241	13,963	10,724	13,072	13,474	14,372

The number of business and operational flights taken increased slightly in 2018-19. 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. The Department continues to invest in better IT provision to reduce the demand for travelling longer distances. The Department has revised its Travel Manual setting out options that should be considered when booking travel, including the use of IT. It also sets out the benefits of using digital technology, reducing stress and fatigue and thus improving staff wellbeing. The Home Office travel provider, CTM, also provides a cost and CO<sub>2</sub> comparator to help staff choose the most appropriate mode of travel.

## International Business Travel



International Business Travel		2009-10	2014-15	2015-16	2016-17	2017-18 <sup>12</sup>	2018-19
Non-Financial Indicators (Tonnes CO <sub>2</sub> e)	Flights	2,079	1,554	1,618	1,941	3,338	3,933
	Rail	10	6	14	10	11	11
	<b>Total</b>	<b>2,089</b>	<b>1,560</b>	<b>1,633</b>	<b>1,951</b>	<b>3,348</b>	<b>3,944</b>

The Department is not required to report on our international travel emissions but choose to report as part of our commitment to transparency. These emissions are not included in the Greening Government Commitments data.

<sup>11</sup> 2017-18 non-financial data has been restated to reflect the position at the end of the financial year

<sup>12</sup> 2017-18 non-financial data has been restated to reflect the position at the end of the financial year



## Paper consumption



Paper Purchased	2009-10	2014-15	2015-16	2016-17	2017-18 <sup>13</sup>	2018-19
Paper Reams Procured	398,001	322,182	290,763	275,496	250,010	206,824

The Department has continued to reduce its paper consumption, recording a 48% drop since 2009-10. This has been achieved through a revised print strategy and a continuing programme of IT improvements and digitalisation, such as the HM Passport Office online passport renewal process, which are helping to decrease our reliance on paper.



## Waste

Waste		2009-10	2014-15	2015-16	2016-17	2017-18 <sup>14</sup>	2018-19	
<b>Total waste</b>		<b>5,685</b>	<b>3,909</b>	<b>3,219</b>	<b>2,724</b>	<b>2,747</b>	<b>2,838</b>	
Non-Financial Indicators (tonnes)	Non-hazardous waste	Landfill	1,240	10	805	357	423	249
		Reused/ Recycled	4,445	1,951	2,326	2,057	2,247	2,345
	Incinerated with energy from waste		Not collected	70	62	238	75	244
	Incinerated without energy recovery		Not collected	21	2	2	2	1
<b>Total disposal cost</b>		<b>725</b>	<b>Not available</b>	<b>298</b>	<b>305</b>	<b>288</b>	<b>Not available</b>	
Financial Indicators (£'000)	Non-hazardous waste	Landfill	99	Not available	68	86	Not available	Not available
		Reused / Recycled	626	Not available	230	219	Not available	Not available

The Department has achieved an overall waste reduction of 50%. Recycling levels in 2018-19 were 83%. The Department has removed almost all avoidable catering Consumer Single Use Plastics from headquarter buildings. The Department plans to further remove other items such as those listed below by the end of 2019:

- Single use containers e.g. hand soap, cleaning products
- Wipes containing plastic
- Plastic wrapping for brochures

<sup>13</sup> 2017-18 non-financial data has been restated to reflect the position at the end of the financial year

<sup>14</sup> 2017-18 non-financial data has been restated to reflect the position at the end of the financial year



## Water Consumption

Water Consumption		2009-10	2014-15	2015-16	2016-17	2017-18 <sup>15</sup>	2018-19
Non-Financial Indicators (m3)	Office Estate	260,800	125,739	133,755	155,215	133,175	141,690
	Office Estate water use per person	17	8	9	9	9	18
	Whole Estate	310,338	174,976	163,201	180,968	152,127	182,947
Financial Indicators (£'000)	Water Supply & Sewage Costs	557	389	386	1,325	1,293	1,073

The Department has reduced water consumption by 41% against 2009-10 baseline but is slightly missing the 43% target due to an increase in the number of locations across the estate.

<sup>15</sup> 2017-18 non-financial data has been restated to reflect the position at the end of the financial year



## Other sustainability commitments

Sustainable Procurement	<p>The Department has an in-house Social Value (SV) team who ensure sustainability, through our SV Strategy is embedded within the Department's procurement processes and procedures. New terms and conditions include a specific sustainability schedule that requires suppliers to commit to various SV initiatives including Government Buying Standards. New procurement staff can complete sustainable procurement e-learning through Civil Service Learning. The Department monitors Level 1 &amp; 2 supplier's SV impact through continued use of the CAESER assessment. The new Passport Personalisation and Production contract and the new Asylum Accommodation Services contract include sustainability requirements.</p>
Small and Medium-sized Enterprises (SME)	<p>In October 2018, Government pledged to pay 90% of undisputed invoices from SMEs within five days. The Home Office aims to pay all invoices that are not on hold within this period.</p> <p>Home Office is moving towards this new target and consistently 80% invoices of valid invoices are paid within 5 days.</p>
Climate Change Adaption	<p>Climate resilient designs are incorporated in relevant projects and new builds. In addition, robust business continuity plans are in place to manage occurrences of extreme weather events.</p>
Rural Proofing and embedding sustainability in policy making	<p>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 sustainability and rural proofing.</p>
Biodiversity & Natural Environment	<p>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 and the MoJ Sustainability Team are now working closely with its facility management providers to see how the soft services of the estate such as the gardens, woodlands and other habitats across its estate can be managed for a diversity of native species. Additionally, the MoJ Biosecurity policy has been implemented where seasonal flora bedding and trees are planted, so that any native species can be protected from non-native invasive species, a project that is being supported by the Animal and Plant Health Agency. The MoJ Sustainability Team and its Principal Ecologist have implemented an ongoing training programme for the Home Office FM providers and their soft services landscape contractor, in ecology and countryside management; along with a module on wildlife and countryside law. Additionally, the MoJ Ecology Team has been working with the FM providers at Police Training Colleges, to incorporate sympathetic native flora planting schedules and work to support local habitat fragmentation of woodland areas around these sites.</p>

<p>Procurement of Food &amp; Catering and single use plastics</p>	<p>Food provided in our catering outlets is local and in season, where possible, to minimise energy used in food production, transport and storage. Food is bought from farming systems that minimise harm to the environment, such as produce certified by LEAF, the Soil Association or Marine Stewardship Council. The outlets also offer fairly traded and ethically sourced products. They are reducing the amount of foods of animal origin (meat, dairy products and eggs) eaten, as livestock farming is one of the most significant contributors to climate change, and ensure that meat, dairy products and eggs are produced to high environmental and animal welfare standards. They are also reducing the amount of palm oil used and ensure that what is used is sustainably sourced. The Department has also taken steps to reduce single use plastics in its catering outlets, for example in our headquarter building:</p> <p>Take-away cutlery has been replaced with compostable cutlery.</p> <p>Take-away boxes and plates have been replaced with compostable alternatives.</p> <p>Water cups and coffee cups have been replaced with compostable alternatives.</p> <p>Plastic straws have been removed.</p> <p>Drinks stirrers are wooden.</p> <p>Bottled water used for hospitality has been replaced with re-fillable carafes.</p> <p>Regular milk bottles have been replaced with larger containers.</p> <p>Milk for hospitality is provided in reusable jugs.</p> <p>Enveloped teabags have been removed.</p> <p>A price reduction scheme is in operation for customers using their own reusable cup.</p>
<p>Sustainable Construction</p>	<p>The Department is committed to the Building Research Establishment's BREEAM standard of "excellence" for new builds and "very good" for refurbishments where applicable. All project mandates now contain specific sustainability requirements</p>
<p>Transparency - Energy Use</p>	<p>Energy usage for several Home Office sites can be viewed <a href="#">online</a>.</p>





## **Better Regulation**

The Home Office is fully committed to ensuring the proper 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 proportionate, detailed and thorough impact assessments.

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# ACCOUNTABILITY REPORT



# Corporate Governance Report

## Director's Report

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

#### Composition of the board

Membership of the Departmental Board has remained consistent throughout 2018–19; it is chaired by the Secretary of State, RT Hon Sajid Javid MP, who took up post in the Department in May 2018. The remainder of the board membership is made up of the Home Office Ministerial team, Non-Executive directors, Permanent Secretaries and the Department's Director Generals (who are invited to attend as the agenda requires). The department also welcomed a sixth Non-Executive Director, Mark Florman, in November 2018.

#### Board Activity

The Board, which met four times in 2018–19, provides strategic leadership across the Home Office and focused on a wide variety of topics pertinent to the delivery of organisational objectives; these included regular updates on the EU Exit Settlement Scheme and EU Exit preparedness, Home Office performance and risk review, financial allocations and Home Office crisis management approach.

The Board meetings were well attended, supported by papers of a high quality and respectful challenge encouraged. The papers were sufficiently comprehensive to allow members to make informed, contributions to discussions, and meeting agendas allows for the best use of time, prioritising the right issues in the right order.

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

Non-Executive board members continue to be a valuable resource to Home Office and have provided support, expertise, input and challenge throughout the year. The NEDs are active members on several boards across the Department (including Executive Committee (ExCo), Audit Risk and Assurance Committee and the ExCo subcommittees – such as People Committee, Performance and Risk committee and Data Board) – which offer an avenue for them to provide the Department with insight and challenge.

The NEDs have also been actively engaged in other activities, including oversight of EU Exit activity (where they used their expertise and insight to support the '3 million citizens review' which informed the development of the EU Exit settlement scheme). Away from EU Exit activity NEDs are leading on a data breach review, supporting projects related to our people and talent and offer mentoring to senior officials and held regular bilateral meetings with the Home Secretary.

The NEDs were involved in the Modern Slavery Act review as well as in the appointment of a new Modern Slavery Commissioner.

#### Conclusion and evaluation of Board effectiveness recommendations

The annual effectiveness evaluation, conducted in Spring 2019, reviewed the content, structure and membership

of the Board for 2018–19.

The conclusions were mostly positive but some key areas for improvement were evident.

The evaluation demonstrates that members have a good understanding of their role, and that of the Board, and concluded that the Board is effectively chaired and focused on the Department's key issues. It was recognised that there is an opportunity for the Board to dedicate more agenda time to the relationship between the Department and arms-length bodies (ALBs); this will work to improve the Board's insight into ALB performance indicators and their risks. It was also suggested that additional time to debate departmental choices and a review of longer term priorities will further underpin the effectiveness of the Board.

#### Sue Langley Home Office Lead Non-Executive



## Our Ministers May 2019

**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

## Previous Ministers

Rt Hon Amber Rudd MP

Secretary of State for the Home Department

Until 30 April 2018



## Machinery of Government Changes

There were no Machinery of Government changes during this financial year.

## 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 £480,000 (2017-18, £365,000), of which that for the core Department alone was £480,000 (2017-18, £365,000). The audit fee for the Department's non-departmental public bodies was not notional and totalled £295,000 (2017-18, £289,000). No remuneration has been paid to the NAO during 2018-19 for non-audit work (2017-18, £nil).

From 1st May 2018, the Home Office 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. The cost is £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 2018-19.

## Our Boards

The role and membership of the Departmental Board and the Executive Committee can be found in the Governance Statement on pages **51 to 55**.

## Non-Executive Directors

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

The start and end dates of the Non-Executive Directors 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 2020
Suzy Levy	1 September 2015	31 August 2021
Adrian Joseph	1 September 2015	31 August 2021
Nicholas Shott	9 March 2017	8 March 2020
John Studzinski	25 April 2016	24 April 2020
Mark Florman	5 November 2018	4 November 2021

## 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 Committee 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 2018-19**

The Department notified the Information Commissioner's Office of 35 incidents during the 2018-19 reporting period.

Category	Nature of Incident	2018-19 Total	2017-18 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	4	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	0
IV	Unauthorised disclosure	26	2
V	Other	5	0

Processes and procedures used to identify, manage and resolve personal data breaches have been updated in line with the General Data Protection Regulation (GDPR) and Data Protection Act 2018 that both came into force in May 2018. The resulting changes 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 2018-19**

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	2018-19 Total	2017-18 Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	145	4
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	702	17
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	1
IV	Unauthorised disclosure	1,023	37
V	Other	25	5

**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 and managing information risk has continued to be a priority for the Home Office in 2018-19.

Management of Data Incidents has been reviewed in line with 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 increase in the number of centrally reported personal data breaches is attributed to greater awareness and vigilance amongst staff. Post GDPR publication of additional information and guidance around personal data and management of breaches, plus a revised reporting process, has raised awareness across the Home Office regarding the need to escalate such incidents.

Business areas reporting the loss, theft or inappropriate disclosure of Home Office information are supported by Home Office Security and the Office of the Data Protection Officer. This includes: establishing the circumstances of an incident, advising on any necessary immediate actions, assisting with any assessments to identify risk to both the Department and affected individuals, and the management of any risks identified. The Office of the Data Protection Officer works with business areas on lessons learned in relation to personal data incidents in order to mitigate the risk of re-occurrence.

Management of Data Incidents has been reviewed in line with the GDPR that came into force in May 2018, to ensure that processes and policies are compliant with the requirements set by the legislation.

Information Assurance has been integrated into the Home Office Assurance Framework with all Directors responsible for confirming assurance in their relevant business areas.

## Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) received a total of 1,102 complaints against the Home Office during 2017-18. This report was published in December 2018 and is the period for which the most recently published [Parliamentary Ombudsman's Report 2017-18](#) 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
Home Office - Total	1,102	241	4	49	7	26	35	4	2	45%
UK Border Agency	11	2	0	0	0	0	0	0	0	n/a
UK Border Force	61	26	1	2	0	4	3	0	0	57%
Gangmasters Licensing Authority	65	7	0	0	0	0	0	0	0	n/a
General Register Office	1	0	0	0	0	0	0	0	0	n/a
HM Passport Office	92	27	2	3	1	5	1	0	0	86%
Home Office	218	17	0	1	0	0	0	0	0	n/a
Metropolitan Police Service	2	1	0	0	0	0	0	0	0	n/a
Police	15	1	0	0	0	1	0	0	0	100%
Security Industry Authority	54	6	0	1	0	0	1	0	0	0%
The Disclosure and Barring Service	16	2	0	1	0	0	2	0	0	0%
UK Immigration Enforcement	5	2	0	1	1	2	1	0	0	75%
UK Visas and Immigration	622	155	1	40	5	14	27	4	2	37%





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 2018, Home Office Headquarters received 6,098 letters and emails from the public which required our response. We replied to 82% of this correspondence within the target of 20 working days.

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Home Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored Non-Departmental Public Bodies designated by order made under the GRAA by Statutory Instrument 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

28 May 2019



## Governance Statement

### How we are governed

The Home Office operates and follows the principles of good governance in accordance with HM Treasury and Cabinet office guidance. We continue to evaluate our governance and board structure and introduce 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 2018 to 31 March 2019 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. Its sub-committees provide layers of control, scrutiny and assurance to ensure that the Department has been achieving its aims and objectives. The following table sets out the structure of the top-level committees that operate in the Department and the chair of each committee.

	<b>Departmental Board</b> Chair: Home Secretary	
<b>Nominations and Governance Committee</b> Chair: Sue Langley Lead NED	<b>Executive Committee (ExCo)</b> Chair: Sir Philip Rutnam Permanent Secretary	<b>Audit and Risk Assurance Committee</b> Chair: John Studzinski NED
<b>People Committee</b> Chair: Charu Gorasia DG C&R	<b>Data Board</b> Chair: Julia Kinniburgh, DG SOC	<b>Portfolio and Investment Committee (PIC)</b> Chair: Charu Gorasia DG C&R
	<b>Performance and Risk Committee</b> Chair: Mark Thomson, DG HMPO & UKVI	

## 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 4 occasions between 1 April 2018 and 31 March 2019. Detailed attendance for 2018-19 can be found on [pages 71 to 72](#).

### Executive Committee (ExCo)

Chair: Permanent Secretary

ExCo is the Department's senior management team, providing corporate strategic leadership, ensuring delivery of the 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 2018-19 can be found on [pages 71 to 72](#).

### 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 Committee

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 and Investment Committee (PIC)

Chair: DG Capabilities & Resources

PIC considers and makes investment approval decisions on programme and project business cases, 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.

### 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 and 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 SOC

This Board provides top level oversight and assurance over data strategy, policy and governance across the Home Office. It provides direction to, commissions and monitors work that evolves the Department's data policy and improves operational connectivity and security of using data across the sector. It also 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 – Current Membership

<p><b>Sir Philip Rutnam</b></p>  <p>Permanent Secretary</p>	<p><b>Shona Dunn</b></p>  <p>Second Permanent Secretary</p>
<p><b>Tom Hurd</b></p>  <p>DG Office for Security and Counter-Terrorism</p>	<p><b>Paul Lincoln</b></p>  <p>DG Border Force</p>
<p><b>Charu Gorasia</b></p>  <p>DG Capabilities &amp; Resources</p>	<p><b>Mark Thomson</b></p>  <p>DG UKVI &amp; HMPO</p>
<p><b>Scott McPherson</b></p>  <p>DG Crime, Policing and Fire Group</p>	<p><b>Tyson Hepple</b></p>  <p>Interim DG Immigration Enforcement</p>
<p><b>Peter Fish</b></p>  <p>DG Legal</p>	<p><b>Glyn Williams</b></p>  <p>Borders, Immigration and Citizenship System, Policy and Strategy Group</p>
<p><b>Andy Tighe</b></p>  <p>Director of Communications</p>	<p><b>Jill Hatcher</b></p>  <p>Interim Chief People Officer</p>
<p><b>Julia Kinniburgh</b></p>  <p>DG Serious Organised Crime</p>	<p><b>Joanna Davinson</b></p>  <p>Chief Digital, Data and Technology Officer</p>



## 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 43](#) 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. Additionally, the National Audit Office delivered several value for money studies and investigations, 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 2018-19 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 2018-19.

Principal risks	What are we doing about them?
<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"> <li>• We work to protect our nation against those who wish to carry out terrorist attacks in the UK. Through the Counter-Terrorism and Border Security Act, we have legislated to give the police a new power to stop, question, search and detain an individual at a port or border area to determine whether they are, or have been involved, in hostile state activity.</li> <li>• There is improved alignment between government agencies and organisations that operate at the border through a collaboration framework.</li> <li>• Behavioural detection training is being provided to assist Border Force officers to further identify anomalous or suspicious behaviour.</li> <li>• The Digital Services at the Border Programme will enable business change by replacing a number of obsolete, disparate IT systems. Maintaining the security of the UK by gathering data from those people and goods crossing the border and providing timely and accurate data. The new Border Crossing system is being piloted and we plan to deploy it more widely later in 2019-20.</li> </ul>
<p>Threat of a terrorist attack on an inbound aircraft, e.g. on a flight bound for the UK or in UK airspace.</p>	<ul style="list-style-type: none"> <li>• Through implementation of UN Security Council Resolution 2309 and the International Civil Aviation Organisation's Global Aviation Security Plan, we are working to develop a shared global understanding of the current threat to aviation, and to adapt to evolving threats and new technologies.</li> <li>• We published a strengthened version of our Counter-terrorism strategy (CONTEST) in June 2018. This version of CONTEST reinforces the continued partnership work with the aviation industry and foreign governments to deliver robust and sustainable aviation security in the UK and overseas.</li> <li>• By 2021, the Home Office and Department for Transport is planning to invest around £25 million to develop the 'Future Aviation Security Solutions' programme to exploit technology, capabilities and knowledge to improve existing aviation security capabilities. The Home Office Joint Security and Resilience Centre is providing support to test products, trial facilities, and deliver innovative solutions for project development.</li> </ul>





Impacts on public safety if we cannot identify and respond effectively to child sexual abuse and exploitation.

- Awareness of child sexual abuse is much higher, which has resulted in victims having more confidence to come forward, as reflected in increased reporting rates. 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 programme and the new Serious Organised Crime Strategy.
- We are working to ensure that the system (criminal justice, intelligence community, international partners 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 policing response and improve the capacity and expertise of frontline agencies and drawing on and maximising the impact of national, regional and local capabilities

#### **Progress in year**

- We have provided a further £21.5 million to support our response against online child sexual abuse and exploitation and a further £2.6 million to collaborate with child protection organisations to improve our understanding of offender behaviour and prevent future offending.
- We have funded a Response Unit and Centre of Expertise on Child Sexual Abuse to build the evidence base on effective prediction and recovery.
- We have stepped-up engagement with industry to tackle exploitation and abuse material online, including through the development of new anti-grooming tools, at a Home Secretary hosted Hackathon with Microsoft in November 2018.
- We have improved Home Office coordination and control of strategic delivery by bringing together our teams in a new Serious Organised Crime command.
- We have funded an £11 million Trusted Relationships Fund to build resilience of young at-risk cohort.

## Risks and issues arising during the reporting year

Issues	Our response
<p><b>DNA</b></p> <p>The Home Secretary made an Oral Statement in Parliament on 25 October 2018 and then a Written Ministerial Statement on 27 November 2018 about the use of DNA evidence in immigration applications.</p>	<ul style="list-style-type: none"> <li>• A Taskforce was established and has provided advice and support to anyone who has felt that their case may have been influenced in any way by an inappropriate demand for DNA testing.</li> <li>• The Home Office has arranged reimbursement for individuals who have contacted us using the Helpline if those individuals have suffered financial loss because DNA evidence was required from them when we should not have.</li> <li>• The Home Office has also proactively contacted individuals who are known to have been required to provide DNA evidence and did so, to arrange reimbursement.</li> <li>• The DNA policy and guidance has been updated and training for staff provided.</li> <li>• An Independent DNA Review led by Darra Singh OBE has made several recommendations that we are currently assessing.</li> </ul>
<p><b>EU Exit</b></p> <p>The continued political uncertainty means that we need to continue to plan and implement at least two radically different scenarios. This impacts all future planning and budgeting across the department, and increases the workload for strategy and planning teams.</p> <p>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.</p>	<p>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.</p> <p>Although we now have an extension until 31 October 2019, or earlier if the Withdrawal Agreement is ratified, there is still an element of uncertainty which remains around the nature of the UK's exit from the EU. Until 31 October 2019 (or a specified later date, should another extension be granted) the UK remains a full member of the EU with all the rights and obligations arising from membership.</p> <p>The focus for EU Exit work in 2018-19 has included supporting the negotiations culminating in the Withdrawal Agreement published in November 2018, developing contingency plans for a 'no deal' scenario across all affected areas of Home Office business, and continuing the cross-government work on future customs arrangements in either scenario.</p> <p>During 2018-19, the Department took successive steps to strengthen its governance structures. This ensured the continued delivery of essential services for the public. The Department's EU Exit Board, chaired by the Permanent Secretary, provides the necessary senior coordination and drive. It is supported by the EU Exit Portfolio Board, chaired by the Second Permanent Secretary. Covering both deal and 'no deal' preparedness, the Portfolio Board ensures project oversight, accountability and an escalation route to the EU Exit Board. Supporting project-level boards are also in place, with risks monitored and managed at the appropriate level. In addition, the Home Secretary chairs the EU Exit Ministerial meeting, making decisions on urgent matters of national importance.</p>

**EU Exit (Continued)**

The Department has implemented a Command, Control and Coordination (C3) structure to manage the Department's response to a 'no deal' EU Exit, enabling rapid coordination of actions, advice and decisions. In line with cross-Government structures, this has been resourced through a large-scale reprioritisation exercise, ensuring that the Home Office is equipped and adequately prepared to respond to a 'no deal' scenario. New capability has been built which will enhance the Department's ability to respond to critical incidents more generally going forward.

The Home Office's governance structure forms part of the wider cross-government assurance and accountability mechanisms, led by the Cabinet Office. This includes regular stocktakes and reporting to the Department for Exiting the European Union, alongside external independent assessment (for example by the Infrastructure and Project Authority).

On finance, £395 million was secured for 2018-19, and £480 million has been secured for 2019-20. Meetings with BF, UKVI, HMPO and IE Finance business partners, as well as Estates and IT Finance business partners, take place monthly to monitor outturn against budget.

In respect of the additional allocation the key expenditure was:

- £117 million on strengthening border controls
- £158 million was spent on the further development and delivery of the Settled Status Scheme. £60 million was additionally invested in IT costs supporting projects strengthening border controls and in developing the delivery of the Settled Status scheme;
- £17 million had been spent on a combination of legal, analytical and policy/strategy costs.
- £3.7 million to the National Crime Agency

To mitigate policy uncertainty, the Commercial Portfolio Office has sought and gained assurance from the Department's key strategic suppliers on their 'no deal' resilience and EU Exit scenario planning. The Cabinet Office has also issued guidance regarding the rapid procurement of services and potential use of direct awards and single tender actions. This will reduce procurement time, and therefore reduce the likelihood of disruption to the Department.

Despite all this effort and investment, it remains the case that, in the event of an exit from the EU with no deal, some of the Home Office's key capabilities will be negatively impacted. We have mitigated those impacts to the extent possible within the constraints of negotiations with the EU and the lack of clarity about the terms of our departure. Following an EU Exit with no deal we would change our focus to recovery planning.

### Knife crime and Serious Violence

There has been an increase in homicide, knife and gun crime offences recorded by the police since late 2014.

- On 9 April 2018, the Government published a new Serious Violence Strategy which sets out 61 key actions to address the recent increases in knife crime, gun crime and homicide.
- The strategy outlines the Government's response under four key themes: tackling county lines and misuse of drugs; early intervention and prevention; supporting communities and local partnerships; and an effective law enforcement and criminal justice response.
- The strategy represents a step change in the way we think and respond to serious violence. Our approach is not solely focused on law enforcement but depends also on a multi-agency approach across a number of sectors including education, health, social services, housing, youth services, victim services and others. It stresses the importance of early intervention to tackle the root causes of serious violence and provide young people with the skills and resilience to lead productive lives free from violence.
- A cross-party, cross-sector Serious Violence Taskforce has been established, chaired by the Home Secretary, to ensure full oversight and external challenge of this critical work.
- Since the launch of the strategy, significant progress has been made against the commitments, including:
  - a new Early Intervention Youth Fund of £22 million, which is already supporting 29 projects in England and Wales. delivering interventions to young people at risk;
  - £3.6 million for a new National County Lines Co-ordination Centre to tackle violent and exploitative criminal activity associated with county lines, which became operational in September 2018;
  - an anti-knife crime Community Fund which provided £1.5 million in 2018/19 to support 68 projects;
  - a new Offensive Weapons Bill to strengthen legislation on firearms, knives and corrosive substances;
  - support for a new national police capability to tackle gang related activity on social media;
  - a national knife crime media campaign - #knifefree - to raise awareness of the consequences of knife crime.

### Grenfell Tower and Fire Safety

The Home Office has continued during 2018-19 to work with the Ministry of Housing, Communities and Local Government to take steps to address matters of public safety following the Grenfell Tower tragedy.

- The Home Office is a core participant to the Grenfell Tower Inquiry and is fully committed to supporting its work. The Inquiry process is vitally important and must be allowed to run its course.
- The Fire Safety Unit, created after the tragedy, supported the publication of Dame Hackitt's 'Independent Review of Building Regulations and Fire Safety' in May 2018. Following this, the Unit has been leading for the Home Office on the Government's response, including the publication of an implementation plan in December 2018 (Building a Safer Future – An Implementation Plan). The Department continues to work with the Ministry of Housing, Communities and Local Government to take forward reforms to building and fire safety.
- Further, the Department delivered the national 'Fire Kills' campaign in partnership with the National Fire Chiefs Council to promote fire safer behaviours, including a national advertising campaign promoting the benefits of having and regularly testing, smoke alarms.



<p><b>Disclosure and Barring Service (DBS)</b></p> <p>The DBS is transitioning to two new service partners creating a risk of reduced service performance, particularly should the incumbent supplier be uncooperative. DBS is working closely with partners to reduce the potential impacts on safeguarding and reputation. The Home Office remains committed to supporting the DBS in delivering its vital role within the wider safeguarding agenda.</p>	<p>Whilst DBS remains in dispute with the incumbent supplier (Tata Consultancy Services) regarding delays to its modernisation programme, it has made some progress in addressing wider matters, including progressing a fee review and commencing a programme to transition to new suppliers.</p> <ul style="list-style-type: none"><li>• Recognising the impact that the delays were having, the Home Office has continued to provide extensive support by way of Commercial specialists, IT advice, Continuous Improvement and Performance Reporting and Analysis colleagues to ensure that the DBS has been able to deliver on its commitments.</li><li>• Senior members of the Home Office and DBS attend regular Senior Sponsorship meetings to review performance, identify issues and collaboratively agree interventions and resolutions. Positive progress is now being sustained against the plans.</li><li>• The DBS modernisation programme has been subject to scrutiny by the Public Accounts Committee with a further hearing held on the 11 March 2019. The DBS and the Home Office have provided regular updates to the Committee including progress on Commercial Negotiations and with its new Service Transition Programme. Home Office officials continue to support the 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.</li></ul>
<p><b>Undocumented Commonwealth citizens</b></p> <p>On 24 May 2018, the Home Secretary made a statement to Parliament launching the Windrush Scheme and providing the legislative underpinning for new measures to establish a permanent and sustainable solution for Commonwealth who have been in the country for decades but found themselves unable to evidence their lawful right to remain in the UK.</p>	<ul style="list-style-type: none"><li>• A dedicated Taskforce has been set up to 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, free of the usual fees. An urgent and exceptional payments policy was put in place to provide financial support to people who meet the criteria in advance of the launch of the full compensation scheme. This provided redress for people who have suffered direct impact or loss as a result of difficulties demonstrating their status.</li><li>• The Independent Adviser aims to report the findings of the lessons learned review to the Home Secretary shortly.</li><li>• The Home Office launched a compensation scheme on 3 April 2019 for those who have suffered financial loss or detriment because of difficulties proving their immigration status.</li></ul>

### Emergency Services Mobile Communications Programme

The review into the Emergency Services Mobile Communications Programme (ESMCP) is complete and a decision has been taken to go forward and complete the new network, subject to agreement by all other sponsors of the programme.

The programme is currently undergoing a review of the Full Business Case based on the decision to proceed with the incremental delivery of the programme in September 2018.

Significant assurance of the proposed way forward is being undertaken by the Infrastructure Project Authority.

The National Audit Office released their report 'Progress delivering the Emergency Network' in May 2019.

- Full roll out of the solution will follow with earliest date for shutdown of the existing Airwave network being the end of 2022, with the programme completed by the end of 2023.
- The Department continues to deploy a team of local implementation leads, funded from departmental budgets, to help users develop their own individual transition readiness requirements and plans.
- ESMCP continues to work with Transport for London (TFL). All accept the critical importance of ensuring that the Emergency Services Network (ESN) will be delivered in London Underground in time for adoption of ESN by the Metropolitan Police to begin, currently planned for March 2021. TFL has installed c70% of the radiating cable in tunnels and passive infrastructure for about 25% of stations.
- As part of the development of the new ESN we are building around 300 new masts in the most remote and rural areas of Britain, which will improve commercial coverage in these areas. Over the next six months, another 50 are expected to begin construction.
- Despite facing challenges, we have made progress. The Mobile Services supplier (EE) has completed more than 20,500 4G site upgrades completed, and 404 out of a total of 465 new sites have been built, with more being activated each day. The new network now covers around 90% of the geography of Britain.

We are now on a path of delivering ESN products, services and devices; we have standards-based software with a clear upgrade path; and we are making good progress on completing the infrastructure that will carry ESN. However, significant work remains to be done on the programme and risks remain with delivery and deployment.

### Recruitment, vetting and on-boarding

Increased resourcing demand has highlighted opportunities for improvements to our end to end recruitment and onboarding processes.

We continue to work with our resourcing delivery partners to simplify and streamline our processes and to improve our strategic workforce planning techniques.

We have delivered significant improvements already and through this identified further opportunities for change. This has been monitored by a range of metrics such as time to hire and diversity indicators. We will continue to build on this work and our overall ambition remains creating an end to end system which supports our desire to attract high calibre candidates and reduce our time to hire.

We are developing our capability to report time to hire performance across the full extent of our recruitment and the complex processes involved. We have focused initially on reporting EU Exit recruitment, where we have implemented streamlined processes within HR and across our supplier chain, enabling fast-track of priority recruitment and reduced time to hire. We achieved a time to hire of 70 working days for 70 Border Force candidates offered posts in October.

Key contributors to the improvement included Fast Path and Fast Track processes to expedite recruitment and onboarding. It has been difficult in the past to draw together data and report time to hire consistently across our supplier chain and therefore we do not have a robust benchmark for comparison. Last year, in advance of our improvement work commencing and using the data available, it was estimated that the peak time to hire averaged at 156 days.

**Increase in clandestine entry routes, including those which have a higher potential for risk to life**

In the last three months of 2018, there was a significant increase in the number of individuals attempting to cross the Channel via small boats for the purpose of illegally migrating to UK. In response, the Home Secretary declared a major incident on 28 December and established a Gold Command structure in order to co-ordinate the cross-department response.

Actions taken to date in response to the incident include:

- Re-deploying Border Force assets from overseas to provide improved coverage in the Channel, with Four Border Force Cutters and two Coastal Patrol Vehicles now in place to support operations.
- Working with the French to drive improved coordination and joint activity in the maritime and law enforcement space. This includes the signing of a Joint Action Plan on 24 January 2019 between the Home Secretary and his French counterpart, Christophe Castaner, which set out over £6 million in funding for work in France to address and deter migrant activity. The Immigration Minister and Minister Castaner also formally opened the Centre Conjoint d'Information et Coordination on 25 January 2019, which sees UK and French authorities working alongside each other to combat clandestine activity and disrupt the activities of organised criminal groups.
- Working with EU Member States to facilitate the return of individuals crossing the Channel via small boats through the Dublin process where appropriate. A number of individuals have been returned to countries including France, with further returns to follow.
- Delivering strategic communications activity designed to deter migrants in northern France, improve awareness among hauliers, and reassure the public around the actions we are taking to address the small boats crossings. This includes disseminating key messages direct to migrants in northern France regarding the risks of the crossing.

## Immigration Detention

Following allegations regarding the conduct of a number of G4S staff at Brook House Immigration Removal Centre in September 2017 the Home Office has reviewed arrangements and introduced measures to improve detainee welfare and service delivery.

We have:

- Increased the Home Office presence at Immigration Removal Centres (IRCs), and established two distinct teams with a respective focus on more regular contact with detainees and strengthened assurance of our relationship with suppliers. Home Office Commercial continues to provide input and expertise on the contractual aspects of these relationships.
- Developed an assurance strategy that provides a layered approach to contract monitoring and compliance at each IRC. As part of this, we have prepared a tailored assurance plan for each IRC, including Brook House, monitoring the most significant issues for service delivery and detainee welfare. Some issues are site-specific and will change over time, but all plans include staffing, regime and welfare, healthcare, security (including substance misuse), maintenance and cleaning, catering, reception and discharge, and vulnerability.
- Strengthened a tiered approach to assurance which involves self-reporting by the supplier, validation and dip-sampling of that self-reporting and a pro-active programme of thematic scrutiny based on risks identified at a particular IRC.
- Supported these on-site monitoring and assurance functions with small audit and security teams working across the detention estate. The audit team provides second line assurance and is responsible for providing independent oversight of suppliers' delivery in accordance with contract requirements, including the suppliers' self-audit processes. The team also monitors and drives implementation of third party recommendations and undertakes risk based thematic reviews throughout the estate, providing assurance that published guidance and instructions (Detention Services Orders, Operating Standards, Detention Centre Rules) are adhered to.
- Created a dedicated security team to provide assurance on compliance with security standards, the use of force and substance misuse strategies operated by suppliers.
- Set clear expectations for G4S in responding to the issues highlighted by Panorama. G4S is implementing an agreed action plan for addressing these issues, and commissioned Kate Lampard to conduct an independent inquiry into the alleged abuses. Ms Lampard's review was published in December 2018, and the recommendations that fall to the Home Office are being taken forward within Immigration Enforcement governance arrangements.
- In summer 2018, commissioned the Prisons and Probation Ombudsman (PPO) to undertake a bespoke dedicated Article 3 compliant investigation into Brook House. We have been clear from the outset that a PPO investigation is the appropriate avenue for investigating the alleged article 3 violations, in order for learning points to be identified as quickly as possible. Terms of reference for the investigation have been agreed with the PPO, and initial work is under way.

In the period ahead, new contracts will set high expectations for the quality of the management and staffing in IRCs. The current re-procurement of the contract for the two Gatwick IRCs includes provision for increased staffing in key areas, including residential units and regime activities.





## Data Breaches

A number of data breaches occurred in April 2019. A number of controls have been implemented on email communication with the public.

## Data protection risk

The Department manages significant data assets in its delivery of public services. It is essential that we manage those assets properly and do not lose the public's trust and confidence, in particular by being non-compliant with data protection legislation.

The Department has a programme delivering central data protection compliance the Data Protection Legislation Implementation Programme, (DPLI), and business areas are expected to implement their own data protection measures aligned to that. Data protection is the responsibility of all staff. Improving data protection should see a reduction in breaches, but also in better use of personal data, improved quality of the data and understanding of its lineage, and responding appropriately to information rights requests by individuals.

## Data breaches

Data Breaches are reported to the Office of the Data Protection Officer (ODPO), who refer breaches to the Information Commissioner's Office on either a mandatory or voluntary basis. All staff are required to complete mandatory information use training, and ODPO provide specific training for Data Protection Practitioners throughout the organisation. Data Board and the DPLI Programme Board both take regular updates on the number of breaches, and the progress of the programme and business areas on actions to mitigate them.

Three data breaches occurred between 7 April and 9 April 2019:

- A generic email, which did not contain any personal information, was sent in error on 7 April 2019 to 240 EU Settlement Scheme applicants which meant they could see other applicants' email addresses. The Home Office have apologised to the applicants for the error.
- The Windrush Compensation Scheme error on 8 April 2019 occurred in emails sent to some of the individuals and organisations who had registered an interest in being kept informed about the launch of the compensation scheme, and which included other recipients' email addresses. Five batches of emails, each with 100 recipients, were affected. No other personal data was included.
- In communicating with users of the General Aviation Report system, an administrative error was made on 9 April 2019 by our contractor, which meant other applicants' email addresses could be seen. No other personal data was included beyond email addresses. The General Aviation Report system is a Border Force system used by pilots and flight handlers to register who and what is on each non-scheduled flight (for example private charters and medical evacuation flights). The Home Office has apologised to the 168 users affected.
- All these breaches have been reported to Ministers and the Information Commissioner's Office, and following the breaches we are reviewing our approach to the internal reporting of high-risk breaches, with a plan to advise Ministers more regularly in the future.

The Home Office takes its data responsibilities very seriously and is committed to the continuous improvement of its performance against the UK's high data protection standards. As a department we are taking steps to ensure we have the culture, processes and systems in place to treat the public's data appropriately.

We have introduced strict controls on the use of bulk emails when communicating with the public.

As of 5 May 2019, a technical solution has also been implemented to minimise the risk of similar breaches occurring.

The Home Secretary has asked for an independent review to be carried out by Sue Langley, the lead Non-Executive Director, into the Department's data protection practices.

## 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), whilst also providing advice on options to ensure best use of available resources.

### Ministerial Direction

No Ministerial Directions were sought during 2018-19.

### Financial and corporate planning

This year's Business Planning process confirmed budgets for 2018-19, 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 2018-19 was then recommended for approval by Ministers at the Department's Executive Committee in early March 2018.

### Fraud, bribery and whistleblowing

#### Whistleblowing

The Home Office 'Whistleblowing and Raising a Concern' policy aligns with the principles of the model policy recommended by Cabinet Office.

The Home Office 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. Their role is also to consider and, where deemed necessary, recommend improvements in Departmental procedures and new safeguards and monitor that any such agreed improvements are implemented.

To support the Whistleblowing policy, regular awareness campaigns are undertaken with positive reinforcement encouraging staff to feel safe to challenge and feel safe to report any concern. The most recent campaign was run in September 2018.



## Fraud and bribery

The Home Office assesses its anti-fraud performance by completing the Cabinet Office required action plan and reporting its metrics.

The Home Office champions counter fraud at Board level; this includes insider threat and fraud across the Border, Immigration and Citizenship system. The Director General for Capabilities and Resources Directorate leads on countering financial, commercial and insider fraud across the Home Office.

The Home Office counter fraud strategy, policy and response plan focuses on insider threat. The wider counter fraud strategy is delivered through a range of 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. 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.

## 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 assurance returns and other management information;
- Management oversight and expert review: separate from the work of those responsible for delivery, this includes assurance reviews undertaken by departmental second line assurance functions, investment approval work undertaken by the Department's Portfolio 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 the Government Internal Audit Agency, Independent Chief Inspector of Borders and Immigration, other external auditors, 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 (AGU) was established to oversee assurance and risk across the Department. AGU has developed a simplified management assurance framework, which was launched in June 2018. The framework clarifies and structures the Department's approach to management 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. Assurance reporting, which was previously completed at Director-General level, is now completed at Director level with the aim of embedding good assurance practice, and to facilitate organisational learning. AGU has started a programme to build assurance capability across the department, with a focus on the first and second lines of defence.

## 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, 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.

The majority of business-critical models have now been reviewed by the Board, with new models planned for review once they are completed. An iterative process is completed to regularly review and update the models classed as business-critical. 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 the Infrastructure and Projects Authority (IPA) best practice and the new the Government Functional Project Delivery Standard. The Portfolio and Project Delivery Directorate (PPD) also leads, manages and co-ordinates portfolio assurance in line with this Standard. All major projects (Tier 1) are expected to have integrated assurance and approval plans and PPD promotes their use by mission critical (Tier 2) and other projects in business area transformation portfolios (Tier 3) as well.

Assurance interventions are aligned to the major approval points of individual projects. Within the Home Office change portfolio, there are currently 10 projects that are included in the Government Major Projects Portfolio (GMPP). Assurance for these projects is overseen by IPA. In the first three quarters of 2018-19, the IPA

carried out 10 assurance reviews on these projects, whilst 25 assurance reviews were organised by PPD for mission critical projects and those within business area portfolios. PPD collates, tracks and analyses the outcomes of assurance interventions which helps to identify suitable topics for the Project Delivery Community Learning Events that PPD runs and for future Government Internal Audit Agency (GIAA) thematic reviews. PPD also provides ongoing support to projects within the change portfolio through its Project Engagement Team, including tracking and assisting with the actions needed to address agreed recommendations arising from the reviews.

The IPA is due to publish its next annual report in mid-2019. In parallel with this, the Home Office will publish its 2018-19 Quarter 2 GMPP project data, including the IPA delivery confidence rating for each of its GMPP 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.

PPD provides monthly reports on portfolio delivery to the Home Office Portfolio and Investment Committee and Executive Committee. This covers Tier 1 and Tier 2 projects, and Tier 3 portfolios.



## 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. All Grants are implemented, validated and monitored in accordance with [Government Functional Standard for General Grants Guidance](#) and 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.

## 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 the annual Director Simplified Management Assurance Framework to summarise the objectives, controls and risks within each Director'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 and 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 and sub-committees.

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.

Each year, the Group Chief Internal Auditor for the Department is required to express an opinion to the Accounting Officer on the adequacy of the Department's governance, risk management and control arrangements.

The opinion for 2018-19 is that there is limited assurance on the arrangements currently in place and a number of areas for improvement have been identified. These include improving governance and risk management, stronger cross-departmental working, improving assurance and guidance and wider improvements involving data and technology. The Department will work to improve arrangements in these and other areas during the year ahead.

An organisation of the Home Office's size and complexity will always have multiple risks to manage at any one time, and I am determined to ensure that the Department increases the degree of overall assurance that can be provided by internal audit. Reviewing the last year, I am satisfied that the governance arrangements that were in place throughout 2018-19 have been sufficient to continue managing key 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 continue to focus on efficiency and strengthening governance.

**Sir Philip Rutnam**  
Accounting Officer

28 May 2019



## Annex to Governance Statement

### Board and Committee attendance during 2018–19

Name of Board member	Meeting attendance per board member of meetings eligible to attend		
	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Rt Hon Amber Rudd MP</b> , Home Secretary, until 30 April 2018	n/a	n/a	n/a
<b>Rt Hon Sajid Javid MP</b> , Home Secretary from 30 April 2018	2/4	n/a	n/a
<b>Baroness Williams</b> , Lords Minister, Minister of State for Countering Extremism and Minister for Equalities	3/4	n/a	n/a
<b>Caroline Nokes MP</b> , Minister of State for Immigration	4/4	n/a	n/a
<b>Rt Hon Nick Hurd MP</b> , Minister of State for Policing and the Fire Service	1/4	n/a	n/a
<b>Ben Wallace MP</b> , Minister of State for Security	3/4	n/a	n/a
<b>Victoria Atkins MP</b> , Parliamentary Under Secretary of State for Crime, Safeguarding and Vulnerability and Minister for Women	3/4	n/a	n/a
<b>Sir Philip Rutnam</b> , Permanent Secretary	4/4	38/41	3/4
<b>Patsy Wilkinson</b> , Second Permanent Secretary until 30 June 2018	1/1	6/6	n/a
<b>Shona Dunn</b> , Second Permanent Secretary from 08 October 2018	2/2	21/22	n/a
<b>Scott McPherson</b> , Director General, Crime Policing and Fire Group	3/4	39/41	n/a
<b>Tom Hurd</b> , Director General, Office of Security and Counter-Terrorism	3/4	29/41	n/a
<b>Fiona Spencer</b> , Interim Director General, Capabilities and Resources until 09 July 2018	1/1	8/10	1/2
<b>Charu Gorasia</b> , Director General, Capabilities and Resources from 09 July 2018	3/3	29/32	2/3
<b>Glyn Williams</b> , Director General, BICS Policy & Strategy	4/4	34/41	n/a

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**Other Board Members and Non-Executive Directors**

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Paul Lincoln</b> , Director General of Border Force	1/1	33/41	n/a
<b>Hugh Ind</b> , Director General, Immigration Enforcement until 04 June 2018	n/a	3/5	n/a
<b>Peter Fish</b> , Director General, Legal	1/1	35/41	n/a
<b>Mark Thomson</b> , Director General, HM Passport Office and Registrar General, Also Director General, UK Visas and Immigration	4/4	36/41	n/a
<b>Diana Luchford</b> , Wind Rush Reform Programme from June 2019 to Feb 2019	n/a	28/37	n/a
<b>Andy Tighe</b> , Director, Communications	1/1	37/41	n/a
<b>Julia Kinniburgh</b> , Serious Organisational Crime from 12 November 2018	1/1	16/17	n/a
<b>Richard Hornby</b> , Director, Finance and Estates	2/3	28/37	3/4
<b>Paula Leach</b> , Chief People Officer	0/0	33/41	n/a
<b>Joanna Davinson</b> , Chief Digital, Data and Technology Officer	1/1	39/41	n/a
<b>Tyson Hepple</b> , Interim Director General, Immigration Enforcement from 05 June 2018	1/1	35/36	n/a
<b>Sue Langley</b> , Lead Non-Executive Director	4/4	3/11	n/a
<b>Suzy Levy</b> , Non-Executive Director	3/4	9/11	n/a
<b>Adrian Joseph</b> , Non-Executive Director	3/4	2/11	n/a
<b>Nicholas Shott</b> , Non-Executive Director	3/4	10/11	4/5
<b>John Studzinski</b> , Non-Executive Director, Chair Audit & Risk Assurance Committee	4/4	1/11	4/5
<b>Mark Florman</b> , Non-Executive Director, from 06 Nov 2018	1/2	0/4	n/a
<b>Sarah Pickup</b> , Independent member, Audit & Risk Assurance Committee	n/a	n/a	5/5
<b>Claire Cook</b> , Independent member, Audit & Risk Assurance Committee	n/a	n/a	5/5
<b>Terry Price</b> , Independent member, Audit & Risk Assurance Committee	n/a	n/a	5/5
<b>Karina McTeague</b> , Independent member, Audit & Risk Assurance Committee	n/a	n/a	5/5

Not all members were invited to every meeting held.

\*ExCo: NEDs are invited to the monthly Performance ExCo meetings

\*Departmental Board: Senior Officials are invited as appropriate

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

Our Diversity & Inclusion Strategy – ‘Inclusive by Instinct’ – sets out the Home Office’s ambitions from 2018 to 2025 to support the Civil Service strategy priorities to widen representation of currently underrepresented groups and focus on inclusion by building a culture and reputation in the Home Office as a ‘Great Place to Work’, a work place that fully engages all the diverse talent across the Department.

## Gender

The Department is committed to gender equality, ensuring everyone is able to reach their full potential in the Home Office. We are focussed on delivering this through prioritising action on attracting talent, achieving a balanced representation and promoting a positive culture.

We are continuing to look to attract a larger number of female senior civil servants to work in the Department but the Home Office understands that there is no “one-size-fits-all” solution to improving gender equality.

We delivered a Women’s Leadership summit to support our high performing women and look to follow this up with a BAME Women’s leadership summit this year in collaboration with other government departments.

The Department implements recruitment practices to create a diverse workforce, using non-discriminatory job descriptions and anonymized recruitment to eliminate potential bias in the recruitment process. In January 2019 we launched the Senior Leaders Programme that targeted women (and men) “Returners” from career breaks to help them re-establish their careers and increase diversity.

The Home Office’s second Gender Pay Gap report published in November 2018 reports:

- Median Pay Gap of 14.5% and Mean Average Pay Gap of 9.6%
- Median Bonus Gap of 7.7% and Mean Average Bonus Gap: 12.2%
- An almost equal percentage of men and women received a bonus (57% females; 55% males)
- That females comprise 61%, 59%, 47% and 43% of each quartile of the calculated hourly rate (starting with the lowest quartile)

The Home Office Gender Equality Network is committed to working with our partners to address the many factors that influence the gender pay gap.

In addition, the Network is working closely with the University of Cambridge’s ‘Collaborating with Men’, ground-breaking research conducted by the Murray Edwards College, into the behaviours and perceptions of men and women regarding gender biases made in private, public and education sectors that shape the experiences of staff and the organisational culture.

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

	Female	Male	Total at 31 March 2019
Directors <sup>2</sup>	4	10	14
Senior Managers <sup>3</sup>	122	147	269
Employees	18,278	16,704	34,982

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

2 Members of the Executive Committee

3 All managers at Senior Civil Service (SCS) level

### Comparison with the numbers in 2017-18

Female Directors and Male Directors have remained the same.

Female Senior Managers have increased by 26, Male Senior Managers have remained the same.

The total employee figure has increased by 10% (Females increased by 10%; Males increased by 10%).

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

	Female	Male	Total at 31 March 2018
Directors <sup>5</sup>	4	10	14
Senior Managers <sup>6</sup>	96	147	243
Employees	16,548	15,242	31,790

### Employment of disabled persons policy

The Home Office works to ensure that disability is not regarded as a barrier to recruitment or promotion. We are 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. This includes making sure that they have the right workplace adjustments to be fully effective in their roles, irrespective of whether their condition is pre-existing or acquired whilst employed by the Home Office. Additionally, we provide internal support to staff with disabilities through the Home Office disability network and our network for good mental health (Break the Stigma). 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 support and workplace 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 2019 is 7.06 days (7.27 days in 2017-18). This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.

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

5 Members of the Executive Committee

6 All managers at Senior Civil Service (SCS) level



### 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. The information below sets out the relevant Trade Union facility time data for the Home Office covering the period 1 April 2018 to 31 March 2019.

This table shows the total number of employees who were Trade Union representatives during the period 1 April 2018 to 31 March 2019.

<b>Number of employees who were Trade Union representatives</b>	<b>Number of employees who were Trade Union representatives expressed as a Full Time Equivalent number</b>
342	322

This table shows, of the employees who were Trade Union representatives employed during the period 1 April 2018 to 31 March 2019, the percentage of their working hours spent on facility time.

<b>Percentage of time spent on facility time</b>	<b>Number of employees</b>
0%	55
1-50%	287
51%-99%	0
100%	0

This table shows the percentage of the total pay bill spent on Trade Union facility time during the period 1 April 2018 to 31 March 2019.

<b>Total cost of facility time</b>	<b>£714k</b>
<b>Total pay bill</b>	£1,418,540k
<b>Percentage of the total pay bill spent on facility time</b>	0.05%

This table 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 2018 to 31 March 2019, on paid trade union activities.

<b>Time spent on paid TU activities as a percentage of total paid facility time hours</b>	<b>Nil</b>
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Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2019

Salary Bands	SCS within the range as at end of March 2019	Percentage
£65,000 - £70,000	6	2.32%
£70,000 - £75,000	24	9.27%
£75,000 - £80,000	45	17.37%
£80,000 - £85,000	44	16.99%
£85,000 - £90,000	38	14.67%
£90,000 - £95,000	26	10.04%
£95,000 - £100,000	18	6.95%
£100,000 - £105,000	7	2.70%
£105,000 - £110,000	8	3.09%
£110,000 - £115,000	10	3.86%
£115,000 - £120,000	7	2.70%
£120,000 - £130,000	6	2.32%
£130,000 - £135,000	5	1.93%
£135,000 - £145,000	7	2.70%
£150,000 - £155,000	1	0.39%
£155,000 - £160,000	1	0.39%
£160,000 - £165,000	2	0.77%
£165,000 - £170,000	1	0.39%
£185,000 - £190,000	2	0.77%
£190,000 - £200,000	1	0.39%
<b>Grand Total</b>	<b>259<sup>1</sup></b>	<b>100.00%</b>

1 There is one SCS excluded from this list as their salary is not held on the Home Office payroll system.

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.

**2017-18 Comparison Table****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 2019	Percentage
£65,000 - £70,000	9	3.95%
£70,000 - £75,000	26	11.40%
£75,000 - £80,000	43	18.86%
£80,000 - £85,000	38	16.67%
£85,000 - £90,000	20	8.77%
£90,000 - £95,000	25	10.96%
£95,000 - £100,000	8	3.51%
£100,000 - £105,000	13	5.70%
£105,000 - £110,000	6	2.63%
£110,000 - £115,000	8	3.51%
£115,000 - £120,000	9	3.95%
£120,000 - £130,000	8	3.51%
£130,000 - £150,000	8	3.51%
£150,000 - £155,000	1	0.44%
£155,000 - £160,000	2	0.88%
£160,000 - £165,000	1	0.44%
£175,000 - £180,000	1	0.44%
£180,000 - £185,000	1	0.44%
£200,000 - £205,000	1	0.44%
£300,000 - £305,000	1	0.44%
<b>Grand Total</b>	<b>228<sup>1</sup></b>	<b>100.00%</b>

<sup>1</sup> There are three SCS excluded from this list as their salaries are not held on the Home Office payroll system.



### **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 and ALBs.

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 Director General, 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 £1 million in value are also submitted to the Cabinet Office 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 the Director General 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. Over 85% of all Home Office contingent labour contractor engagements were under two years in duration as at 31st March 2019.

Full year spend in 2018-19 on Consultancy Services and Contingent Labour by the Home Office, including ALBs, was £120.1 million, an increase of £25.7 million from 2017-18 spend. The spend on consultancy services of £23.4 million, was £10.7 million higher than in 2017-18.

The Home Office monitors Temporary Staff costs to ensure that the continuing expenditure represents best value for money for the organisation. Of the £87 million spent on temporary staff in 2018-19, £33.7 million was for agency staff predominantly in UK Visas and Immigration, Her Majesty's Passport Office and Immigration Enforcement. This represents a decrease of £1 million in spend on this category of external resource compared to 2017-18. Agency staff have been retained primarily as a flexible resource to deal with backlogs in migrant casework, passport application/examination, asylum applications and in preparation for Exiting the EU.

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 and to build resilience towards the country's exit from the EU.

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<b>Consultancy Services</b>	<b>2018-19 total expenditure (£000)</b>	<b>2017-18 total expenditure (£000)</b>
Home Office core Department	20,195	12,313
Disclosure and Barring Service	1,169	415
College of Policing	1,342	-
Security Industry Authority	728	-
Gangmasters and Labour Abuse Authority	7	-
<b>TOTAL</b>	<b>23,441</b>	<b>12,728</b>

<b>Contingent Labour/Agency Costs</b>	<b>2018-19 total expenditure (£000)</b>	<b>2017-18 total expenditure (£000)</b>
Home Office core Department	87,314	70,148
Independent Office for Police Conduct	1,707	2,563
College of Policing	5,992	7,826
Disclosure and Barring Service	1,251	687
Security Industry Authority	384	471
Gangmasters and Labour Abuse Authority	2	27
Office of the Immigration Services Commissioner	35	5
<b>TOTAL</b>	<b>96,685</b>	<b>81,727</b>

<b>Total Consultancy Services and Contingent Labour/Agency Costs</b>	<b>2018-19 total expenditure (£000)</b>	<b>2017-18 total expenditure (£000)</b>
Home Office core Department	107,509	82,461
Independent Office for Police Conduct	1,707	2,563
College of Policing	7,334	7,826
Disclosure and Barring Service	2,420	1,102
Security Industry Authority	1,112	471
Gangmasters and Labour Abuse Authority	9	27
Office of the Immigration Services Commissioner	35	5
<b>TOTAL</b>	<b>120,126</b>	<b>94,455</b>





## Off-payroll engagements

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

The tables below provide the total number of off-payroll engagements, who are earning more than £245 per day plus new engagements during the year and 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 2019, for more than £245 per day and that last for longer than six months.

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.

	Main Department	Agencies	ALBs
Number of existing engagements as of 31 March 2019	181	-	6
Of which:			
Number that have existed for less than one year at time of reporting	82	-	1
Number that have existed for between one and two years at time of reporting	72	-	2
Number that have existed for between two and three years at time of reporting	25	-	2
Number that have existed for between three and four years at time of reporting	2	-	0
Number that have existed for four or more years at time of reporting	0	-	1

**Table 2:** For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, 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 2018 and 31 March 2019	213	-	1
Of which:			
Number of the above which were assessed as being within the scope of IR35	47	-	0
The number of these engagements which were assessed as being outside the scope of IR35	166	-	1
The number that were engaged directly (via PSC contracted to department) and are on the departmental payroll	0	-	0
No. of engagements reassessed for consistency / assurance purposes during the year	0	-	0
The number that saw a change to IR35 status following a consistency review	0	-	0

**Table 3:** For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019.

	Main Department	Agencies	ALBs
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year.	0	-	0
Number of individuals that have been deemed 'board members and/or, senior officials with significant financial responsibility', during the financial year. This figure should include both off-payroll and on-payroll engagements	17	-	9



**The rest of this report is audited information**

**Staff Costs**

					2018-19 £000	2017-18 £000
	Permanently employed staff	Others	Ministers	Special advisers	Departmental Group Total	Departmental Group Total
Wages and salaries	1,123,048	138,726	317	395	1,262,486	1,138,803
Social security costs	113,559	-	34	47	113,640	105,379
Other pension costs	216,963	-	-	72	217,035	199,720
<b>Sub Total</b>	<b>1,453,570</b>	<b>138,726</b>	<b>351</b>	<b>514</b>	<b>1,593,161</b>	<b>1,443,902</b>
Less recoveries in respect of outward secondments	(926)	-	-	-	(926)	(1,479)
<b>Total net costs</b>	<b>1,452,644</b>	<b>138,726</b>	<b>351</b>	<b>514</b>	<b>1,592,235</b>	<b>1,442,423</b>
Of which:						
Core Department	1,325,613	123,436	351	514	1,449,914	1,304,152
Core Department and Agencies	1,325,613	123,436	351	514	1,449,914	1,304,152
Departmental Group	1,452,644	138,726	351	514	1,592,235	1,442,423

**Staff Costs by Business Segment**

					2018-19 £000	2017-18 £000
Business Segment	Permanently employed staff	Others	Ministers	Special advisers	Departmental Group Total	Departmental Group Total
Crime, Policing and Fire Group	198,368	35,651	-	-	234,019	224,319
Office for Security and Counter-Terrorism	40,325	1,596	-	-	41,921	38,159
Border Force	399,718	8,186	-	-	407,904	314,477
UK Visas & Immigration	282,645	45,985	-	-	328,630	225,347
Immigration Enforcement	211,666	8,057	-	-	219,723	181,093
International and Immigration Policy	31,141	7,534	-	-	38,675	23,982
HM Passport Office	110,614	5,928	-	-	116,542	102,393
Strategic Organised Crime Group	17,216	841	-	-	18,057	-
Enablers	160,951	24,948	351	514	186,764	332,653
<b>Total Staff Costs</b>	<b>1,452,644</b>	<b>138,726</b>	<b>351</b>	<b>514</b>	<b>1,592,235</b>	<b>1,442,423</b>

**(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 2018-19, employers’ contributions of £196 million were payable to PCSPS and CSOPS (2017-18 £181 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 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

41 persons (53 in 2017-18) 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 2018-19, employers’ contributions of £1.4 million were paid to one or more of the panel of three appointed stakeholder pension providers (2017-18 £1.5 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 £279,300 (2017-18 £293,400), 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 2019 were £1.7 million (£1.8 million in 2017-18). Contributions prepaid at that date were £nil (£nil in 2017-18).

**(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 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	2018-19	2017-18
					£000	£000
					Departmental Group Total	Departmental Group Total
Crime, Policing and Fire Group	4,252	374	-	-	4,626	4,740
Office for Security and Counter-Terrorism	858	36	-	-	894	766
Border Force	8,127	70	-	-	8,197	7,734
UK Visas & Immigration	7,422	1,636	-	-	9,058	7,680
Immigration Enforcement	4,957	164	-	-	5,121	5,132
Border, Immigration & Citizenship System Policy & Strategy Group*	592	4	-	-	596	446
HM Passport Office	3,592	19	-	-	3,611	3,752
Enablers	2,630	195	6	5	2,836	2,964
Staff engaged on capital projects	-	-	-	-	-	2
<b>Total Staff</b>	<b>32,430</b>	<b>2,498</b>	<b>6</b>	<b>5</b>	<b>34,939</b>	<b>33,216</b>
Of which:						
Core Department	29,634	2,295	6	5	31,940	29,984
Core Department and Agencies	29,634	2,295	6	5	31,940	29,984
Departmental Group	32,430	2,498	6	5	34,939	33,216

\*Comparative figures previously reported under business segment heading 'International and Immigration Policy'.

### 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	1 (-)	4 (2)	5 (2)	1 (-)	9 (2)	10 (2)
£10,000 - £25,000	1 (-)	21 (19)	22 (19)	1 (-)	24 (19)	25 (19)
£25,000 - £50,000	4 (1)	30 (20)	34 (21)	4 (1)	33 (20)	37 (21)
£50,000 - £100,000	- (-)	24 (32)	24 (32)	- (-)	25 (32)	25 (32)
£100,000 - £150,000	- (-)	- (2)	- (2)	- (-)	- (2)	- (2)
<b>Total number of exit packages by type</b>	<b>6 (1)</b>	<b>79 (75)</b>	<b>85 (76)</b>	<b>6 (1)</b>	<b>91 (75)</b>	<b>97 (76)</b>
<b>Total Resource cost (£000)</b>	<b>2018-19 180</b> 2017-18 (36)	<b>3,365</b> (3,747)	<b>3,545</b> (3,799)	<b>180</b> (36)	<b>3,631</b> (3,631)	<b>3,811</b> (3,799)

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.



## Departmental Remuneration Report

### Service Contracts

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

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

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

### Remuneration Policy

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

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

- the need to recruit, retain and motivate, and where relevant, promote suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff;

- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's Departmental Expenditure Limits; and
- the Government's inflation target.

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; and
- 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 where appropriate;
- to maintain the confidence of those covered by the Review Body's remit that its recommendations have been properly and fairly determined; and
- to ensure that the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.

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

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

### Ministers

The Ministers responsible for the Department during 2018-19 are reported on [page 44](#).

### Membership of the Home Office Departmental Board

The membership of the Departmental Board during 2018-19 can be found in the annex to the Governance Statement on [pages 71 to 72](#).

### Executive Committee

The membership of the Executive Committee during 2018-19 is found in the annex to the Governance Statement on [page pages 71 to 72](#).

### Non-executive directors

The information details relating to the non-executive directors is reported on [page 55](#).

### 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 2017-18 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 2017-18 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 government's response to the recommendations from the independent Senior Salaries Review Body (SSRB).

For the 2018-19 SCS pay award Cabinet Office guidelines allowed for uplifts to new SCS1 and SCS2 minimums, consolidated pay increases limited to an average award of 1%, plus consolidated anomaly payments making an overall increase of 1.5% of SCS

pay bill. In addition up to 3.3% of the SCS pay bill to be used for non-consolidated performance payments.

The Home Office non-consolidated pot stands at 2.8% having previously converted 0.5% to fund targeting of top performers lower in the pay ranges.

The Home Office awarded staff in Groups 1 & 2 base pay award increases of between 0.6% and 9% based on a combination of minimum uplift, individual performance award and anomalies payments. The average SCS base pay increase was 1.46%. It paid out 2.48% of the SCS pay bill on non-consolidated performance payments to staff in Group 1; this equates to £465,500.

The 2018-19 pay award and bonus payments for the 2017-18 performance year were paid in October 2018. The bonuses were set at £13,000 (Pay Band 3); £10,000 (Pay Band 2) and £7,500 (Pay Band 1).

The assessment and review of performance for the 2018-19 performance year will be undertaken shortly.

#### Pay Band 3 Remuneration Committee

The Perm Sec, 2nd Perm Sec, Non-Executive Director and Chief People Officer

#### Pay Band 2 Remuneration Committee

The Perm Sec, 2nd Perm Sec, Chief People Officer & all the Department's Director Generals

#### Pay Band 1 Remuneration Committee

The Perm Sec, 2nd Perm Sec, Chief People Officer & all the Department's Director Generals





## Remuneration and pension entitlements<sup>7</sup>

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 (£)		Severance Payments (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000) <sup>8</sup>		Total (to nearest £'000)	
	2018-19	2017-18	2018-19	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	
Rt Hon Amber Rudd MP (Until 30 April 2018)	5,438 (67,505)	67,505 (67,505)	16,876	-	-	(1,000)	19,000	22,000	87,000	
Rt Hon Sajid Javid MP (From 30 April 2018)	62,067 (67,505)	-	-	-	-	15,000	-	77,000	-	
Rt Hon Ben Wallace MP	31,680 (31,680)	31,680 (31,680)	-	3,100	-	7,000	9,000	42,000	41,000	
Victoria Atkins MP	22,375 (22,375)	8,826 (22,375)	-	-	-	6,000	3,000	28,000	12,000	
Rt Hon Nick Hurd MP	31,680 (31,680)	25,432 (31,680)	-	-	-	7,000	6,000	39,000	31,000	
Baroness Williams <sup>9</sup>	115,257 (115,257)	115,257 (115,257)	-	8,700	8,600	20,000	32,000	144,000	156,000	
Caroline Nokes MP	31,680 (31,680)	7,154 (31,680)	-	-	-	8,000	2,000	39,000	9,000	

<sup>7</sup> The salary shown for MP Ministers only relates to the difference between their MP's salary and their minister's salary, as the MP element is paid via the Houses of Parliament and not the Home Office.

<sup>8</sup> The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.

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

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**Single total figure of Remuneration**

Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000) <sup>10</sup>		Total (to nearest £'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Sir Philip Rutnam Permanent Secretary	185-190 (185-190)	185-190 (185-190)	-	15-20	-	-	77	65	260-265	265-270
Patsy Wilkinson Second Permanent Secretary (Until 6 June 2018)	55-60 (160-165)	155-160 (160-165)	-	0-5	-	-	26	50	90-95	210-215
Shona Dunn Second Permanent Secretary (From 8 October 2018)	70-75 (150-155)	-	10-15	-	-	-	67	-	145-150	-
Mark Thomson <sup>11</sup> Director General, HM Passport Office and Registrar General; and, Director General, UK Visas and Immigration	175-180 (175-180)	160-165 (160-165)	10-15	10-15	-	-	-	-	185-190	175-180
Peter Fish Director General, Legal	125-130 (125-130)	125-130 (125-130)	10-15	-	-	-	13	9	150-155	130-135
Charu Gorasia Director General, Capabilities and Resources (from 9 July 2018)	110-115 (155-160)	-	10-15	-	-	-	215	-	340-345	-
Hugh Ind <sup>12</sup> Director General, Immigration Enforcement (until 31 May 2018)	20-25 (130-135)	120-125 (120-125)	-	10-15	-	-	39	173	60-65	305-310
Tyson Hepple Interim Director General, Immigration Enforcement (from 1 June 2018)	85-90 (90-95)	-	-	-	-	-	21	-	105-110	-
Fiona Spencer Interim Director General, Capabilities and Resources (until 8 July 2018)	30-35 (95-100)	30-35 (95-100)	-	10-15	-	-	34	(1)	65-70	40-45

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

12 Hugh Ind made a salary sacrifice of £40 in the reported period.



Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000) <sup>10</sup>		Total (to nearest £'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Scott McPherson Director General, Crime, Policing and Fire Group	130-135 (130-135)	45-50 (125-130)	-	-	-	-	147	87	275-280	135-140
Paul Lincoln Director General, Border Force	125-130 (125-130)	120-125 (125-130)	-	-	-	-	53	59	180-185	180-185
Tom Hurd <sup>13</sup> Director General, Office for Security and Counter- Terrorism	195-200 (195-200)	300-305 (300-305)	-	-	-	-	93	160	285-290	460-465
Glyn Williams Director General, BICS Policy & Strategy	130-135 (130-135)	110-115 (130-135)	-	10-15	-	-	193	119	320-325	240-245
Julia Kinniburgh Director General, Serious Organised & Economic Crime (from 12 November 2018)	50-55 (130-135)	-	-	-	-	-	93	-	140-145	-
Diana Luchford Director, Windrush Reform	100-105 (100-105)	25-30 (95-100)	0-5	10-15	-	-	46	-	150-155	55-60

13 Tom Hurd is on secondment from the Foreign and Commonwealth Office. His salary includes a continuity of education allowance.

Non-Executive Directors	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000)		Total (to nearest £'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Sue Langley	20-25	15-20	-	-	-	-	-	-	20-25	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 <sup>14</sup>	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Mark Florman (from 06 November 2018)	5-10	-	-	-	-	-	-	-	5-10	-

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 appointed by the Home Office's NDPBs and their details can be found in the accounts of these bodies.

### Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£77,379 from 1 April 2018) 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 2018-19 relate to performance in 2017-18 and the comparative bonuses reported for 2017-18 relate to the performance in 2016-17.

### 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 2018-19 was £195,000-£200,000 (2017-18, £300,000-£305,000). This was 6.2 times (2017-18, 9.4 times) the median remuneration of the workforce, which was £31,857 (2017-18, £32,225).

In 2018-19, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £15,000 – £20,000 to £195,000 – £200,000.

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

14 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 was the highest paid director for both 2018-19 and 2017-18.

	2018-19	2017-18
Band of Highest Paid Director's Total Remuneration (£'000)	195-200	300-305
Median Total (£)	31,857	32,225
Remuneration Ratio	6.2	9.4

During 2018-19 the highest paid directors remuneration band decreased from £300,000-£305,000, to £195,000-£200,000 and the median total for staff has decreased by just under £370. These differences explain the decrease in the Remuneration Ratio of 3.2.

### 2017-18 Comparison

	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

### Pension Benefits

Ministers	Accrued pension at age 65 as at 31/3/19 £'000	Real increase in pension at age 65 £'000	CETV at 31/3/19 £'000	CETV at 31/3/18 £'000	Real increase in CETV £'000
Rt Hon Amber Rudd MP	0-5	(0-2.5)	68	68	(1)
Rt Hon Sajid Javid MP	5-10	0-2.5	93	111	7
Rt Hon Ben Wallace MP	0-5	0-2.5	25	32	3
Victoria Atkins MP	0-5	0-2.5	2	6	2
Rt Hon Nick Hurd MP	5-10	0-2.5	70	80	4
Baroness Williams	5-10	0-2.5	85	108	10
Caroline Nokes MP	0-5	0-2.5	9	16	3

## 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.

Officials	Accrued pension at pension age as at 31 March 2019 and related lump sum £'000	Real increase / (decrease) in pension and related lump sum at pension age £'000	CETV at 31 March 2019 £'000	CETV at 31 March 2018 £'000	Real increase / (decrease) in CETV £'000	Employer contributions to partnership pension account £'000
Sir Philip Rutnam Permanent Secretary	30-35	2.5-5	505	396	46	-
Patsy Wilkinson Second Permanent Secretary (Until 6 June 2018)	60-65 plus a lump sum of 180-185	2.5-5	1,307	1,235	25	-
Shona Dunn Second Permanent Secretary (From 8 October 2018)	30-35 plus a lump sum of 60-65	2.5-5 plus a lump sum of 5-7.5	548	443	47	-



Officials	Accrued pension at pension age as at 31 March 2019 and related lump sum £'000	Real increase / (decrease) in pension and related lump sum at pension age £'000	CETV at 31 March 2019 £'000	CETV at 31 March 2018 £'000	Real increase / (decrease) in CETV £'000	Employer contributions to partnership pension account £'000
Mark Thomson Director General, HM Passport Office and Registrar General; and, Director General, UK Visas and Immigration	-	-	-	-	-	-
Peter Fish Director General, Legal	35-40 plus a lump sum of 115-120	0-2.5 plus a lump sum of 2.5-5	931	833	13	-
Charu Gorasia Director General of Capabilities and Resources (from 9 July 2018)	45-50	10-12.5	640	435	148	-
Hugh Ind Director General, Immigration Enforcement (until 31 May 2018)	45-50 plus a lump sum of 110-115	0-2.5 plus a lump sum of 2.5-5	726	695	26	-
Tyson Hepple Interim Director General, Immigration Enforcement (from 1 June 2018)	35-40 plus a lump sum of 85-90	0-2.5	691	608	7	-
Fiona Spencer Interim Director General, Capabilities and Resources (until 8 July 2018)	55-60	0-2.5	1,046	1,004	32	-
Scott McPherson Director General, Crime, Policing and Fire Group	40-45 plus a lump sum of 95-100	5-7.5 plus a lump sum of 10-12.5	677	498	98	-
Paul Lincoln Director General, Border Force	45-50 plus a lump sum of 20-25	2.5-5 plus a lump sum of 0-2.5	659	541	25	-
Tom Hurd Director General, Office for Security and Counter-Terrorism	50-55 plus a lump sum of 150-155	0-2.5 plus a lump sum of 0-2.5	1,498	1,364	123	-
Glyn Williams Director General, BICS Policy & Strategy	55-60 plus a lump sum of 165-170	7.5-10 plus a lump sum of 25-27.5	1,256	967	191	-
Julia Kinniburgh Director General, Serious Organised & Economic Crime (from 12 November 2018)	35-40 plus a lump sum of 25-30	2.5-5 plus a lump sum of 2.5-5	582	509	63	-
Diana Luchford Director, Windrush Reform	35-40 plus a lump sum of 105-110	2.5-5 plus a lump sum of 0-2.5	794	683	29	-

## 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 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%.

In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)





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

### **Cash Equivalent Transfer Values**

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Compensation for loss of office**

There were no Board Members departing under voluntary exit or voluntary redundancy terms in the financial year. Rt Hon Amber Rudd MP left on 30 April 2018. She received a severance payment of £16,876.

### **Sir Philip Rutnam Accounting Officer**

28 May 2019

# Parliamentary accountability and audit report

## 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 2018-19

	SoPS Note	Estimate			Outturn			2018-19 £000	2017-18 £000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate: saving/ (excess)	Outturn Total
<b>Departmental Expenditure Limit</b>									
- Resource	1.1	10,861,397	-	10,861,397	10,763,757	-	10,763,757	97,640	10,442,881
- Capital	1.2	696,090	-	696,090	692,176	-	692,176	3,914	591,342
<b>Annually Managed Expenditure</b>									-
- Resource	1.1	4,136,584	-	4,136,584	2,669,260	-	2,669,260	1,467,324	2,497,032
- Capital	1.2	-	-	-	-	-	-	-	-
Total Budget		15,694,071	-	15,694,071	14,125,193	-	14,125,193	1,568,878	13,531,255
Non-Budget									
- Resource			-			-			-
<b>Total</b>		<b>15,694,071</b>	<b>-</b>	<b>15,694,071</b>	<b>14,125,193</b>	<b>-</b>	<b>14,125,193</b>	<b>1,568,878</b>	<b>13,531,255</b>
Total Resource		14,997,981	-	14,997,981	13,433,017	-	13,433,017	1,564,964	12,939,913
Total Capital		696,090	-	696,090	692,176	-	692,176	3,914	591,342
<b>Total</b>		<b>15,694,071</b>	<b>-</b>	<b>15,694,071</b>	<b>14,125,193</b>	<b>-</b>	<b>14,125,193</b>	<b>1,568,878</b>	<b>13,531,255</b>

### Net Cash Requirement 2018-19

	SoPS Note	Estimate			Outturn			Voted outturn compared with Estimate: saving/ (excess)	Outturn Total
		Voted	Non-Voted	Total	Voted	Non-Voted	Total		
Net Cash Requirement	3			<b>14,193,170</b>			<b>13,518,604</b>	<b>674,566</b>	<b>13,141,660</b>

### Administration Costs 2018-19

	Estimate	Outturn	Outturn
	<b>338,716</b>	<b>330,414</b>	<b>324,727</b>

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.

Analysis of variances between Estimate and outturn are given in SoPS Note 1 (Analysis of net outturn by section).



## Notes to the Statement of Parliamentary Supply

### SOPS 1. Net outturn

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

							2018-19	2017-18			
							Outturn	Estimate	Estimate	Outturn	
	Administration			Programme			Total	Net Total	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Total
	Gross	Income	Net	Gross	Income	Net					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Spending in Departmental Expenditure Limit</b>											
Voted:											
A - Crime, Policing and Fire Group	30,407	(4,531)	25,876	8,612,682	(17,162)	8,596,520	8,621,396	8,657,704	36,308	3,312	8,307,985
B - Office for Security and Counter-Terrorism	33,146	(15)	33,131	913,388	(19,466)	893,922	927,053	897,496	(29,557)	443	891,712
C - Immigration Enforcement	6,513	(134)	6,379	419,668	(42,820)	376,848	383,227	392,507	9,280	9,279	397,761
D - UK Visas & Immigration	10,574	-	10,574	1,269,066	(1,821,214)	(552,148)	(541,574)	(432,312)	109,262	17,812	(501,699)
E - International and Immigration Policy Group	41,918	(339)	41,579	19,418	(11,834)	7,584	49,163	81,194	32,031	9,881	28,282
F - Border Force	3,369	-	3,369	554,954	(24,741)	530,213	533,582	587,975	54,393	14,993	500,560
G - HM Passport Office	2,874	(383)	2,491	270,069	(485,357)	(215,288)	(212,797)	(152,375)	60,422	14,922	(171,526)
H - Serious Organised Crime Group	14,789	(1)	14,788	233,036	(185,505)	47,531	62,319	-	(62,319)	681	-
I - Enablers	314,745	(122,518)	192,227	809,632	(122,860)	686,772	878,999	748,102	(130,899)	7,603	898,560
J - Arms Length Bodies (Net)	-	-	-	62,389	-	62,389	62,389	81,105	18,716	18,716	91,246
K - European solidarity mechanism (Net)	-	-	-	-	-	-	-	1	1	-	-
Departmental Unallocated Provision	-	-	-	-	-	-	-	-	-	-	-
	<b>458,335</b>	<b>(127,921)</b>	<b>330,414</b>	<b>13,164,302</b>	<b>(2,730,959)</b>	<b>10,433,343</b>	<b>10,763,757</b>	<b>10,861,397</b>	<b>97,640</b>	<b>97,640</b>	<b>10,442,881</b>
<b>Annually Managed Expenditure</b>											
Voted:											
M - AME charges	-	-	-	(28,386)	-	(28,386)	(28,386)	1,229,854	1,258,240	1,258,240	19,587
N - Police and Fire superannuation	-	-	-	2,698,443	-	2,698,443	2,698,443	2,906,729	208,286	208,286	2,477,445
O - AME Charges Arms Length Bodies (Net)	-	-	-	(797)	-	(797)	(797)	1	798	798	-
	-	-	-	<b>2,669,260</b>	-	<b>2,669,260</b>	<b>2,669,260</b>	<b>4,136,584</b>	<b>1,467,324</b>	<b>1,467,324</b>	<b>2,497,032</b>
<b>Total</b>	<b>458,335</b>	<b>(127,921)</b>	<b>330,414</b>	<b>15,833,562</b>	<b>(2,730,959)</b>	<b>13,102,603</b>	<b>13,433,017</b>	<b>14,997,981</b>	<b>1,564,964</b>	<b>1,564,964</b>	<b>12,939,913</b>

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**SOPS 1.2 Analysis of net capital outturn by section**

						2018-19	2017-18
	Gross	Income	Outturn Net	Net Total	Net total compared to Estimate	Estimate Net total compared to Estimate, adjusted for virements	Outturn Net
	£000	£000	£000	£000	£000	£000	£000
<b>Spending in Departmental Expenditure Limit</b>							
Voted:							
A - Crime, Policing and Fire Group	251,546	(385)	251,161	277,033	25,872		202,126
B - Office for Security and Counter-Terrorism	112,630	(616)	112,014	142,812	30,798	487	103,616
C - Immigration Enforcement	13,026	(2)	13,024	14,200	1,176	1,176	17,075
D - UK Visas & Immigration	65,012	-	65,012	57,800	(7,212)		69,862
E - International and Immigration Policy Group	1,362	-	1,362	5,660	4,298		966
F - Border Force	62,222	(742)	61,480	62,900	1,420	1,620	64,221
G - HM Passport Office	38,369	-	38,369	39,000	631	631	16,845
H - Serious Organised Crime Group	8,826	-	8,826	-	(8,826)		-
I - Enablers	131,453	(2,275)	129,178	96,685	(32,493)		97,602
J - Arms Length Bodies (Net)	11,750	-	11,750	-	(11,750)		19,029
K - European solidarity mechanism (Net)				-	-		-
	<b>696,196</b>	<b>(4,020)</b>	<b>692,176</b>	<b>696,090</b>	<b>3,914</b>	<b>3,914</b>	<b>591,342</b>
<b>Annually Managed Expenditure</b>							
Voted:							
M - AME charges	-	-	-	-	-	-	-
N - Police and Fire superannuation	-	-	-	-	-	-	-
O - AME Charges Arms Length Bodies (Net)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Total</b>	<b>696,196</b>	<b>(4,020)</b>	<b>692,176</b>	<b>696,090</b>	<b>3,914</b>	<b>3,914</b>	<b>591,342</b>



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

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

		2018-19	2017-18
	SOPS Note	£000 Outturn	£000 Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	13,433,017	12,939,913
Non-Budget	1.1	-	-
		13,433,017	12,939,913
Add: Capital Grants		205,863	192,430
Capital Expenditure		49,929	30,708
PFI adjustments		11,121	11,011
Capital Disposal adjustments		3,927	11,721
		13,703,857	13,185,783
Less: Income payable to the Consolidated Fund		46,707	5,815
Capital Grant Income		4,020	3,461
		50,727	9,276
<b>Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>13,653,130</b>	<b>13,176,507</b>

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

	SOPS Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)
		£000	£000	£000
<b>Resource Outturn</b>	1.1	<b>14,997,981</b>	<b>13,433,017</b>	<b>1,564,964</b>
<b>Capital Outturn</b>	1.2	<b>696,090</b>	<b>692,176</b>	<b>3,914</b>
<b>Accruals to cash adjustments</b>		<b>(1,500,901)</b>	<b>(651,845)</b>	<b>(849,056)</b>
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(81,106)	(73,342)	(7,764)
Add cash grant-in-aid		106,905	133,612	(26,707)
<i>Adjustments to remove non-cash items:</i>				
Depreciation and Amortisation		(301,700)	(246,071)	(55,629)
New provisions and adjustments to previous provisions		(1,225,000)	6,328	(1,231,328)
Departmental Unallocated Provision		-	-	-
Accrued Capital Expenditure		-	(127,683)	127,683
Other non-cash items		-	(27,503)	27,503
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in inventories		-	2,077	(2,077)
Increase/(decrease) in receivables		-	192,384	(192,384)
(Increase)/decrease in payables		-	(537,035)	537,035
(Increase)/decrease in pension liability		-	21	(21)
Use of provisions		-	25,367	(25,367)
		<b>14,193,170</b>	<b>13,473,348</b>	<b>719,822</b>
<b>Removal of non-voted budget items:</b>				
Other adjustments		-	45,256	45,256
<b>Net cash requirement</b>		<b>14,193,170</b>	<b>13,518,604</b>	<b>674,566</b>



## SOPS 4. Income payable to the Consolidated Fund

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

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

	Outturn 2018-19		Outturn 2017-18	
	£000	£000	£000	£000
	<b>Income</b>	<b><i>Receipts</i></b>	<b>Income</b>	<b><i>Receipts</i></b>
Income outside the ambit of the Estimate	46,707	<i>46,707</i>	5,815	<i>22,350</i>
<b>Total income payable to the Consolidated Fund</b>	<b>46,707</b>	<b><i>46,707</i></b>	<b>5,815</b>	<b><i>22,350</i></b>

### SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in SOPS note 4.1 above does not include any amounts collected by the Department where it was acting as agent for the Consolidated Fund rather than as principal.

The Home Office collects Immigration Penalties and Civil Penalties. In accordance with an HM Treasury direction, the non-retainable income generated is not recognised in the Resource Accounts. 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.

# Parliamentary Accountability Disclosures

The following sections are subject to audit.

## 1. Losses and special payments

We have further refined 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 2017-18 comparatives have been re-stated to report on the same basis.

### 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.

	2018-19				Restated 2017-18			
	Core Department & Agencies		Departmental Group		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Losses under £300,000	333	65	337	66	451	22	455	22
Cases over £300,000	2	2,460	2	2,460	1	2,450	1	2,450
<b>Total</b>	<b>335</b>	<b>2,525</b>	<b>339</b>	<b>2,526</b>	<b>452</b>	<b>2,472</b>	<b>456</b>	<b>2,472</b>
Cases over £300,000 comprise:								
Fruitless Payments	2	2,460	2	2,460	1	2,450	1	2,450
<b>Total</b>	<b>2</b>	<b>2,460</b>	<b>2</b>	<b>2,460</b>	<b>1</b>	<b>2,450</b>	<b>1</b>	<b>2,450</b>

Fruitless payments totalling £2.04 million (2017-18: £2.45 million) were incurred by the Home Office as a result of cancellations of scheduled flights intended to remove ineligible asylum seekers, which were subsequently cancelled due to asylum seekers being granted the right to appeal. The Home Office has incurred a further fruitless payment of £0.4 million as a result of a secure network service being cancelled.





## 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 and counted as one case.

	2018-19				Restated 2017-18			
	Core Department & Agencies		Departmental Group		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Special Payments under £300,000	14,782	36,351	14,891	36,424	9,290	37,345	9,451	37,402
Special Payments over £300,000	6	5,416	6	5,416	5	3,987	5	3,987
<b>Total</b>	<b>14,788</b>	<b>41,767</b>	<b>14,897</b>	<b>41,840</b>	<b>9,295</b>	<b>41,332</b>	<b>9,456</b>	<b>41,389</b>

As a result of improvements made to the reporting method for special payments for 2018-19, 2017-18 figures have been restated to provide a direct comparison. The changes affect the categorisation of cases between the five classes reported below. Therefore, the restated figures for 2017-18 and the previously published figures for 2017-18 are not directly comparable even though they are based on the same underlying data. The restated figures contain greater detail on payments to be made in future years, which was unavailable at the time of publishing for 2017-18. In addition, a set of ex-gratia payments (618 payments totalling £0.7m) were not reported last year, but have been included in the restated figures.

Special payments under £300,000 for 2018-19 totaled £36.4 million (2017-18: £37.4 million) These payments were in relation to:

- Adverse legal costs paid - 3,159 cases paid totaling £24.5 million (3,098 cases totaling £29 million in 2017-18)
- Tribunal award payments - 6,440 cases paid totaling £1 million (4,421 cases totaling £1.2 million in 2017-18)
- Compensation payments for wrongful detention - 312 cases totaling £8.2 million (212 cases totaling £5.1 million in 2017-18)
- Other compensation payments - 4,269 cases totaling £2 million (941 cases totaling £1.3 million in 2017-18)
- Ex-gratia payments - 596 payments totaling £0.6 million (618 cases totaling £0.7 million in 2017-18)

Some cases may involve multiple payments which fall under different classes of special payments. These cases have been counted under each class.

Special Payments over £300,000 comprise; £1.5m in connection with a human rights case brought against the Department; payments totalling £0.3m, £0.3m and £0.5m, in connection with three separate cases, for adverse legal costs; £1.1m compensation was paid in connection with an employee discrimination issue and £1.7m paid in total for a case, £0.1m of which is compensation and £1.6m is adverse costs, which was provided for in 2017-18.

## 2. Fees and Charges

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

							2018-19	
Segment		Note	Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target	
			£000	£000	£000	%	%	
Crime, Policing and Fire Group	College of Policing - People Development	1	27,444	49,118	(21,674)	56	100	
Crime, Policing and Fire Group	SIA - Licensing and ACS Income	2	33,206	29,297	3,909	113	100	
Crime, Policing and Fire Group	DBS Disclosures and Update Service	3	196,836	145,364	51,472	135	100	
UK Visas & Immigration	Overseas	4	865,680	427,580	438,100	202	203	
UK Visas & Immigration	In country	5	676,186	440,985	235,201	153	203	
HM Passport Office	Passports & other associated income	6	548,741	604,159	(55,418)	91	100	
HM Passport Office	Certificate Services	7	18,039	29,489	(11,450)	61	100	
Enablers	TDCS	8	6,575	7,220	(645)	91	100	
Enablers	Airwave	8	23,200	242,708	(219,508)	10	16	
Enablers	ESMCP	8	63,139	225,544	(162,405)	28	28	
Enablers	Police ICT	8	87,827	61,152	26,676	144	100	
			<b>2,546,873</b>	<b>2,262,616</b>	<b>284,257</b>			

This analysis of income satisfies the Fees and Charges requirements of HM Treasury rather than IFRS 8 Operating Segments. Categories of income and costs below £10m 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 Overseas is responsible for issuing Visas. The Group's cost recovery target is 203% with the additional income from fees contributing to the overhead costs within the Department.
- 5) UKVI In-Country deals with UK based applications for permanent settlement and Nationality applications. The Group's cost recovery target is 203% 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.

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.

		<b>2017-18</b>					
<b>Segment</b>		<b>Note</b>	<b>Income</b>	<b>Full Cost</b>	<b>Surplus / (deficit)</b>	<b>Fee recovery actual</b>	<b>Fee recovery target</b>
			<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>%</b>
Crime, Police and Fire Group	College of Policing - People Development	1	25,208	47,837	(22,809)	52	100
Crime, Police and Fire Group	SIA - Licensing and ACS Income	2	32,030	29,200	2,830	110	100
Crime, Police 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	-
			<b>2,275,527</b>	<b>1,894,723</b>	<b>380,804</b>		

### 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 159, 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 CO<sub>2</sub> probes or Heartbeat detectors).

All ports operate CO<sub>2</sub> 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, CO<sub>2</sub> probes and Thermal Imaging equipment)
3. France (loan of motion detection equipment and building/ shelters; CO<sub>2</sub> 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:** CO<sub>2</sub> 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.

## **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 set out in the table below.

	<b>1 April 2018</b>	<b>Change in year</b>	<b>Liabilities crystallised in year</b>	<b>Obligation expired in year</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Indemnities</b>					
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)	8,805	(118)	-	-	8,687
	-	-	-	-	
	-	-	-	-	
Indemnity arising from Riot Damage Costs. (Minute dated 21 May 2012)	10,000	-	-	-	10,000
	-	-	-	-	
	<b>70,805</b>	<b>(118)</b>	<b>-</b>	<b>-</b>	<b>70,687</b>

The €10 million indemnity granted in relation to Cyclamen has been translated at £000 sterling exchange rates as at 31 March 2019. (Exchange rate used 1.1511).

**Sir Philip Rutnam**  
**Accounting Officer**

28 May 2019

# 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 2019 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 2018. 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 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 2019 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and

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

## Opinion on 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 2019 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.

### **Conclusions relating to going concern**

We are required to 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 for a period of at least twelve months from the date of approval of the financial statements. 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. I have nothing to report in these respects.

### **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.
  - 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 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 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 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**

31 May 2019

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 period to 31 March 2019

		2018-19		2017-18	
	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000
Income from sale of goods and services	5	(2,563,411)	(2,823,469)	(2,192,114)	(2,349,366)
Other operating income	5	(346,286)	(346,286)	(347,447)	(405,926)
<b>Total operating income</b>		<b>(2,909,697)</b>	<b>(3,169,755)</b>	<b>(2,539,561)</b>	<b>(2,755,292)</b>
Staff costs	3	1,449,914	1,592,235	1,304,152	1,442,423
Grants				-	-
Main Police Grants	4	7,324,893	7,324,893	7,324,893	7,324,893
Police Pensions top-up Grant	4	2,094,956	2,094,956	1,926,037	1,926,037
Fire Pensions top-up Grant	4	603,487	603,487	551,408	551,408
Other	4	2,267,241	2,270,770	1,908,949	1,911,900
Purchase of goods and services	4	989,913	1,041,215	961,766	1,008,907
Depreciation and impairment charges	4	247,200	265,788	248,662	276,264
Provision expense	4	(7,078)	(7,839)	27,159	30,933
Other operating expenditure	4	1,496,440	1,606,639	1,337,519	1,427,707
Grant in Aid to NDPBs		133,612	-	111,943	-
<b>Total operating expenditure</b>		<b>16,600,578</b>	<b>16,792,144</b>	<b>15,702,488</b>	<b>15,900,472</b>
Finance expense	4	30,741	30,741	31,327	31,327
<b>Net expenditure for the year</b>		<b>13,721,622</b>	<b>13,653,130</b>	<b>13,194,254</b>	<b>13,176,507</b>
<b>Other Comprehensive Net Expenditure</b>					
Items which will not be reclassified to net operating costs:					
- Net (gain)/loss on revaluation of property, plant & equipment	6	6,149	3,250	(92,423)	(93,277)
- Net (gain)/loss on revaluation of Intangible assets	7	(663)	(931)	(5,744)	(5,868)
- Actuarial (gain)/loss on pension scheme liabilities		-	-	-	-
<b>Comprehensive net expenditure for the year</b>		<b>13,727,107</b>	<b>13,655,449</b>	<b>13,096,087</b>	<b>13,077,362</b>

All activities are continuing operations.

The notes on pages 122 to 159 form part of these accounts.

HOME OFFICE Annual Report and Accounts 2018-19

## 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 2019

		2018-19		2017-18	
	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000
<b>Non-current assets:</b>					
Property, plant and equipment	6	1,278,411	1,320,721	1,215,392	1,257,230
Intangible assets	7	573,109	606,334	458,281	500,077
Trade receivables and other non-current assets	12	8,035	8,035	8,140	8,140
<b>Total non-current assets</b>		<b>1,859,555</b>	<b>1,935,090</b>	<b>1,681,813</b>	<b>1,765,447</b>
<b>Current assets:</b>					
Assets classified as held for sale		-	-	2,356	2,356
Inventories		9,565	9,565	5,132	5,132
Trade and other receivables	12	699,579	673,632	507,840	524,664
Cash and cash equivalents	11	405,265	529,295	223,640	336,062
<b>Total current assets</b>		<b>1,114,409</b>	<b>1,212,492</b>	<b>738,968</b>	<b>868,214</b>
<b>Total assets</b>		<b>2,973,964</b>	<b>3,147,582</b>	<b>2,420,781</b>	<b>2,633,661</b>
<b>Current liabilities:</b>					
Provisions	14	48,095	48,570	40,848	41,969
Trade and other payables	13	3,034,927	3,097,466	2,197,875	2,265,350
<b>Total current liabilities</b>		<b>3,082,022</b>	<b>3,146,036</b>	<b>2,238,723</b>	<b>2,307,319</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>(109,058)</b>	<b>1,546</b>	<b>182,058</b>	<b>326,342</b>
<b>Non-current liabilities:</b>					
Other payables	13	274,591	272,671	271,263	269,389
Provisions	14	125,333	128,310	165,025	169,594
Pensions liability		27	2,225	48	2,299
<b>Total non-current liabilities</b>		<b>399,951</b>	<b>403,206</b>	<b>436,336</b>	<b>441,282</b>
<b>Assets less liabilities</b>		<b>(509,009)</b>	<b>(401,660)</b>	<b>(254,278)</b>	<b>(114,940)</b>
Taxpayers' equity and other reserves:					
General fund		(785,740)	(686,113)	(570,326)	(435,635)
Revaluation reserve		276,758	286,678	316,096	322,994
Pensions reserve		(27)	(2,225)	(48)	(2,299)
<b>Total equity</b>		<b>(509,009)</b>	<b>(401,660)</b>	<b>(254,278)</b>	<b>(114,940)</b>

The notes on pages 122 to 159 form part of these accounts.

**Sir Philip Rutnam**  
Accounting Officer

28 May 2019



## 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 period to 31 March 2019

		2018-19		2017-18	
	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net Expenditure for the Year		(13,721,622)	(13,653,130)	(13,194,254)	(13,176,507)
Adjustments for non-cash transactions		267,246	285,705	320,735	354,864
(Increase)/decrease in trade and other receivables	12	(191,634)	(148,863)	64,158	48,289
less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(750)	(531)	(1,674)	(4,455)
(Increase)/decrease in inventories & assets held for sale		(2,077)	(2,077)	2,576	2,576
Increase/(decrease) in trade payables	13	840,380	835,398	225,198	238,174
less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(303,345)	(406,895)	(252,564)	(251,151)
Use of provisions	14	(25,367)	(26,844)	(12,532)	(13,872)
Increase/(decrease) in pension liability		(21)	(74)	(27)	(112)
<b>Net cash outflow from operating activities</b>		<b>(13,137,190)</b>	<b>(13,117,311)</b>	<b>(12,848,384)</b>	<b>(12,802,194)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	6	(208,667)	(213,151)	(192,241)	(203,644)
Less: Capital Creditors		74,175	74,175	57,033	57,033
Purchase of intangible assets	7	(223,516)	(227,255)	(163,346)	(168,148)
Less: Capital Creditors		53,508	53,508	34,177	34,177
Proceeds of disposal		6,495	6,544	612	640
<b>Net cash outflow from investing activities</b>		<b>(298,005)</b>	<b>(306,179)</b>	<b>(263,765)</b>	<b>(279,942)</b>
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (Supply) - current year		13,624,399	13,624,399	13,273,040	13,273,040
From the Consolidated Fund (Supply) - prior year		-	-	-	-
Advances from the Contingencies Fund		500,000	500,000	-	-
Repayments to the Contingencies Fund		(500,000)	(500,000)	-	-
Capital element of payments in respect of finance leases and on balance sheet (SoFP) PFI contracts		(7,579)	(7,676)	(7,164)	(8,577)
<b>Net financing</b>		<b>13,616,820</b>	<b>13,616,723</b>	<b>13,265,876</b>	<b>13,264,463</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>181,625</b>	<b>193,233</b>	<b>153,727</b>	<b>182,327</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>181,625</b>	<b>193,233</b>	<b>153,727</b>	<b>182,327</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>223,640</b>	<b>336,062</b>	<b>69,913</b>	<b>153,735</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>405,265</b>	<b>529,295</b>	<b>223,640</b>	<b>336,062</b>

The notes on pages 122 to 159 form part of these accounts.

HOME OFFICE Annual Report and Accounts 2018-19

## 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 the Department, to the extent that the total is not represented by other reserves and financing items.

### for the period to 31 March 2019

Departmental Group					
	Note	General Fund	Revaluation Reserve	Pension Reserve	Total Reserves
		£000	£000	£000	£000
<b>Balance at 1 April 2017</b>		<b>(436,295)</b>	<b>264,908</b>	<b>(2,411)</b>	<b>(173,798)</b>
Net Parliamentary Funding - drawn down		13,273,040	-	-	13,273,040
Net Parliamentary Funding - deemed		68,494	-	-	68,494
Supply (payable)/receivable adjustment		(199,870)	-	-	(199,870)
Excess Vote - prior year		-	-	-	-
Amounts payable to the Consolidated Fund		(5,815)	-	-	(5,815)
Comprehensive Net Expenditure for the year		(13,176,507)	-	-	(13,176,507)
<b>Non-Cash Adjustments:</b>					
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
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	370	-	-	370
Transfers between reserves		40,947	(41,059)	112	-
<b>Balance at 31 March 2018</b>		<b>(435,635)</b>	<b>322,994</b>	<b>(2,299)</b>	<b>(114,940)</b>
Of which:					
Core Department		(570,236)	316,096	(48)	(254,278)
Agencies		-	-	-	-
NDPBs		134,691	6,898	(2,251)	139,338
		<b>(435,635)</b>	<b>322,994</b>	<b>(2,299)</b>	<b>(114,940)</b>



<b>Departmental Group</b>					
	<b>Note</b>	<b>General Fund</b>	<b>Revaluation Reserve</b>	<b>Pension Reserve</b>	<b>Total Reserves</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March 2018</b>		<b>(435,635)</b>	<b>322,994</b>	<b>(2,299)</b>	<b>(114,940)</b>
Opening Balance Adjustment		-	(3)	-	(3)
Balance at 1 April 2018		(435,635)	322,991	(2,299)	(114,943)
Net Parliamentary Funding - drawn down		13,624,399	-	-	13,624,399
Net Parliamentary Funding - deemed		199,870	-	-	199,870
Supply (payable)/receivable adjustment		(305,663)	-	-	(305,663)
Amounts payable to the Consolidated Fund		(150,354)	-	-	(150,354)
Comprehensive Net Expenditure for the year		(13,653,130)	-	-	(13,653,130)
<b>Non-Cash Adjustments:</b>					
Net gain/(loss) on revaluation of property, plant and equipment	6	-	(3,250)	-	(3,250)
Net gain/(loss) on revaluation of intangible assets	7	-	931	-	931
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	480	-	-	480
Notional charges and income		-	-	-	-
External transfers		-	-	-	-
Actuarial gain/(loss) in year		-	-	-	-
Release of reserves to the Statement of Comprehensive Net Expenditure		-	-	-	-
Other		-	-	-	-
Transfers between reserves		33,920	(33,994)	74	-
<b>Balance at 31 March 2019</b>		<b>(686,113)</b>	<b>286,678</b>	<b>(2,225)</b>	<b>(401,660)</b>
Of which:					
Core Department		(785,740)	276,758	(27)	(509,009)
Agencies		-	-	-	-
NDPBs		99,627	9,920	(2,198)	107,349
		<b>(686,113)</b>	<b>286,678</b>	<b>(2,225)</b>	<b>(401,660)</b>

HOME OFFICE Annual Report and Accounts 2018-19

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

for the period to 31 March 2019

Core Department & Agencies					
	Note	General Fund	Revaluation Reserve	Pension Reserve	Total Reserves
		£000	£000	£000	£000
<b>Balance at 31 March 2017</b>		<b>(553,196)</b>	<b>258,861</b>	<b>(75)</b>	<b>(294,410)</b>
Net Parliamentary Funding - drawn down		13,273,040	-	-	13,273,040
Net Parliamentary Funding - deemed		68,494	-	-	68,494
Supply (payable)/receivable adjustment		(199,870)	-	-	(199,870)
Amounts payable to the Consolidated Fund		(5,815)	-	-	(5,815)
Comprehensive Net Expenditure for the year		(13,194,254)	-	-	(13,194,254)
<b>Non-Cash Adjustments:</b>					
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
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	370	-	-	370
Notional charges and income	4	-	-	-	-
Transfers between reserves		40,905	(40,932)	27	-
<b>Balance at 31 March 2018</b>		<b>(570,326)</b>	<b>316,096</b>	<b>(48)</b>	<b>(254,278)</b>



**Core Department & Agencies**

	Note	General Fund	Revaluation Reserve	Pension Reserve	Total Reserves
		£000	£000	£000	£000
<b>Balance at 31 March 2018</b>		<b>(570,326)</b>	<b>316,096</b>	<b>(48)</b>	<b>(254,278)</b>
Opening balance adjustment		-	(3)	-	(3)
<b>Balance at 1 April 2018</b>		<b>(570,326)</b>	<b>316,093</b>	<b>(48)</b>	<b>(254,281)</b>
Net Parliamentary Funding - drawn down		13,624,399	-	-	13,624,399
Net Parliamentary Funding - deemed		199,870	-	-	199,870
Supply (payable)/receivable adjustment		(305,663)	-	-	(305,663)
Amounts payable to the Consolidated Fund		(46,707)	-	-	(46,707)
Comprehensive Net Expenditure for the year		(13,721,622)	-	-	(13,721,622)
<b>Non-Cash Adjustments:</b>					
Net gain/(loss) on revaluation of property, plant and equipment	6	-	(6,148)	-	(6,148)
Net gain/(loss) on revaluation of intangible assets	7	-	663	-	663
<b>Movements in Reserves:</b>					
Non-cash charges - auditor's remuneration	4	480	-	-	480
Notional charges and income		-	-	-	-
External transfers		-	-	-	-
Actuarial gain/(loss) in year		-	-	-	-
Release of reserves to the Statement of Comprehensive Net Expenditure		-	-	-	-
Other		-	-	-	-
Transfers between reserves		33,829	(33,850)	21	-
<b>Balance at 31 March 2019</b>		<b>(785,740)</b>	<b>276,758</b>	<b>(27)</b>	<b>(509,009)</b>

## Notes to the Departmental Resource Accounts

### 1. Statement of accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with the 2018-19 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 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), 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.

#### 1.3 Judgements 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.



### ***Windrush compensation scheme***

The Windrush compensation scheme is disclosed as a contingent liability as opposed to a provision because the event which would crystallise the liability and give rise to a provision – the launch of the scheme – occurred after the reporting period, on 3 April 2019.

The estimated range of costs reflects the range of possible outcomes, based on the likelihood of number of claimants, and the estimated costs for the different areas of loss for which claims may be made. There is a considerable amount of uncertainty in these assumptions, due to incompleteness of data at the launch of the scheme on how many individuals have been impacted, and how they have been impacted.

### ***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***

Each Police force and Fire brigade participates in unfunded defined benefit and defined contribution pension schemes. Each authority recognises the associated long-term pension liability for these schemes in their own financial statements.

Because these schemes are unfunded, the Department is required under legislation to make grants to police forces and fire brigades to match the estimated cash 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.

The top up grant provides the mechanism by which cash funding is provided to the schemes to allow them to meet their liabilities as they fall due. The Department meets these commitments via the supply estimates process each year. Therefore, the Department does not recognise a provision or contingent liability in respect of future years pension top up grants.

### ***Youth Endowment Fund***

In 2018-19 the Home Office recognised grant expenditure of £200 million for the Youth Endowment Fund. The Home Office considers the expenditure to be recognised in year because the commitment to the grant was made in year: the grant agreement was signed on 21 March 2019, and a ministerial announcement was made on 23 March 2019. The grant is to be used for charitable activities, evaluation, and to secure additional funding and investment income, and it is for this reason that the grant was provided in a lump sum, and recognised in full in 2018-19.

## **1.4 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 – the shorter the 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.

## 1.5 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.

## **1.6 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.

## **1.7 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 1.6 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 Public Private Partnership 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 *IFRS 15 Revenue from Contracts with Customers* have been satisfied.

## 1.8 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.

## 1.9 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.

## 1.10 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.



## 1.11 Income

Income is recognised in accordance with IFRS 15. Revenue is recognised when a performance obligation included within a contract with a customer is satisfied, at the transaction price allocated to that performance obligation.

Income principally comprises fees and charges for services provided on a full cost basis to external customers.

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 which relates directly to the operating activities of the Department is stated net of VAT.

## 1.12 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.

## 1.13 Home Office grants

Grants (excluding Grant in Aid) are accounted for on an accruals basis. 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 2018-19 are based on funding levels set out in the Police Grant Report (England and Wales) 2018-19.

### **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.

## **1.14 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.

## **1.15 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.

## **1.16 International Financial Reporting Standards (IFRS) and other changes that have been issued and affect the 2018-19 Accounts**

### **IFRS 9 Financial Instruments**

This standard, which is effective from 2018-19, includes requirements for classification, recognition and measurement, impairment, derecognition and general hedge accounting.

The significant majority of the Department's financial instruments are trade receivables and payables.

Receivables are shown net of expected credit loss. These accounts do not include transition disclosures in respect of IFRS 9, due to the effect of IFRS 9 on the Department's resource accounts not being significant. This is because the Department holds receivables with customers with low credit risk (mainly central government departments and police forces), and other receivables are simple trade receivables held for collecting cash in the normal course of business.

The Home Office does not operate hedge accounting, so the specific requirements of IFRS 9 for hedging instruments do not apply.

### **IFRS 15 Revenue from Contracts with Customers**

This standard, which is effective from 2018-19, provides a comprehensive standard for revenue recognition.

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.





The Department's revenue recognition under IFRS 15 is materially at the same point in time, and at the same amount, as under IAS 18. Due to the immaterial impact of IFRS 15 on the Home Office resource accounts, these accounts are not restated, nor do they show a cumulative catch up in the statement of taxpayers' equity, to reflect the change in accounting policy.

### **Performance obligations**

The table below sets out, for each income stream, when performance obligations are typically satisfied, the significant payment terms, and the nature of the goods or services which the Department supplies. All income streams usually have a contract of a duration of one year or less, and therefore transaction price allocated to remaining performance obligations is not disclosed, applying the practical expedient in IFRS 15.121.

<b>Income stream</b>	<b>Description of income stream</b>	<b>Performance obligation</b>	<b>Payment terms</b>
Passport fees	Supply of passports and other services by HM Passport Office	On delivery of the passport to the customer.	Payment in advance
Visa and immigration fees	Supply of visas and immigration documents	On delivery of the visa or immigration decision to the customer.	Payment in advance
Asset recovery income	Recovery of proceeds of crime	The powers for the Home Office to recover this income is set out in legislation. Income is recognised when a court order is issued.	Penalty payment by court order
Certificate services	Supply of copies of birth, marriage and death certificates	Delivery of the certificate to the customer	Payment in advance
DBS income	Supply of criminal records checks by the Disclosure and Barring Service	Delivery of the information to the customer	Payment in advance
EU income	Grants from the Asylum, Migration and Integration Fund (AMIF)	Work done to meet the criteria for grant payment.	Payment in arrears on satisfaction of grant obligations
Hendon Data Centre Income	Supply of IT services to police forces.	The supply of IT services over time.	Payment quarterly in accordance with the agreement

### **Significant judgements in the application of IFRS 15**

Identifying when the goods or services are supplied is straightforward for income streams corresponding to performance obligations satisfied at a point in time (passport fees, visa and immigration fees, certificate services, asset recovery income and DBS income).

For EU income, the performance obligations are set out in the Asylum, Migration and Integration Fund (AMIF) UK National Programme, and whether a performance obligation has been delivered is judged against the expectations set out in the National Programme.

For Hendon Data Centre Income, the performance obligations and transaction price are set out in an agreement between the Department and police forces, and revenue is recognised against the terms set out in that agreement.

### **Income streams not recognised under IFRS 15**

Airwave income is not recognised under IFRS 15 as there is no performance obligation corresponding to this income stream. Instead, this is a reduction in the cost of the contract, paid by the supplier.

The Immigration Health Surcharge is not recognised under IFRS 15 as the funds are not retained by the Department. The Immigration Health Surcharge, which the UK government introduced in April 2015, is charged 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 Social Care and it is then transferred via the supply estimate process.

### Contract balances

Most Home Office income comes from services for which payment is made in advance, which gives rise to a contract liability. Contract liabilities, reported under IFRS 15, are disclosed separately in the note for trade payables and other current liabilities. Contract liabilities are recognised on receipt of cash for services and derecognised at the point of provision of those services.

Contract assets (accrued income) primarily relate to the department's right to consideration for work completed but not yet billed at the reporting date. Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service.

The following table provides analysis on significant changes to contract assets and liabilities during the year. The value of contract assets is low, and disclosed in these accounts as zero.

	2018-19	
	Departmental Group	
	Contract assets	Contract liabilities
	£000	£000
Balance transferred from deferred income following adoption of IFRS 15	-	247
Decrease due to revenue recognised in the period	-	(1,116)
Increase due to cash received in advance and not recognised as revenue during the year	-	1,132
<b>At 31 March 2019</b>	<b>-</b>	<b>263</b>
Presented within:		
Current	-	263
Non-current	-	-

### IFRS 16 Leases

The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 which will replace IAS 17 for annual periods beginning on or after 1 January 2019. FReM has deferred implementation of this standard until 1 April 2020, it therefore does not affect the 2018-19 financial statements.

The full impact of the introduction of this standard will require assets and liabilities to be increased by the same amount, as operating leases will be treated in the same way as finance leases. The Department is undertaking a programme of work to assess the impact of the introduction of IFRS 16 on the Statement of Financial Position. Preliminary analysis has indicated that there will be a material impact; the results of this piece of work should be published in the 2019-20 Home Office annual report and accounts. IFRS 16 will be adopted by the Department for the first time in 2020-21 with 2019-20 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.



## 2. Statement of Operating Costs by Operating Segment for the period to 31 March 2019

	Gross Expenditure	Income	2018-19 Net
	£000	£000	£000
<b>Reportable Segment</b>			
Crime, Policing and Fire Group	11,630,515	(270,770)	11,359,745
Office for Security and Counter-Terrorism	1,037,570	(19,482)	1,018,088
Immigration Enforcement	461,708	(42,883)	418,825
UK Visas & Immigration	1,287,738	(1,868,030)	(580,292)
International and Immigration Policy Group	362,548	(12,191)	350,357
Border Force	558,283	(25,532)	532,751
HM Passport Office	273,076	(485,740)	(212,664)
Serious Organised Crime Group	251,514	(185,506)	66,008
Enablers	959,933	(259,621)	700,312
<b>Net Expenditure</b>	<b>16,822,885</b>	<b>(3,169,755)</b>	<b>13,653,130</b>

### Reconciliation between Operating Segments and SOPS Note 1

Capital Grants	(205,863)	-	(205,863)
Capital Income	-	4,020	4,020
Capital Expenditure	(49,929)	-	(49,929)
NBV cost of disposal (treated as negative expenditure for SOPS)	(4,019)	4,019	-
PFI adjustments	(11,121)	-	(11,121)
Consolidated Fund Extra Receipts	-	46,707	46,707
NDPB income (reported as net expenditure in SOPS Note 1)	(260,056)	260,056	-
Capital Disposal adjustments	-	(3,927)	(3,927)
<b>Net Resource Outturn</b>	<b>16,291,897</b>	<b>(2,858,880)</b>	<b>13,433,017</b>

### Departmental Net Assets by Operating Segment (as at 31 March 2019)

	Total Assets	Total Liabilities	Net Assets
	£000	£000	£000
<b>Reportable Segment</b>			
Crime, Policing and Fire Group	494,753	(1,086,934)	(592,181)
Office for Security and Counter-Terrorism	50,970	(133,460)	(82,490)
Immigration Enforcement	50,244	(44,980)	5,264
UK Visas & Immigration	288,431	(599,594)	(311,163)
International and Immigration Policy Group	834	(314,975)	(314,141)
Border Force	221,004	(56,465)	164,539
HM Passport Office	159,505	(77,896)	81,609
Serious Organised Crime Group	41,184	(121,881)	(80,697)
Enablers	1,840,657	(1,113,057)	727,600
<b>Total balance</b>	<b>3,147,582</b>	<b>(3,549,242)</b>	<b>(401,660)</b>

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**for the period to 31 March 2018**

	<b>Gross Expenditure</b>	<b>Income</b>	<b>2017-18 Net</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Reportable Segment</b>			
Crime, 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)
Serious Organised Crime Group	-	-	-
Enablers	1,118,117	(197,743)	920,374
<b>Net Expenditure</b>	<b>15,931,799</b>	<b>(2,755,292)</b>	<b>13,176,507</b>

**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
Provisions utilised adjustment	-	-	-
NDPB income (reported as net expenditure in SOPS Note 1)	(215,731)	215,731	-
EU Income (reported as net expenditure in SOPS Note 1)	-	-	-
Capital Disposal adjustments	-	(11,721)	(11,721)
NBV cost of disposal (treated as negative expenditure in SOPS note 1)	(11,779)	11,779	-
<b>Net Resource Outturn</b>	<b>15,470,140</b>	<b>(2,530,227)</b>	<b>12,939,913</b>

**Departmental Net Assets by Operating Segment (as at 31 March 2018)**

	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Net Assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Reportable Segment</b>			
Crime, 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
Serious Organised Crime Group	-	-	-
Enablers	1,284,467	(780,808)	503,659
<b>Total balance</b>	<b>2,633,661</b>	<b>(2,748,601)</b>	<b>(114,940)</b>

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.

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



## 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, 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 Borders, 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, operating together with a number of key partners at 140 ports. These include the Security & Intelligence Agencies, Police Forces, the National Crime Agency, HM Revenue & Customs, other government departments, port operators and an assortment of trade bodies. Border Force has primacy at 127 ports (including Juxtaposed).

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

- provide passport services for British nationals residing in the UK and, in association with the Foreign and Commonwealth Office, to those residing overseas; and
- administer civil registration in England and Wales.

Serious Organised Crime (SOC) Group works with the National Crime Agency, police, other government departments, agencies and partner organisations to tackle serious and organised crime. SOC Group is responsible for leading and implementing policy on the government's response to the threat from serious and organised crime. In particular, the Group delivers (either directly, or through partners) many of the objectives of the Serious and Organised Crime Strategy which draws on the same structure as the Government's counter-terrorism strategy, grouping the response to organised crime into four areas (known as the 4Ps): PURSUE, PREVENT, PROTECT and PREPARE.

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

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### 3. Staff Costs

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Wages and salaries	1,148,764	1,262,486	1,027,588	1,138,803
Social security costs	103,765	113,640	96,065	105,379
Other pension costs	198,071	217,035	181,856	199,720
<b>Sub Total</b>	<b>1,450,600</b>	<b>1,593,161</b>	<b>1,305,509</b>	<b>1,443,902</b>
Less recoveries in respect of outward secondments	(686)	(926)	(1,357)	(1,479)
<b>Total net costs</b>	<b>1,449,914</b>	<b>1,592,235</b>	<b>1,304,152</b>	<b>1,442,423</b>

The Staff Report on pages 73 to 97 within the accountability section contains a full breakdown of staff costs.



## 4. Total Expenditure

		2018-19		2017-18	
	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000
Grants					
Grants - current					
Main Police Grants					
Home Office Police Core Settlement (1)		4,054,534	4,054,534	4,054,534	4,054,534
Ministry for Communities and Local Government Formula funding (2)		2,762,971	2,762,971	2,762,971	2,762,971
Legacy Council tax grants (3)		507,388	507,388	507,388	507,388
Total Main Police Grants		7,324,893	7,324,893	7,324,893	7,324,893
Other (4)		1,764,030	1,764,030	1,676,385	1,676,385
Grants - capital (5)		202,336	205,865	189,479	192,430
Grants - EU (6)		100,875	100,875	43,085	43,085
Grants - Police Pensions Grants (7)		2,094,956	2,094,956	1,926,037	1,926,037
Grants - Fire and Rescue Services top-up Grants (7)		603,487	603,487	551,408	551,408
Grants - Youth Endowment		200,000	200,000	-	-
Non-cash items					
Depreciation	6	136,988	142,662	123,720	131,148
Amortisation	7	109,084	121,998	116,304	129,200
Impairment	8	1,128	1,128	8,638	15,917
(Profit)/loss on disposal of non-current assets		(4,847)	(3,992)	11,545	11,517
PFI Interest charges		24,836	24,836	25,091	25,091
Finance lease interest charge		5,905	5,905	6,236	6,236
External Auditors Remuneration		480	480	370	370
Provision movements		(7,078)	(7,839)	27,159	30,933
Bad debt movement		750	531	1,674	4,455
Goods and services					
Publication stationery and printing		11,667	12,247	10,253	10,865
Passport printing and stationery		56,118	56,118	62,542	62,542
Facilities management and staff services		40,340	55,882	60,976	77,524
Travel, subsistence and hospitality		65,839	75,316	60,793	69,684
Professional fees		113,634	122,278	100,930	107,289
External Auditors Remuneration		-	295	-	289
Media and IT		113,327	130,092	88,835	103,565
Asylum costs		349,219	349,219	311,954	311,954
Detention costs		89,055	89,055	108,008	108,008
UK Visas & Immigration commercial partner costs		94,865	94,865	100,528	100,528
FCO Charges		55,849	55,849	56,948	56,948
Other operating expenditure					
Rentals under operating leases		32,441	36,011	45,791	49,356
PFI and other service concession arrangements service charges		363,165	363,165	371,079	423,359
Other IT and accommodation related service charges		789,543	846,183	635,202	635,202
Early retirement costs		1,053	1,053	9,213	9,239
Asset recovery costs		94,639	94,639	78,371	78,371
Other costs		219,216	268,566	184,273	215,548
<b>Total</b>		<b>15,047,793</b>	<b>15,230,648</b>	<b>14,317,720</b>	<b>14,489,376</b>

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

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Revenue from Contracts with Customers				
Passport fees	437,151	437,151	395,200	395,200
Visa and Immigration income	1,541,866	1,541,866	1,367,044	1,367,044
Hendon data centre income	90,240	90,240	91,571	91,571
Certificate Services	17,028	17,028	16,582	16,582
DBS income	-	197,964	-	157,252
EU income	125,390	125,390	43,085	43,085
Asset recovery income	184,447	184,447	161,556	161,556
Other revenue from contracts with customers	167,289	229,383	161,913	220,392
Other income				
Airwave	23,200	23,200	43,964	43,964
Immigration Health Surcharge	251,220	251,220	234,668	234,668
Other income	25,159	25,159	18,163	18,163
<b>Total Retained Income</b>	<b>2,862,990</b>	<b>3,123,048</b>	<b>2,533,746</b>	<b>2,749,477</b>
Payable to Consolidated Fund				
Passport Fees	-	-	-	-
Immigration Health Surcharge	46,707	46,707	5,815	5,815
<b>Total payable to Consolidated Fund</b>	<b>46,707</b>	<b>46,707</b>	<b>5,815</b>	<b>5,815</b>
<b>Total</b>	<b>2,909,697</b>	<b>3,169,755</b>	<b>2,539,561</b>	<b>2,755,292</b>

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## 6. Property, plant and equipment

### 2018-19 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
<b>Cost or valuation</b>								
At 1 April 2018	42,222	1,138,495	52,778	352,270	558,537	105,532	335,909	2,585,743
Adjustments to opening balances	-	-	-	-	-	-	-	-
Additions	-	9,590	7,771	12,182	11,662	12,740	159,206	213,151
Disposals	-	(4,548)	(2,859)	(8,062)	(17,287)	(6,891)	(1,098)	(40,745)
Impairment	-	(144)	-	-	-	-	-	(144)
Reclassifications	-	-	2,596	12,417	(2)	-	(16,650)	(1,639)
Revaluations	(3,672)	15,282	2,012	655	6,726	1,985	-	22,988
<b>At 31 March 2019</b>	<b>38,550</b>	<b>1,158,675</b>	<b>62,298</b>	<b>369,462</b>	<b>559,636</b>	<b>113,366</b>	<b>477,367</b>	<b>2,779,354</b>
<b>Depreciation</b>								
At 1 April 2018	-	(473,294)	(41,421)	(292,025)	(460,152)	(61,621)	-	(1,328,513)
Adjustments to opening balances	-	-	-	-	-	-	-	-
Charged in year	-	(39,416)	(5,776)	(36,784)	(46,213)	(14,473)	-	(142,662)
Disposals	-	4,548	2,650	8,075	16,651	6,891	-	38,815
Impairment	-	6	-	-	-	-	-	6
Reclassifications	-	-	-	(41)	-	-	-	(41)
Revaluations	-	(17,659)	(954)	(523)	(5,927)	(1,175)	-	(26,238)
<b>At 31 March 2019</b>	<b>-</b>	<b>(525,815)</b>	<b>(45,501)</b>	<b>(321,298)</b>	<b>(495,641)</b>	<b>(70,378)</b>	<b>-</b>	<b>(1,458,633)</b>
<b>Carrying amount at 31 March 2019</b>	<b>38,550</b>	<b>632,860</b>	<b>16,797</b>	<b>48,164</b>	<b>63,995</b>	<b>42,988</b>	<b>477,367</b>	<b>1,320,721</b>
<b>Carrying amount at 1 April 2018</b>	<b>42,222</b>	<b>665,201</b>	<b>11,357</b>	<b>60,245</b>	<b>98,385</b>	<b>43,911</b>	<b>335,909</b>	<b>1,257,230</b>
<b>Asset financing:</b>								
Owned	38,550	332,946	16,797	47,780	49,236	40,292	477,367	1,002,968
Finance leased	-	29,207	-	-	-	-	-	29,207
On balance sheet PFI/other concession arrangements	-	270,707	-	384	14,759	2,696	-	288,546
<b>Carrying amount at 31 March 2019</b>	<b>38,550</b>	<b>632,860</b>	<b>16,797</b>	<b>48,164</b>	<b>63,995</b>	<b>42,988</b>	<b>477,367</b>	<b>1,320,721</b>
<b>Analysis of property, plant and equipment at 31 March 2019</b>								
Of the total:								
Core Department	37,279	611,951	16,039	42,203	62,775	37,660	470,504	1,278,411
Agencies	-	-	-	-	-	-	-	-
Non-Departmental Public Bodies	1,271	20,909	758	5,961	1,220	5,328	6,863	42,310
<b>Carrying amount at 31 March 2019</b>	<b>38,550</b>	<b>632,860</b>	<b>16,797</b>	<b>48,164</b>	<b>63,995</b>	<b>42,988</b>	<b>477,367</b>	<b>1,320,721</b>

The Consolidated opening balances have been adjusted for transactions undertaken by Arms Length Bodies after the 2017-18 results for these bodies were incorporated into the Home Office accounts and signed off by the Comptroller and Auditor General.

Assets under construction includes Police national Database £21m, Data Centre Platform £6m and Home Office Biometrics £6m. Payments on Account includes Law Enforcement Data System £49m, Border Force £49m, Home Office Biometrics £41m, Immigration Platform Technology £35m and UKVI systems £32m.


**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
<b>Cost or valuation</b>								
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)
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
<b>At 31 March 2018</b>	<b>42,222</b>	<b>1,138,495</b>	<b>52,778</b>	<b>352,270</b>	<b>558,537</b>	<b>105,532</b>	<b>335,909</b>	<b>2,585,743</b>
<b>Depreciation</b>								
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
Reclassifications	-	-	-	4	(188)	-	-	(184)
Revaluations	-	(46,760)	(1,046)	(3,636)	(7,895)	358	-	(58,979)
<b>At 31 March 2018</b>	<b>-</b>	<b>(473,294)</b>	<b>(41,421)</b>	<b>(292,025)</b>	<b>(460,152)</b>	<b>(61,621)</b>	<b>-</b>	<b>(1,328,513)</b>
<b>Carrying amount at 31 March 2018</b>	<b>42,222</b>	<b>665,201</b>	<b>11,357</b>	<b>60,245</b>	<b>98,385</b>	<b>43,911</b>	<b>335,909</b>	<b>1,257,230</b>
<b>Carrying amount at 1 April 2017</b>	<b>36,664</b>	<b>621,415</b>	<b>12,275</b>	<b>75,926</b>	<b>128,311</b>	<b>18,017</b>	<b>220,093</b>	<b>1,112,701</b>
<b>Asset financing:</b>								
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
<b>Carrying amount at 31 March 2018</b>	<b>42,222</b>	<b>665,201</b>	<b>11,357</b>	<b>60,245</b>	<b>98,385</b>	<b>43,911</b>	<b>335,909</b>	<b>1,257,230</b>
<b>Analysis of property, plant and equipment at 31 March 2019</b>								
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
<b>Carrying amount at 31 March 2018</b>	<b>42,222</b>	<b>665,201</b>	<b>11,357</b>	<b>60,245</b>	<b>98,385</b>	<b>43,911</b>	<b>335,910</b>	<b>1,257,230</b>

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## 7. Intangible assets

### 2018-19 Departmental Group

	Information Technology	Software Licenses	Websites	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2018	886,459	69,453	4,555	219,409	1,179,876
Adjustments to opening balances	-	-	-	-	-
Additions	28,682	1,435	-	197,138	227,255
Disposals	(9,238)	-	(454)	-	(9,692)
Impairment	(733)	(258)	-	-	(991)
External Transfers	33	66	-	(32)	67
Reclassifications	41,431	315	-	(40,173)	1,573
Revaluations	2,193	180	2	-	2,375
<b>At 31 March 2019</b>	<b>948,827</b>	<b>71,191</b>	<b>4,103</b>	<b>376,342</b>	<b>1,400,463</b>
<b>Amortisation</b>					
At 1 April 2018	(626,313)	(50,703)	(2,783)	-	(679,799)
Adjustments to opening balances	-	-	-	-	-
Charged in year	(114,817)	(5,493)	(1,688)	-	(121,998)
Disposals	8,617	-	454	-	9,071
Impairment	-	-	-	-	-
External Transfers	(698)	739	-	-	41
Reclassifications	(114)	114	-	-	-
Revaluations	(1,318)	(124)	(2)	-	(1,444)
<b>At 31 March 2019</b>	<b>(734,643)</b>	<b>(55,467)</b>	<b>(4,019)</b>	<b>-</b>	<b>(794,129)</b>
<b>Carrying amount at 31 March 2019</b>	<b>214,184</b>	<b>15,724</b>	<b>84</b>	<b>376,342</b>	<b>606,334</b>
<b>Carrying amount at 1 April 2018</b>	<b>260,146</b>	<b>18,750</b>	<b>1,772</b>	<b>219,409</b>	<b>500,077</b>
<b>Asset financing:</b>					
Owned	210,703	14,155	84	376,342	601,284
Finance leased	-	-	-	-	-
On balance sheet PFI/other concession arrangements	3,481	1,569	-	-	5,050
<b>Carrying amount at 31 March 2019</b>	<b>214,184</b>	<b>15,724</b>	<b>84</b>	<b>376,342</b>	<b>606,334</b>
<b>Analysis of intangible assets at 31 March 2019</b>					
Of the total:					
Core Department	185,591	13,096	52	374,370	573,109
Agencies	-	-	-	-	-
Non-Departmental Public Bodies	28,593	2,628	32	1,972	33,225
<b>Carrying amount at 31 March 2019</b>	<b>214,184</b>	<b>15,724</b>	<b>84</b>	<b>376,342</b>	<b>606,334</b>

Assets under construction includes Immigration Platform Technology £80m, Home office Biometrics £47m, Digital Services at the Border £42m and Law Enforcement Data System £32m. Payments on Account includes UKVI Brexit £42m.


**2017-18 Departmental Group**

	Information Technology	Software Licenses	Websites	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
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)
Impairment	(548)	-	-	(7,265)	(7,813)
Transfers	153	-	-	(166)	(13)
Reclassifications	90,061	-	-	(88,824)	1,237
Revaluations	11,990	1,277	90	-	13,357
<b>At 31 March 2018</b>	<b>886,459</b>	<b>69,453</b>	<b>4,555</b>	<b>219,409</b>	<b>1,179,876</b>
<b>Amortisation</b>					
At 1 April 2018	(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
Impairment	145	-	-	-	145
Transfers	(4)	-	-	-	(4)
Reclassifications	-	-	-	-	-
Revaluations	(6,624)	(815)	(50)	-	(7,489)
<b>At 31 March 2018</b>	<b>(626,313)</b>	<b>(50,703)</b>	<b>(2,783)</b>	<b>-</b>	<b>(679,799)</b>
<b>Carrying amount at 31 March 2018</b>	<b>260,146</b>	<b>18,750</b>	<b>1,772</b>	<b>219,409</b>	<b>500,077</b>
<b>Carrying amount at 1 April 2017</b>	<b>247,900</b>	<b>27,160</b>	<b>3,636</b>	<b>183,394</b>	<b>462,090</b>
<b>Asset financing:</b>					
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
<b>Carrying amount at 31 March 2018</b>	<b>260,146</b>	<b>18,750</b>	<b>1,772</b>	<b>219,409</b>	<b>500,077</b>
<b>Analysis of intangible assets at 31 March 2018</b>					
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
<b>Carrying amount at 31 March 2018</b>	<b>260,146</b>	<b>18,750</b>	<b>1,772</b>	<b>219,409</b>	<b>500,077</b>

## 8. Impairments

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

		2018-19 Departmental Group	2017-18 Departmental Group
	Note	£000	£000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	4	1,128	15,917
Charged to the Revaluation Reserve - Property, Plant and Equipment	6	-	(1)
Charged to the Revaluation Reserve - Intangible assets	7	-	-
		<b>1,128</b>	<b>15,916</b>

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

		2018-19 Departmental Group	2017-18 Departmental Group
	Note	£000	£000
Property, plant and equipment - Buildings	6	137	7,999
Property, plant and equipment - Information Technology	6	-	(12)
Property, plant and equipment - Furniture and Fittings	6	-	365
Property, plant and equipment - Assets under construction	6	-	(104)
Intangible assets - Information Technology	7	733	403
Intangible assets - Software Licenses	7	258	-
Intangible assets - Assets under Construction	7	-	7,265
		<b>1,128</b>	<b>15,916</b>



## 9. Capital and other commitments

### 9.1 Commitments under Leases

#### 9.1.1 Operating Leases

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

Obligations under operating leases for the following periods comprise:

	2018-19		2017-18	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Land</b>				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	-	-
<b>Buildings</b>				
Not later than one year	32,503	36,431	35,991	38,078
Later than one year and not later than five years	79,467	89,099	86,119	91,533
Later than five years	188,723	199,465	110,708	115,921
	<b>300,693</b>	<b>324,995</b>	<b>232,818</b>	<b>245,532</b>
<b>Other</b>				
Not later than one year	21	138	984	1,201
Later than one year and not later than five years	26	249	14	520
Later than five years	0	0	1	1
	<b>47</b>	<b>387</b>	<b>999</b>	<b>1,722</b>
<b>Total Commitment</b>	<b>300,740</b>	<b>325,382</b>	<b>233,817</b>	<b>247,254</b>

In 2017-18, an operating lease for Land was reported as a commitment over 5 years with a total £94.7m. It has been determined that this commitment did not meet the definition of an operating lease and therefore, this has not been recognised in 2018-19. Accordingly, 2017-18 comparatives have been removed also.

#### 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.

	2018-19		2017-18	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Buildings</b>				
Not later than one year	9,978	9,978	9,851	9,851
Later than one year and not later than five years	34,598	34,598	37,965	37,965
Later than five years	63,109	63,109	69,720	69,720
	107,685	107,685	117,536	117,536
Less interest element	48,363	48,363	54,268	54,268
<b>Present value of obligations</b>	<b>59,322</b>	<b>59,322</b>	<b>63,268</b>	<b>63,268</b>
<b>Total Commitment</b>	<b>59,322</b>	<b>59,322</b>	<b>63,268</b>	<b>63,268</b>

## 9.2 Commitments under PFI and other service concession arrangements

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

#### *Airwave*

In 2000, the Police Information Technology Organisation, which later became part of the NPIA (with parts of the NPIA going on to form the College of Policing), 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 IFRIC12 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 £244 million (2017-18 £240 million). The 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.

During reporting period 2018-19, the duration of the Airwave contract for the provision of the Airwave Service to UK Policing was extended from December 2019 to December 2022 to align with the delivery of the replacement service, the Emergency Services Network (ESN).

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than one year	249,666	249,666	244,985	244,985
Later than one year and not later than five years	686,721	686,721	182,032	182,032
Later than five years	-	-	-	-
	<b>936,387</b>	<b>936,387</b>	<b>427,017</b>	<b>427,017</b>





## 9.2.2 “On balance sheet” (SoFP)

### Home Office IT Systems

The Home Office signed an extension to the contracts with Fujitsu to provide IT services until April 2020. This extension allows for business continuity whilst new IT service contracts are being introduced to replace the services provided by Fujitsu. During the year, the Home Office signed an extension to the contract with Atos until September 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 outsourced an element of its passport printing to De La Rue (DLR). Under the terms of the contract, which was signed in 2009, DLR built 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 2018-19 DCLG paid £14.6 million (2017-18, £14 million) and DEFRA paid £13.9 million (2017-18, £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.

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

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

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

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

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

At present, DBS has extended the contract to 31 January 2020. Upon expiry of the contract, DBS reserves the option to retain or transfer the title of the technical infrastructure (R1).

**“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 £165 million (2017-18: £171 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:

	2018-19		2017-18	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
<b>Minimum lease payments</b>				
Not later than one year	33,711	33,811	32,972	51,799
Later than one year and not later than five years	132,421	132,487	131,913	131,979
Later than five years	260,455	260,455	294,675	294,675
<b>Total</b>	<b>426,587</b>	<b>426,753</b>	<b>459,560</b>	<b>478,453</b>
Less interest element	253,591	253,594	278,740	278,736
<b>Present Value</b>	<b>172,996</b>	<b>173,159</b>	<b>180,820</b>	<b>199,717</b>
<b>Service elements due in future periods</b>				
Not later than one year	99,906	100,003	112,472	117,829
Later than one year and not later than five years	66,211	66,275	78,592	82,165
Later than five years	130,228	130,228	147,338	147,338
<b>Total service elements due in future periods</b>	<b>296,345</b>	<b>296,506</b>	<b>338,402</b>	<b>347,332</b>
<b>Total Commitments</b>	<b>469,341</b>	<b>469,665</b>	<b>519,222</b>	<b>547,049</b>

### 9.3 Capital commitments

Contracted capital commitments of over £100,000 as at 31 March not otherwise included in these financial statements	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Property, plant & equipment	20,896	20,896	19,261	25,313
Intangible assets	65,516	65,516	31,684	31,684
<b>Total Commitments</b>	<b>86,412</b>	<b>86,412</b>	<b>50,945</b>	<b>56,997</b>

Capital expenditure contracted for at the end of the reporting period but not included in these financial statements is as follows:

These commitments include:

£11.5 million with Motorola Solutions to develop and operate public safety communication systems that include telecommunication support and service management towards delivering the Emergency Services Network.

£5 million with Sunguard Availability Services for network-attached storage.

£2.3 million with Microsoft for Identity and Access Management.

£6.9 million with BAE Systems Applied Intelligence, including £3.3 million for client-side design and assurance.

£2.1 million with IBM for application development under the National Law Enforcement Data Programme and a further £2.3 million under the Home Office Biometrics programme.

£14.7 million with Fujitsu for Biometric Matcher Platform implementation.

£1.3 million with ATOS for Office 365 implementation.

£1.7 million with Capgemini for IT build data environment and text analytics.



## 9.4 Other financial commitments

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than one year	2,231,770	2,286,371	660,558	660,558
Later than one year and not later than five years	4,231,356	4,245,818	677,878	677,878
Later than five years	2,846,172	2,846,172	306,216	306,216
<b>Total Commitments</b>	<b>9,309,298</b>	<b>9,378,361</b>	<b>1,644,652</b>	<b>1,644,652</b>

These commitments include:

The Public Safety Radio Communications Service contract with Airwave Solutions Ltd for the provision of an emergency telecommunications network for the police services of England, Scotland and Wales commenced in February 2000 and is due to expire at the end of December 2022. The total contract value is £5.4 billion with a remaining contract value of £1.1 billion.

In April 2018, the Home Office entered into a contract with Sopra Steria Limited for the supply of Front End Services in the UK to support Customer applications to either extend their stay, settle, or pursue British nationality. The contract will run until 1 November 2021 and is valued at £90 million. There are up to two potential extension periods within the contract terms.

In April 2018, the Home Office entered into a contract with Gemalto UK Ltd for the Passport Production and Associated Services Agreement for 11 years and 6 months, and valued at £262 million. This is a direct replacement to the current Passport Manufacture and Print Contract with De La Rue. The Gemalto contract is currently in the Mobilisation and transition phase and is due to commence production at the end of 2019.

In November 2018, the Home Office awarded a 4 year contract to Manning Gottlieb OMD, a trading division of Omnicom Media Group, for Media (Advertising) buying services, with an estimated upper limit contract value of £245 million. The funding commitment will be made on a brief by brief basis and is subject to Cabinet Office Spending Controls. The Government Communications Services together with Crown Commercial Service ran a compliant competition to establish the government-wide mandatory single supplier framework agreement.

In January 2019, the Home Office entered into seven contracts for the accommodation, transportation and support for asylum applicants for a maximum period of 10 years. These are collectively known as Asylum Accommodation Services Contracts and are the direct replacement for the current six COMPASS contracts. The seven contracts, which are being delivered by Clearsprings, Ready Homes Ltd, Serco Ltd and Mears Ltd, are currently in their mobilisation and transition phase and will come into full operational effect on 1st September 2019. The contracts have a total value approx. £4.5 billion.

In January 2019, the Home Office entered into a contract with Migrant Helpline Ltd for the provision of Asylum Issue Reporting and Eligibility services for a period of 10 years. This is a direct replacement for one contract for Consolidated Asylum Support Application Service and one grant for Consolidated Advice and Guidance Service. The new contract is currently in the mobilisation and transition phase and will become fully operational from September 2019; the remaining commitment is £235 million.

## 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

	2018-19		2017-18	
	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Balance at 1 April 2018	223,640	336,062	69,913	153,735
Net change in cash and cash equivalent balances	181,625	193,233	153,727	182,327
<b>Balance at 31 March 2019</b>	<b>405,265</b>	<b>529,295</b>	<b>223,640</b>	<b>336,062</b>

The following balances at 31 March 2019 were held at:

Government Banking Service	405,218	491,962	223,597	312,184
Commercial banks and cash in hand	47	37,333	43	23,878
<b>Balance at 31 March 2019</b>	<b>405,265</b>	<b>529,295</b>	<b>223,640</b>	<b>336,062</b>



## 12. Trade receivables, financial and other assets

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Trade receivables	175,062	142,910	117,431	132,130
VAT receivables net of payables	23,971	23,234	10,072	9,540
Staff receivables	660	728	1,314	1,467
Receivables - government departments	179,019	179,019	111,273	111,273
Other receivables	5,618	2,649	10,125	7,529
Prepayments and accrued income	315,249	325,092	257,625	262,725
Current part of PFI and other service concession arrangements prepayment	-	-	-	-
	<b>699,579</b>	<b>673,632</b>	<b>507,840</b>	<b>524,664</b>
<b>Amounts falling due after more than one year:</b>				
Other receivables	8,035	8,035	8,140	8,140
Prepayments and accrued income	-	-	-	-
	<b>8,035</b>	<b>8,035</b>	<b>8,140</b>	<b>8,140</b>

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### 13. Trade payables and other current liabilities

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Other taxation and social security*	11,882	16,439	10,588	14,411
Trade payables	205,933	211,480	46,971	46,758
Other payables	17,217	18,690	4,933	3,988
Staff payables	33,004	35,698	35,216	37,467
Accruals	1,117,945	1,160,219	980,057	1,036,110
Accruals - Youth Endowment	200,000	200,000	-	-
Accruals - Police Pensions	468,754	468,754	393,595	393,595
Accruals - Fire Pensions	139,639	139,639	126,675	126,675
Contract liabilities	257,329	263,258	241,001	247,410
Unpaid pension contributions	-	-	-	-
Payables - government departments	90,179	90,179	98,134	98,134
Current part of finance leases	9,978	9,978	9,851	9,851
Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements	27,050	27,115	28,634	28,731
Amounts issued from the Consolidated Fund for supply but not spent at year end	305,663	305,663	199,870	199,870
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:				
- received	98,181	98,181	22,350	22,350
- receivable	52,173	52,173	-	-
	<b>3,034,927</b>	<b>3,097,466</b>	<b>2,197,875</b>	<b>2,265,350</b>
<b>Amounts falling due after more than one year:</b>				
Other payables, accruals and deferred income	13,876	11,956	4,426	2,487
Imputed finance lease element of on-balance sheet (SoFP) PFI contracts and other service concession arrangements	211,370	211,370	213,419	213,484
Finance leases	49,345	49,345	53,418	53,418
	<b>274,591</b>	<b>272,671</b>	<b>271,263</b>	<b>269,389</b>

\*Tax payable on behalf of employees to HMRC has been reallocated from staff payables to tax payables in 2017-18 for consistency with 2018-19 reported results.





## 14. Provisions for liabilities and charges

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
<b>Balance at 1 April 2018</b>	<b>205,873</b>	<b>211,563</b>	<b>191,246</b>	<b>194,502</b>
Provided in the year	84,717	84,808	58,175	62,509
Provisions not required written back	(91,795)	(92,658)	(31,016)	(31,576)
Provisions utilised in the year	(25,367)	(26,844)	(12,532)	(13,872)
Transfer of provisions	-	-	-	-
Borrowing costs (unwinding of discounts)	-	11	-	-
<b>Balance at 31 March 2019</b>	<b>173,428</b>	<b>176,880</b>	<b>205,873</b>	<b>211,563</b>
Comprising				
Not later than one year	48,095	48,570	40,848	41,969
Later than one year and not later than five years	9,794	11,536	65,134	69,703
Later than five years	115,539	116,774	99,891	99,891
<b>Balance at 31 March 2019</b>	<b>173,428</b>	<b>176,880</b>	<b>205,873</b>	<b>211,563</b>

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	Early Departure	Dilapidations	Legal Claims	Pensions and Other	Departmental Group
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2018</b>	2,831	41,024	45,666	122,042	211,563
Provided in the year	735	18,444	54,354	11,275	84,808
Provisions not required written back	-	(180)	(31,302)	(61,176)	(92,658)
Provisions utilised in the year	(2,151)	(848)	(16,902)	(6,943)	(26,844)
Transfer of provisions	-	-	(314)	314	-
Borrowing costs (unwinding of discounts)	11	-	-	-	11
<b>Balance at 31 March 2019</b>	<b>1,426</b>	<b>58,440</b>	<b>51,502</b>	<b>65,512</b>	<b>176,880</b>
<b>Comprising</b>					
Not later than one year	1,252	378	46,844	96	48,570
Later than one year and not later than five years	174	3,488	4,658	3,216	11,536
Later than five years	-	54,574	-	62,200	116,774
<b>Balance at 31 March 2019</b>	<b>1,426</b>	<b>58,440</b>	<b>51,502</b>	<b>65,512</b>	<b>176,880</b>
<b>Of the total:</b>					
Core Department & Agencies	1,426	55,126	51,477	65,400	173,428
Departmental Group	1,426	58,440	51,502	65,512	176,880

	Early Departure	Dilapidations	Legal Claims	Pensions and Other	Departmental Group
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2017</b>	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)
Transfer of provisions	-	-	-	-	-
Borrowing costs (unwinding of discounts)	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>2,831</b>	<b>41,024</b>	<b>45,666</b>	<b>122,042</b>	<b>211,563</b>
<b>Comprising</b>					
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
<b>Balance at 31 March 2018</b>	<b>2,831</b>	<b>41,024</b>	<b>45,666</b>	<b>122,042</b>	<b>211,563</b>
<b>Of the total:</b>					
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 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 £65.2 million relates to the value of the pension liability for FSS.

## 15. Contingent liabilities

At 31 March 2019 the Windrush Compensation Scheme had yet to be announced. The Home Office's estimate of the amount of compensation that may become payable under the scheme is highly uncertain and in the range of c.£50 million to c.£590 million, Note 1.3 documents the judgement supporting this.

## 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 2018-19 are 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:** typically established in statute and carrying out executive, administrative, regulatory and/or commercial functions.

Disclosure and Barring Service

Independent Office of Police Conduct

Office of the Immigration Services Commissioner

Security Industry Authority

Gangmasters and Labour Abuse Authority

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

### Other Entities

College of Policing

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

Biometrics and Forensics Ethics Group

Migration Advisory Committee

Police Advisory Board for England and Wales

Police Remuneration Review Body

Technical Advisory Board

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

Investigatory Powers Tribunal

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

Biometrics Commissioner

The Office of the Forensic Science Regulator

HM Inspectorate of Constabulary and Fire & Rescue Services

Independent Chief Inspector of Borders and Immigration

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

Investigatory Powers Commissioner's Office

National Crime Agency Remuneration Review Body

The Office of Intelligence Services Commissioner

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. Events after the reporting period date

### Windrush compensation scheme

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.

On 3 April 2019, the Home Secretary announced details of the Windrush Compensation scheme, which builds on the measures already introduced by the government to right the wrongs experienced by members of the Windrush generation. The Compensation scheme means that Commonwealth citizens settled in the UK before 1973, along with certain of their children and grandchildren, are eligible to apply if they consider that they have losses to claim for. Other eligible groups include those of any nationality who have a right of abode, or settled status, or are now British citizens, who arrived to live in the UK before 31 December 1988.

The announcement of the scheme is the product of many months of work with affected individuals and their representatives, including well over 2,000 responses to our call for evidence and the consultation. The Home Office is indebted to Martin Forde QC, who has provided invaluable independent advice and met with a great many of the individuals who were directly affected. His findings have contributed hugely to the final design of the scheme.

This is a non-adjusting event under IAS 37 because the triggering event which led to the crystallisation of the scheme from the contingent liability to a provision didn't occur until after year-end.

### EU Exit

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

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

# 4

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# TRUST STATEMENT





# Section 1:

## Introduction to the Trust Statement

### Accounting Officer's Foreword to the Trust Statement

I am pleased to present the Foreword to the Home Office Trust Statement.

This Statement provides an account of how the Department has collected revenues, which by statute or convention, are due to the Consolidated Fund<sup>1</sup> where the Department undertakes the collection of such revenues acting as agent rather than principal. The legislative requirement is set out in the Exchequer and Audit Departments Act 1921.

We fully acknowledge our responsibility to administer these revenues efficiently and fairly, and to pursue the amounts due so as to minimise the loss of revenue to the Exchequer where debt cannot be collected.

**Sir Philip Rutnam**  
Accounting Officer

28 May 2019

### Scope of the Trust Statement

An Accounts direction, issued by HM Treasury on 4 March 2019 requires the Home Office to prepare a Trust Statement for the financial year ended 31 March 2019.

The Trust Statement must report the revenue and other income collected by the Department and payable into the Consolidated Fund (other than the Immigration Health Charge as explained below).

For the Home Office, this revenue comprises the Immigration skills charge, consular fees associated with the issuing of passports and visas as well as fines for breaches of the immigration law:

#### Immigration charges

**Immigration Skills Charge:**  
The Immigration Skills Charge Regulation 2017 came into force in April 2017 and requires persons licenced by the Secretary of State to assign certificates of sponsorship to skilled workers to pay a charge (the Immigration Skills Charge) to the Secretary of State. The charge was put in place to encourage employers to recruit more talent from the UK labour market rather than relying on workers from abroad.

The amount of the charge depends on the size of the organisation, if the sponsor is a small or charitable organisation, the charge is at a lower rate. The amount of the charge also varies depending on the period of employment, with set rates of charge applying for the period of perspective employment ranging from 12 months or less and up to 60 months. A refund of all or part of the charge may be made where, for example, a worker leaves their job early, is refused a visa, or withdraws their application.

The Department, as part of its Visa process, collects the Immigration Skills Charge, which is payable by persons if they are sponsoring applications for a visa to work in the UK for 6 months or more under a Tier 2 visa for skilled workers, either as a General visa or as an Intra-company Transfer visa.

Operational costs incurred by the Department in the collection of this charge, as agreed with HM Treasury, are also attributed to and reported on the Trust Statement.

<sup>1</sup> The Consolidated Fund is the central account administered by HM Treasury, which receives the proceeds of taxation and makes issues to fund Supply Services.

Immigration Health Surcharge: The Immigration Health Surcharge was introduced by the government in 2015 intended to fund healthcare from the National Health Service that migrants requiring a UK Visa will have access to. HM Treasury have directed that the revenue received for the collection of the Immigration Health Surcharge is reported in the Home Office Resource Accounts and not in the Trust Statement.

### Consular fees

Consular fees are an element of UK passport fees relating to consular protection services provided by the Foreign and Commonwealth Office (FCO) worldwide. These fees are not retained by the Home Office and are remitted to HM Treasury as Consolidated Fund Extra Receipts.

The part of the UK passport fee for these consular services are £15.62 per adult standard passport, £4.28 per child passport and £23.18 per jumbo passport (for passports issued both in the UK and overseas).

### Civil penalties

There are a range of Civil Penalties levied by the Home Office that when collected are payable into the Consolidated Fund. These are principally:

- Civil and Immigration penalties levied where investigations establish that individuals have been found to be working in breach of employment restrictions.
- Civil penalties are levied where investigations establish that landlords have let a property to a person unqualified to rent in breach of the Immigration Act 2014.
- Under Section 40 of the Immigration and Asylum Act 1999, carriers are liable to charges if they carry a passenger to the UK who is not properly documented.

The Trust Statement is prepared in compliance with all relevant accounting and disclosure requirements given in Managing Public Money and other guidance issued by HM Treasury. This includes the Government Financial Reporting Manual and the principles underlying it as well as International Financial Reporting Standards as adapted or interpreted for the public sector.

**Sir Philip Rutnam**  
Accounting Officer

28 May 2019



## Section 2: Our Performance

This Trust Statement shows that net revenues for the Consolidated Fund has increased from £160 million in 2017-18 to £234 million in 2018-19. The most significant factor in causing this increase is the continued growth of the Immigration Skills Charge (introduced in 2017) which increased revenue by £37 million. The key factor causing this increase was the exclusion of doctors and nurses from the volume cap from July 2018 (the cap was being reached and applicants were being refused) which resulted in an increase in volumes.

The expenditure that the Home Office is allowed to set-off against the revenues was £9 million in 2018-19 compared to £57 million in 2017-18. This reduction in expenditure is largely due to the reduction in the debtors provision (see note 3.3 in the Notes to the accounts). In 2017-18 the provision increased by £35 million, whereas in 2018-19 the provision decreased by £10 million. Other expenditure has remained similar, decreasing only slightly from £22 million in 2017-18 to £19 million in 2018-19.

The cash position has increased from £67 million to £200 million. Operational changes late in 2018-19 caused delays in surrendering Consolidated Fund receipts, which will be paid over to the Exchequer in 2019-20.

Managing the policies and processes that minimise the need to impose civil and immigration penalties is a key part of the Home Office's remit. During 2018-19 this work included further implementation of the Immigration Act 2014 and Immigration Act 2016. The Implementation of an online right to work checking service allowing employers to easily check a person's right to work and then evidence this was a key part of this. The new service also enabled our caseworkers to quickly verify employer compliance when considering civil penalties.

**Sir Philip Rutnam**  
**Accounting Officer**

28 May 2019

## Section 3: Our controls and governance

### Statement of Accounting Officer's Responsibilities

Under the Exchequer and Audit Departments Act 1921, HM Treasury has directed the Home Office to prepare, for each financial year, a Trust Statement ("the Statement") in the form and on the basis set out in the Accounts Direction. The Statement is to be prepared on an accruals basis and must give a true and fair view of the state of affairs of the duties, fees and taxes, and of the collection of fines and penalties and of the related expenditure and cash flows for the financial year.

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

- observe the Accounts Direction issued by Treasury, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- have taken all steps that ought to have been taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information, and that they are not aware of any relevant information of which the entity's auditors are unaware of;

- state whether applicable accounting standards, as set out in the FReM have been followed, and disclose and explain any material departures in the accounts;
- prepare the Statement on a going concern basis; and
- confirm that the Statement, as a whole, is fair, balanced and understandable and take personal responsibility for the Statement and the judgments required for determining that it is fair, balanced and understandable.

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

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 are set out in **Managing Public Money** published by HM Treasury.

### Governance Statement

As the 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.

The Home Office operates and follows the principles of good governance in accordance with HM Treasury guidance. The Governance Statement, which covers all aspects of the Home Office, including those reported here in this Trust Statement, is provided in the Accountability Report (section 2 on pages 43 to 109).

### Auditors

The Statement is audited by the Comptroller and Auditor General under the Exchequer and Audit Departments Act 1921. The notional fee for this audit service is £80,000, which is included in the Home Office resource accounts. No non-audit work was carried out by the auditors.

So far as I am aware, there is no relevant information of which the auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

**Sir Philip Rutnam**  
Accounting Officer

28 May 2019



## Section 4: External Scrutiny

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

#### Opinion on financial statements

I have audited the financial statements of Home Office Trust Statement for the year ended 31 March 2019 under the Exchequer and Audit Departments Act 1921. The financial statements comprise the Statement of Revenue, Other Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion:

- the Home Office Trust Statement gives a true and fair view of the state of affairs as at 31 March 2019 and of the net revenue for the year then ended; and
- the financial statements have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

#### Opinion on regularity

In my opinion, in all material respects 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 Trust Statement 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.

#### Conclusions relating to going concern

We are required to 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 Home Office's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. 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. I have nothing to report in these respects.

#### Responsibilities of the Accounting Officer for the audit of 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 and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

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 Home Office Trust Statement's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

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 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.

### Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Foreword to the Trust Statement, Performance and Controls and Governance sections, other than 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 information given in the Performance overview; and Controls and Governance sections of the Trust Statement 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 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**

31 May 2019

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

## Section 5: Our income and expenditure

### Statement of Revenue, Other Income and Expenditure

for the year ended 31 March 2019

	Notes	2018-19 £000	2017-18 £000
<b>Levies and similar revenue</b>			
Immigration Skills Charge	2.1	128,083	91,372
<b>Total levies and similar revenue</b>		<b>128,083</b>	<b>91,372</b>
<b>Fines and penalties</b>			
Civil Penalties	2.2	25,836	31,820
Immigration Penalties	2.2	4,200	3,920
<b>Total fines and penalties</b>		<b>30,036</b>	<b>35,740</b>
<b>Other income</b>			
Duties and Fees	2.3	84,104	89,715
<b>Total other income</b>		<b>84,104</b>	<b>89,715</b>
<b>Total revenue and other income</b>		<b>242,223</b>	<b>216,827</b>
<b>Expenditure</b>			
Discounts		1,653	2,903
Credit losses – Debts written off / (back)	3.2	(10,117)	34,491
Element retained		14,205	17,000
Costs of Collection		2,887	2,280
Administration Costs		-	89
<b>Total Expenditure</b>		<b>8,628</b>	<b>56,763</b>
<b>Net revenue for the Consolidated Fund</b>	5	<b>233,595</b>	<b>160,064</b>

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The notes at pages **171 to 180** form part of this statement.





## Statement of Financial Position

as at 31 March 2019

	Notes	2018-19 £000	2017-18 £000
<b>Current Assets</b>			
Current assets Receivables	3.1	26,351	4,323
Cash and cash equivalents		200,473	67,132
<b>Total current assets</b>		<b>226,824</b>	<b>71,455</b>
<b>Current liabilities</b>			
Payables	4	1,381	1,429
Deferred revenue and other income	4	11,930	7,458
<b>Total current liabilities</b>		<b>13,311</b>	<b>8,887</b>
<b>Net current assets</b>		<b>213,513</b>	<b>62,568</b>
<b>Total net assets</b>		<b>213,513</b>	<b>62,568</b>
<b>Represented by:</b>			
Balance on Consolidated Fund Account	5	213,513	62,568

The notes at pages **171 to 180** form part of this statement.

**Sir Philip Rutnam**  
Accounting Officer

28 May 2019

HOME OFFICE Annual Report and Accounts 2018-19

## Statement of Cash Flows

for the year ended 31 March 2019

	Notes	2018-19 £000	2017-18 £000
<b>Net cash flow from operating activities</b>		<b>215,991</b>	<b>203,310</b>
Cash paid to the Consolidated Fund	5	(82,650)	(251,140)
<b>Increase/(decrease) in cash in this period</b>		<b>133,341</b>	<b>(47,830)</b>
<b>Notes to the Cash Flow Statement</b>			
<b>A: Reconciliation of net cash flow to movement in net funds</b>			
Net revenue for the Consolidated Fund		233,595	160,064
(Increase)/decrease in non-cash assets		(22,028)	34,359
Less: non cash movement through receivables		-	-
Increase/(decrease) in liabilities		4,424	8,887
Increase/(decrease) in provisions for liabilities		-	-
<b>Net cash flow from operating activities</b>		<b>215,991</b>	<b>203,310</b>
<b>B: Analysis of changes in net funds</b>			
Increase/(decrease) in cash in this period		133,341	(47,830)
Net funds at 1st April (Net Cash at Bank)		67,132	114,962
<b>Net funds at 31st March (Closing Balance)</b>		<b>200,473</b>	<b>67,132</b>
The following balances as at 31 March were held at:			
Government Banking Services		200,473	67,132
<b>Total Cash Balances</b>		<b>200,473</b>	<b>67,132</b>

The notes at pages **171 to 180** form part of this statement.



# Notes to the Trust Statement

## 1. Statement of Accounting Policies

### 1.1 Basis of accounting

The Trust Statement is prepared in accordance with:

- the 2018-19 Financial Reporting Manual (FReM) issued by HM Treasury, in particular Chapter 8.2 which deals with Consolidated Fund revenue and Trust Statements. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as interpreted for the public sector.
- the 2018-19 accounts direction issued by HM Treasury on 4 March 2019 under 2(3) of the Exchequer and Audit Departments Act 1921.

The particular policies adopted in the Trust Statement are described below. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The income and associated expenditure contained in these statements are those flows of funds which Home Office handles on behalf of the Consolidated Fund and where it is acting as agent rather than as principal.

The financial information contained in the statements and in the notes is rounded to the nearest £'000.

### 1.2 Changes in accounting policy and disclosures

New standards, amendments and interpretations issued and effective for the financial year beginning 1 April 2018:

#### IFRS 9 Financial Instruments

This standard, which is effective from 2018-19, includes requirements for classification, recognition and measurement, impairment, derecognition and general hedge accounting. As permitted by IFRS 9, prior periods have not been restated.

The following table shows the analysis on significant changes of financial assets on transition to IFRS 9 on 1 April 2018:

	Receivables Balance at 31 March 2019	Receivables Transferred on adoption of IFRS 9 1 April 2018
	£000	£000
Illegal Workers Civil Penalties	24,473	4,323
Hauliers Civil Penalties	1,051	-
Other Civil Penalties	827	-
<b>Total</b>	<b>26,351</b>	<b>4,323</b>

The Home Office does not operate hedge accounting, so the specific requirements of IFRS 9 for hedging instruments do not apply.

Receivables are measured at amortised cost. Amortised cost entails valuing balance sheet items based on expected cash flows, adjusted for impairment in accordance with the requirements of the FReM and IFRS 9 (IFRS 9 allows a practical expedient called a provision matrix to be used to measure impairment losses, see 1.7 below).

The present value of receivables is determined by making an assessment to reduce the carrying value of receivables to the estimated future flow of repayments, using our judgement on likely debt collection rates, discounted at HM Treasury's discount rate currently at 3.7% (2017-18: 3.7%).

The impact on the Home Office Trust Statement of using IFRS 9 is significant and reported in Note 3. Receivables.

HM Treasury have mandated that balances with core central government departments (including their executive agencies) are excluded from recognising stage 1 and 2 impairments, with the liabilities being assessed as having zero 'own credit risk' by entities holding these liabilities.

### IFRS 15 Revenue from Contracts with Customers

This standard, which is effective from 2018-19, provides a comprehensive standard for revenue recognition.

The Home Office, in its Trust Statement, recognises revenue from three main forms of Income: Levies and similar revenue, Fines and penalties and Duties and fees. Recognition of income from these transactions streams will not change. As revenue recognition will not change, the impact of the standard is not material for the Home Office Trust Statement.

The table below sets out, for each income stream, when performance obligations are typically satisfied, the significant payment terms, and the nature of the goods or services which the Trust supplies. All income streams usually have a contract of a duration of one year or less, and therefore transaction price allocated to remaining performance obligations is not disclosed, applying the practical expedient in IFRS 15.121.

Income Stream	Description of Income Stream	Performance Obligation	Payment Terms
Immigration Skills Charge	Supply of visa documents	On delivery of the visa or application decision to the customer	Payment in advance
Consular Fees	Fee for the supply of passports and other services by HM Passport Office	On delivery of the passport to the customer	Payment in advance
Civil Penalties	Recovery of civil penalty	The powers for the Home Office to recover this income is set out in legislation. Income is recognised when a penalty is issued	Penalty payment by legislation



Contract assets (accrued income) primarily relate to the Trust's right to consideration for work completed but not yet billed at the reporting date. Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service.

There are no contract assets held within the Trust. Of the three income streams within the Trust, only Immigration charges has contract liabilities. Civil penalties and consular fees have no contract liabilities. The following table provides analysis on significant changes to contract liabilities during the year.

	<b>Contract Liabilities £000</b>
Balance transferred from deferred income following adoption of IFRS 15 at 1 April 2018	7,458
Decrease due to revenue recognised in year	(128,083)
Increase due to cash received in advance and not recognised as revenue in year	132,555
<b>At 31 March 2019</b>	<b>11,930</b>
Presented within:	
Current	11,930
Non-current	-

### 1.3 Accounting convention

The Trust Statement has been prepared under the historical cost convention.

The preparation of the accounts in conformity with IFRS requires the use of certain critical accounting estimates (see note 1.6). It also requires management to exercise its judgement in the process of applying the accounting policies.

The income and associated expenditure recognised in these statements reflect those flows of funds which the Home Office receives and surrenders, in its capacity as agent, on behalf of the Consolidated Fund and other entities. As directed by HM Treasury, the income and associated expenditure relating to the Immigration Health Surcharge continues to be reported in the Home Office Resource Accounts even though these funds are also received by the Home Office and surrendered, in its capacity as agent, on behalf of the Consolidated Fund.

### 1.4 Revenue recognition

Levies and penalties are measured in accordance with IFRS 15. They are measured at the fair value of amounts received or receivable net of repayments. Revenue is recognised when:

- An event to which a levy or similar charge has occurred (i.e. the supply of a visa or passport).
- A penalty is validly imposed and an obligation to pay arises.

### 1.5 Receivables

Receivables are shown net of impairments in accordance with the requirements of IFRS 9.

Each class of debt has been assessed separately using performance reports to provide data concerning recoverability and the length of time it takes for debt to be repaid.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on any market. Receivables are derecognised when the rights to receive cash flows from the assets have expired.

## 1.6 Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

When preparing the Trust Statement, the Home Office makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future financial years are addressed at 1.7 below.

## 1.7 Impairment of debt and credit losses

Receivables are shown net of impairments in accordance with the requirements of the FReM and IFRS 9.

Under IFRS 9, allowances are made for credit losses on an 'expected loss' basis and are generally higher than allowances for credit losses under the IAS 39 'incurred loss' approach. The amortised cost of receivables is determined by making an impairment to reduce the carrying value of receivables to the estimated future flow of repayments.

The amortised cost of receivables is dependent on ongoing collection rates. The current year's impairment has been calculated based on a provision matrix. This provision matrix uses 'lifetime expected credit losses' to measure impairment losses for each class of civil penalty debt.

## 1.8 Miscellaneous CFER Income

In accordance with Managing Public Money, HM Treasury has powers to direct that income included in a departmental Estimate and approved by Parliament may be retained and used by the Department. This is undertaken by applying such income against specific costs (resource or capital) within that Estimate. Where the Home Office receives income outside that authority, the cash must be surrendered to the Consolidated Fund as extra receipts (CFER).

Miscellaneous CFER income reported on the Trust Statement are funds outside that detailed in the Estimate and therefore must be surrendered. Miscellaneous CFER income are normally one off ad hoc receipts as well as cheque payments issued by the Home Office that are not cashed within 2 years.

## 1.9 Cash

All income, except for that relating to civil penalties, is recorded at the same time as cash is received. For civil penalties, the determination of cash received is calculated by the increase or decrease in the Receivable balance, adjusted by the in year income. Expenses incurred in the production of the Trust Statement are deemed paid in cash. Surrendering of Consolidated Fund Receipts to HM Treasury are made in cash at regular intervals throughout the year. No surrender of Consolidated Fund Receipts was made in the second half of 2018-19, this will be surrendered in 2019-20.

## 1.10 Trust Statement Expenses

### Discounts

The amount of a Civil penalty imposed can be reduced by 30% where payment is received in full within 21 days. There are also circumstances where the Penalty imposed is reduced on appeal. The amount paid into the Consolidated Fund is net of any prompt payment discount and net of any reduction decision made on appeal.

### Costs of Collection

The Home Office is allowed to recoup costs relating to the operation and reporting of the Trust Statement. These costs include bank charges relating to the payment handling charges associated with collecting the Immigration Skills Charge and recharge of cost of staff involved directly in producing the Trust Statement and supporting the associated audit.



Payment handling charges associated with the Immigration Skills Charge is estimated based on the proportional split between the Visa sponsorship fee and the Immigration Skills Charge. Recharge of staff costs relate to staff involved in administering the Immigration Skills Charge and those involved in preparing the Trust Statement.

### 1.11 Retained Income

As part of Spending Review 2015, Home Office, in a letter from HM Treasury dated 20 January 2016, were given a budgetary settlement which included the ability to retain up to £17 million of civil penalty income in each year from 2016-17 to 2019-20. In 2018-19, £14.2 million (2017/18 £17 million) was retained.

### 1.12 Deferred Income

A cash component for the Immigration Skills Charge is received as part of the sponsorship visa application being lodged. The revenue for the Immigration Skills Charge is deferred until a decision is made regarding the outcome of the visa application. At this point, a transfer is made from deferred income to earned income, or alternatively, a refund is given to the applicant removing the amount of the refund from deferred income.

## 2. Revenue and other income

### 2.1 Levies and similar revenues

The Immigration Skills Charge was introduced in April 2017 as a result of changes under the Immigration Act, 2016. The Immigration Skills Charge levies employers who employ migrants in skilled areas and is collected as part of the Tier 2 visa applications. This income is not retained by the Home Office and is remitted to HM Treasury as Consolidated Fund Extra Receipts.

	2018-19 £000	2017-18 £000
Immigration Skills Charge	128,083	91,372

The Immigration Skills Charge is levied as part of the process to apply for Tier 2 visas and accounted for as deferred income until the visa application has been properly considered by the Home Office. If that consideration determines that the visa application is declined, the Immigration Skills Charge levy is refunded and removed from deferred income. If the consideration approves the visa application, the income is recognised as earned.

### 2.2 Fines and Penalties

Civil and Immigration penalties are levied on business who employ those who do not have the permission to enter or remain in the UK. Immigration penalties are levied on individuals who enter or remain illegally in the UK. The Department is not permitted to retain this income without HM Treasury approval. In 2018-19, HM Treasury allowed the Department to retain £14.2 million of this income (£17 million in 2017-18), the remaining income is surrendered to the Consolidated Fund.

	2018-19 £000	2017-18 £000
Civil Penalties	25,836	31,820
Immigration Penalties	4,200	3,920
<b>Total Fines and Penalties</b>	<b>30,036</b>	<b>35,740</b>

## 2.3 Other Income

Consular fees are an element of passport fees relating to consular protection services provided by the Foreign and Commonwealth Office (FCO) worldwide. These fees are not retained by the Home Office and are remitted to HM Treasury as Consolidated Fund Extra Receipts.

	2018-19 £000	2017-18 £000
Consular Fees	81,969	85,506
Other	2,135	4,209
<b>Total Other Income</b>	<b>84,104</b>	<b>89,715</b>

The amount of the consular services element of the Passport fee is set within the Passport (fees) Regulations. The Consular services element is recognised in the same way and as part of the same process as the Passport fee income – recognised when services and goods are issued. The monies collected for Consular Services are paid over periodically via the Consolidated Fund not at the time of collecting each fee.

## 3. Receivables

### 3.1 Amounts due at 31 March 2019

	2018-19 £000	2017-18 £000
Receivables at 1 April 2018	96,537	96,312
less Debts written off	(55)	(11,686)
Receivable before Impairment	96,482	84,626
less Estimated impairments	(70,131)	(80,303)
<b>Receivables Net book value at 31 March 2019</b>	<b>26,351</b>	<b>4,323</b>

Receivables represents the amount due from taxpayers and businesses where invoices or other demands for payment have been issued but not paid for at 31 March 2019, and also the amounts due from those on whom financial penalties have been imposed prior to 31 March 2019, but not paid at that date.

Debts are only written off when the debtor is dissolved, bankrupt or in liquidation and the debt is deemed unrecoverable through any further means.

A full review of debtors to determine write-offs is conducted on an annual basis, however, due to the implementation of new systems, the 2018-19 review has been delayed to early 2019-20.

Receivables on the Statement of Financial Position are reported after the deduction of the estimated value of Impairments.

The amortised amount of receivables is determined by making an impairment to reduce the carrying value of receivables to the estimated future flow of repayments discounted at HM Treasury's discount rate currently at 3.7% (2017-18: 3.7%). Under IFRS 9, this impairment loss estimation can be measured using a practical expedient called a provision matrix.

The provision matrix calculates the expected credit loss for each segment of civil debt using the historical loss experience of these segments of debt. This is adjusted where applicable for any current or future condition changes. Debt collection data for the 4 years prior to the balance sheet date has been used to build this expected credit loss percentage. This percentage is then applied to the debt outstanding at the balance sheet date to calculate the estimated impairment provision.





### 3.2 Credit Losses

	2018-19 £000	2017-18 £000
Debt written off	55	11,686
Increase in the value of impairments / (decrease)	(10,172)	22,805
<b>Total Credit Losses / (Gains)</b>	<b>(10,117)</b>	<b>34,491</b>

Debt written off has reduced significantly as there was no debtor review and write off conducted in 2018-19. As per note 3.1 above the next review is expected in early 2019-20.

### 3.3 Change to Impairments

	2018-19 £000	2017-18 £000
Opening Provision Balance	80,303	57,498
Net increase in Provision	-	34,296
Provision utilisation	(10,172)	(11,491)
<b>Closing Provision Balance</b>	<b>70,131</b>	<b>80,303</b>

The introduction of IFRS 9 has resulted in the impairment provision reducing from £80.3 million in 2017-18 to £70.1 million in 2018-19. In 2017-18 the provision was calculated by determining all un-paid debtors 180 days after the balance sheet date. This policy was a basic estimation of the provision and in particular didn't accurately account for a substantial portion of debtors that are on payment plans over 12, 24 or even 36 months. In 2018-19 a provision matrix has been used to calculate the impairment provision (as explained further in 3.1 above). This provision model better accounts for these payment plans by calculating expected credit losses based on the average of individual historical debtors over the life of the debtor.

## 4. Payables and deferred revenue

	2018-19 £000	2017-18 £000
Payables	1,381	1,429
Deferred Income	11,930	7,458
<b>Total Payables and Deferred income at 31 March 2019</b>	<b>13,311</b>	<b>8,887</b>

The Home Office Trust Statement records revenue for the Immigration Skills Charge as deferred until a decision is made regarding the outcome of the visa application. If a sponsorship visa is cancelled or declined, the Immigration Skills Charge is refunded to clients. Payables represents these refunds plus any other debts which are due but not yet paid.

## 5. Balance on the Consolidated Fund Account

	2018-19 £000	2017-18 £000
Opening Balance at 1 April 2018	62,568	153,644
Net Revenue	233,595	160,064
Amount Paid to the consolidated fund	(82,650)	(251,140)
<b>Closing Balance at 31 March 2019</b>	<b>213,513</b>	<b>62,568</b>

No surrender of Consolidated Fund receipts was made in the second half of 2018-19. These funds will be paid over to the Exchequer in 2019-20.

## 6. Financial Instruments

On behalf of the Consolidated Fund and other parties, the Home Office is party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, receivables and payables.

IFRS 7, 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the year in creating or changing risks an entity faces in the course of its operations. As the Home Office is acting as agent on behalf of the Consolidated Fund and other parties in levies, fines and penalties and similar revenues and surrendering these funds when received, it cannot incur losses through the Trust Statement. Writeoffs and impairment charges disclosed in the Income and Expenditure Statement reflect the non-recoverability of gross debt since its obligation to surrender financial penalties is limited to the amount it is able to collect in revenue. The Home Office, on behalf of the Consolidated Fund and other parties, has no requirement to borrow or invest surplus funds. As such, the Home Office, in its capacity as agent, is not exposed to the degrees of financial or market risk facing a business entity acting as principal.

### a) Carrying amount and fair values

The fair value of cash balances approximate their carrying amount largely owing to the short term maturity of this financial instrument (less than three months).

The amortised cost of receivables is determined by making an impairment to reduce the carrying value of receivables to the net present value of the estimated future flow of repayments discounted at the Treasury rate of 3.7% (2017-18: 3.7%).

There is no effect of a change in the discount rate as the discount rate remains unchanged from the previous year. The impact of a reasonable change in this discount rate is reflected in the table below:

	Change in Discount Rate	2018-19 £000
Projected Cash Collections	+1%	-141
Projected Cash Collections	+1%	145



The key assumption behind the provision matrix's calculation of the impairment provision is that the estimated future flow of repayments reflects historical trends and, as such, there is inherent uncertainty in the estimated provision. The impact of the following reasonable possible alternatives to this assumption is reflected in the table below:

Assumption	Change in Assumption	Increase / (decrease) in net receivables	
		2018-19 £000	2017-18 £000
Projected Cash Collections	+10%	2,635	432
Projected Cash Collections	+5%	1,318	216
Projected Cash Collections	-5%	(1,318)	(216)
Projected Cash Collections	-10%	2,635	(432)

IFRS 9 requires the consideration of forward looking macro-economic factors in the expected credit loss calculation. The effect of macro-economic factors on the provision matrix has been considered by Home Office economists who concluded there is insufficient research literature for comparability. Therefore, there is insufficient data to calculate the economic impact on receivables.

#### b) Liquidity risk

Liquidity risk is the risk that the Home Office Trust, on behalf of the Consolidated Fund and other parties, will encounter difficulty raising liquid funds to meet commitments as they fall due. The Home Office Trust is obliged to surrender only those funds that it has collected and banked and, as such, in its capacity as agent, does not have significant liquidity risk.

#### c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Home Office Trust on behalf of the Consolidated Fund and other parties, thereby causing the Consolidated Fund and other parties, for whom the Home Office acts as agent, to incur a loss.

Credit risk arises from deposits with banks and receivables. The maximum exposure to credit risk at the balance sheet date is:

	2018-19 £000	2017-18 £000
Cash at Bank	200,473	67,132
Receivables	26,351	4,323
<b>Total</b>	<b>226,824</b>	<b>71,455</b>

Cash at bank comprises liquid bank balances held with commercial banks, including those administered through the GBS.

The size of the risk inherent within the trade receivables balance (shown net of impairment above) is reflected in the receivables impairment which totals £70.1 million in 2018-19 (£80.3 million in 2017-18). The Home Office, through the Governance and Risk management structures outlined in the Governance Statement, continues to assess and implement programmes to increase collection of receivables.

#### d) Currency risk and interest rate risk

There is no exposure to currency risk as all fees, charges and penalties are imposed, collected and payable in sterling. The Home Office Trust has no exposure to interest rate risk.

## 7. Related-party transactions

In relation to this Trust Statement, the Home Office has had transactions with HM Treasury and the Exchequer relating to payments made into the Consolidated Fund.

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. Further detail is included in the Home Office Resource Accounts in Note 16.

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



## Glossary A to L

AMIF	Asylum, Migration and Integration Fund
AQA	Analytical Quality Assurance
ARAC	Audit and Risk Assurance Committee
ASB	Accounting Standards Board
BBA	Broadly by Analogy
BICS	Borders, Immigration and Citizenship Systems
CBRN	Chemical, Biological, Radiological and Nuclear
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
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
DVLA	Driver and Vehicle Licensing Agency
EEA	European Economic Area
ExCo	Executive Committee
ESA	European System of Accounts
ESMCP	Emergency Services Mobile Communications Programme
ESN	Emergency Services Network
FReM	Financial Reporting Manual
FRS	Fire and Rescue Services
FSS	Forensic Science Service
FTE	Full Time Equivalent
GDPR	General Data Protection Regulation (GDPR) and Data Protection Act 2018
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
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IOPC	Independent Office for Police Conduct
LGBT+	Lesbian, Gay, Bisexual, Transgender and related communities



## Glossary M to Z

MoG	Machinery of Government
MoJ	Ministry of Justice
MPM	Managing Public Money
MRICS	Member of the Royal Institute of Chartered Surveyors
NAO	National Audit Office
NCA	National Crime Agency
NDPBs	Non-Departmental Public Bodies
NED	Non-Executive Director
NPIA	National Police Improvement Agency
NRM	National Referral Mechanism
OISC	Office of the Immigration Services Commissioner
ONS	Office for National Statistics
OCPA	Office of the Commissioner for Public Appointments
OCSE	Organisation for Security and Co-operation in Europe
PAC	Public Accounts Committee
PCPF	Parliamentary Contributory Pension Fund
PCSPS	Principal Civil Service Pension Scheme
PFI	Private Finance Initiative
PHSO	Parliamentary and Health Service Ombudsman
PIC	Portfolio and Investment Committee
PPP	Public Private Partnership
RICS	Royal Institute of Chartered Surveyors
SCS	Senior Civil Servant
SDG	Sustainable Development Goals
SIA	Security Industry Authority
SMEs	Small and Medium Enterprises
SOC	Serious and Organised Crime
SoFP	Statement of Financial Position
SOPS	Statement of Parliamentary Supply
SR15	Spending Round 2015
SRO	Senior Responsible Officer
SSCL	Shared Services Connected Limited
SSRB	Senior Salaries Review Body
TISC	Transparency in Supply Chains
UKVI	UK Visas and Immigration
VOA	Valuations Office Agency