



Home Office

Annual Report and Accounts 2014-15

(For the year ended 31 March 2015)





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by Command of Her Majesty

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This is part of a series of departmental publications which, along with the Main Estimates 2015-16 and the document Public Expenditure: Statistical Analyses 2015, present the Government's outturn for 2014-15 and planned expenditure for 2015-16.



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Foreword by the Home Secretary, Rt Hon Theresa May MP



I am immensely proud of what the Home Office has achieved in all areas of its work in the past five years. We have implemented a programme of radical police reform, introduced a landmark Modern Slavery Act, overhauled our immigration system, and acted swiftly to respond to the grave and growing threats we face from terrorism.

Crime is down by more than a quarter since 2010, according to the independent Crime Survey for England and Wales. Over 870 bogus colleges have been shut. Our benefits system has been tightened and our deportation laws streamlined. We have clamped down on sham marriages, removed more than 24,000 foreign criminals and revoked the driving licences of over 9,500 illegal immigrants within the last year alone. And in our work to counter-radicalisation we have trained more than 160,000 frontline workers, excluded more preachers of hate than any other government, and we are successfully taking down on average 1000 items of online terrorist-related material per week.

I want to thank all Home Office staff for their hard work and dedication in delivering this record of achievement. Now with a Conservative majority following the general election, we are a new and different Government, and there is work to do for us to deliver on our manifesto commitments. The themes, however, remain the same: to cut crime, reduce immigration and prevent terrorism. They are themes that absolutely fit into those of the wider Government.

We are a Government for one nation, and our work to tackle extremism will help us protect people, families and communities from those who seek to spread hatred and sow discord and division. We will actively promote the British values that underpin our pluralistic society and which allow us to prosper and live in peace.

We are a Government for working people, and must build an immigration system which works in the national interest – fair to British subjects and legitimate migrants, and tough on those who flout the rules or abuse our hospitality as a nation.

We must also strive to protect the most vulnerable in our society. Our work to ensure social justice – to tackle child abuse, modern slavery and violence against women – is of immense importance.

The Home Office's achievements over the past five years have been significant. The work everyone in this department does makes a real difference to people's lives every single day. But with a clear and strong mandate, we must now work even harder, so that we can build a better life for the people of this country, and a Britain which is safer, fairer and stronger.

Rt Hon Theresa May MP
Home Secretary

Foreword by the Permanent Secretary, Mark Sedwill



In 2014-15 our priorities remained to cut crime, reduce immigration and prevent terrorism, whilst contributing to the government's growth agenda, and over the past year and the duration of the Coalition Government we achieved the main commitments asked of us.

Crime is down and police reform has continued. The College of Policing is driving the implementation of professional standards across the police, and the Modern Slavery Bill was made law on 26 March 2015. However, a number of child sexual abuse (CSA) issues have emerged which led to the appointment, in February 2015, of Justice Lowell Goddard to lead the independent inquiry into CSA. It has also been recognised that CSA is an ongoing national threat and the scale of the challenge to tackle this alongside bringing justice to the victims cases, is significant, and will continue to be a high profile area of work for the Department over the next few years.

Reducing the risk of terrorist attack continues to be a key departmental priority. We updated counter-terrorism legislation to ensure that the police and intelligence agencies have the powers they need to deal with the increased and evolving terrorism threat. We also implemented the Serious Crime Act, consolidating and updating earlier legislation to ensure, for example, that extremists are prevented from accessing terrorism training overseas.

Through the Immigration Act 2014, we implemented fundamental changes to the UK removals and appeals processes. Whilst net migration increased over the course of the year, the act will reduce the pull factors which encourage people to come to the UK for the wrong reasons, and make it easier to remove people who should not be here. We also implemented the immigration health surcharge for non EEA nationals and, from 8 April 2015, introduced exit checks which will allow us to collect and analyse information on people leaving the UK.

Demand for passports in the first six months of the year was higher than anticipated, affecting our delivery and causing unacceptable delays for some customers. To address this, Her Majesty's Passport Office ceased operations as an executive agency on 30 September 2014 and was incorporated into the Home Office. Further organisational change during the year saw the Gangmasters Licensing Authority becoming a non departmental public body of the Home Office, and the Disclosure and Barring Service becoming a public corporation.

Home Office transformation continued during the year. As well as improving delivery, we have made good progress on our other three priorities of improving digital, skills and engagement, and how we lead and manage change. We have invested heavily in developing operational and management skills and improved our IT resilience, taking the first step in providing a modern IT capability for our staff. But there is still work to do which is why, building on the progress we have made this year, we are continuing with consistent competence as the key theme for the first year of the next Parliament.

My role as Accounting Officer is to ensure effective financial management within a challenging financial landscape. We continue to drive value for money savings across all of our services, and we are planning for continued financial restraint during the next Parliament through to 2020. Our focus on medium term planning puts us in the best possible position to deliver further future savings, whilst, at the same time, minimising the impact on our operational activities.

I would like to take this opportunity to thank all staff for their hard work during the last year.

Mark Sedwill
Permanent Secretary

1 Strategic Report

Departmental Structure

Headquarters

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

Bodies included within the departmental structure

The Home Office departmental boundary encompasses the central government Department, four Non-Departmental Public Bodies (NDPBs) and the College of Policing. The NDPBs are the Gangmasters Licensing Authority, the Independent Police Complaints Commission, the Security Industry Authority, and the Office of the Immigration Services Commissioner, and the College of Policing, (a quasi-NDPB). The accounts of these entities form part of the Home Office's consolidated financial statements. See note 22 to the accounts for further details.

Her Majesty's Passport Office (HMPO) is responsible for issuing UK passports and for administering the civil (birth, marriage, death) registration process in England and Wales. HMPO became a division of the Home Office on 1 October 2014. Prior to that date, the HMPO was an executive agency of the Department. Its accounts for the first six months up until 30 September 2014 have been shown separately in the accounts.

Non Departmental Public Bodies:

Independent Police Complaints Commission (IPCC)

The IPCC's primary statutory purpose is to secure and maintain public confidence in the police complaints system in England and Wales. Its three main functions are: oversight of the system to ensure complaints are handled well and any identified failings lead to improvements in policing; carrying out its own investigations into the most serious matters relating to the conduct of police; and considering appeals when a police force investigation is called into question. The IPCC is currently undertaking a three-year change programme to deliver the Home Secretary's commitment to ensure it investigates all "serious and sensitive cases" involving the police.

College of Policing

The College of Policing was established as a limited company on 1 December 2012, assuming responsibility for raising the professional status of police officers and police staff. It operates at arm's length from the Home Office, but has been consolidated within the departmental accounting boundary. The College of Policing is the professional body for policing in England and Wales. The College sets standards of professional practice, accredits training and sets learning outcomes, promotes good practice based on the best available evidence, supports partnership working and leads on ethics and integrity across policing.

Security Industry Authority (SIA)

The Security Industry Authority is responsible for regulating the UK private security industry. There are around 380,000 SIA licences. Licences are valid for three years and there is high staff churn within the industry so numbers working in the industry may be significantly less. Around 770 businesses are members of the voluntary Approved Contractor Scheme (ACS).

It reports to the Home Secretary under the terms of the Private Security Industry Act 2001. Responsibility is devolved to Scotland and Northern Ireland and the SIA consults closely with the Scottish Parliament and the Northern Ireland Assembly about regulation. Regulation of the private security industry supports the objectives of the Home Office to protect the public.

Office of the Immigration Services Commissioner (OISC)

The Office of the Immigration Services Commissioner is responsible for regulating immigration advisers by ensuring they are fit and competent and that they act in the best interest of their clients. The Commissioner has statutory regulatory and prosecutorial responsibilities, and is responsible for maintaining a regulatory regime. The Commissioner has responsibility for seeking out and taking action against those operating illegally, and promoting best practice, within the immigration advice sector. The type of organisations that the OISC regulates varies widely; from small community-based organisations and sole traders through to national charities and large specialist profit-making advisory services. Not-for-profit organisations are not required to pay a registration fee. Organisations that wish to be admitted to the regulatory scheme must demonstrate fitness and competence to do so. Thereafter, those who provide immigration advice and services must comply with the relevant code and rules.

Gangmasters Licensing Authority (GLA)

The Gangmasters Licensing Authority (GLA) was established to tackle exploitation of vulnerable workers in the agriculture sector. The GLA administers a licensing scheme to regulate the supply of labour to the farming, food processing and shellfish gathering sectors.

The GLA covers the whole of the UK carrying out intelligence led activity and inspection. The Home Office took over as the parent department for the GLA from Defra in April 2014.

Entities within the Core Department:

In addition to the executive NDPBs there are also advisory and tribunal non-departmental public bodies, office holders and other bodies that operate at arm's length from the Department, that do not publish accounts because they do not have any money delegated to them. Where there are costs, these are met from Home Office budgets.

Advisory Non-Departmental Public Bodies – provide independent, expert advice to ministers on a wide range of issues. For the Home Office these are the:

Advisory Council on the Misuse of Drugs; Animals in Science Committee; Migration Advisory Committee; National DNA Database Ethics Group; Police Advisory Board for England and Wales; Police Negotiating Board (which ceased to operate in England and Wales from 1 September 2014); and the Technical Advisory Board.

Tribunal Non-Departmental Public Bodies – are usually concerned with the rights and obligations of individuals in relation to a branch of government or other public authority. They are the: Investigatory Powers Tribunal; Office of Surveillance Commissioners; Police Arbitration Tribunal (which ceased to operate in England and Wales from 1 September 2014); Police Discipline Appeals Tribunal.

Other Arm's Length Bodies sponsored by the Home Office:

Anti-Slavery Commissioner; Appointed person under the Proceeds of Crime Act 2002; Biometrics Commissioner; Forensic Science Regulator; HM Inspectorate of Constabulary; Independent Chief Inspector of Borders and Immigration; Independent Family Returns Panel; Independent Monitor of the Disclosure and Barring Service; Independent Reviewer of Terrorism Legislation; Intelligence Services Commissioner; Interception of Communications Commissioner; National Crime Agency Remuneration Review Body; Police Remuneration Review Body; Police ICT Company; Surveillance Camera Commissioner; Wimbledon and Putney Conservator.

The National Crime Agency (NCA) was established as a Non Ministerial Government Department on 7 October 2013. The financial results of the NCA are not consolidated within the Home Office accounts.

The Disclosure and Barring Service (DBS) was re-classified from a NDPB to a Public Non Financial Corporation on 31 July 2014 by the Office for National Statistics. The decision was backdated to apply from the creation of the service in December 2012. The results of the DBS are therefore not consolidated within the Home Office accounts.

Our Vision

The Government's vision for the Home Office is set out in our Business Plan which lists four priorities:

Our four priorities:

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

The Home Office, its directorates, agencies and executive non-departmental public bodies work closely together to achieve the four Home Office priorities. Following the General Election in May 2015, the new Government added *Tackling Extremism and Preventing Abuse and Exploitation* to the list of priorities.

1. Cut Crime

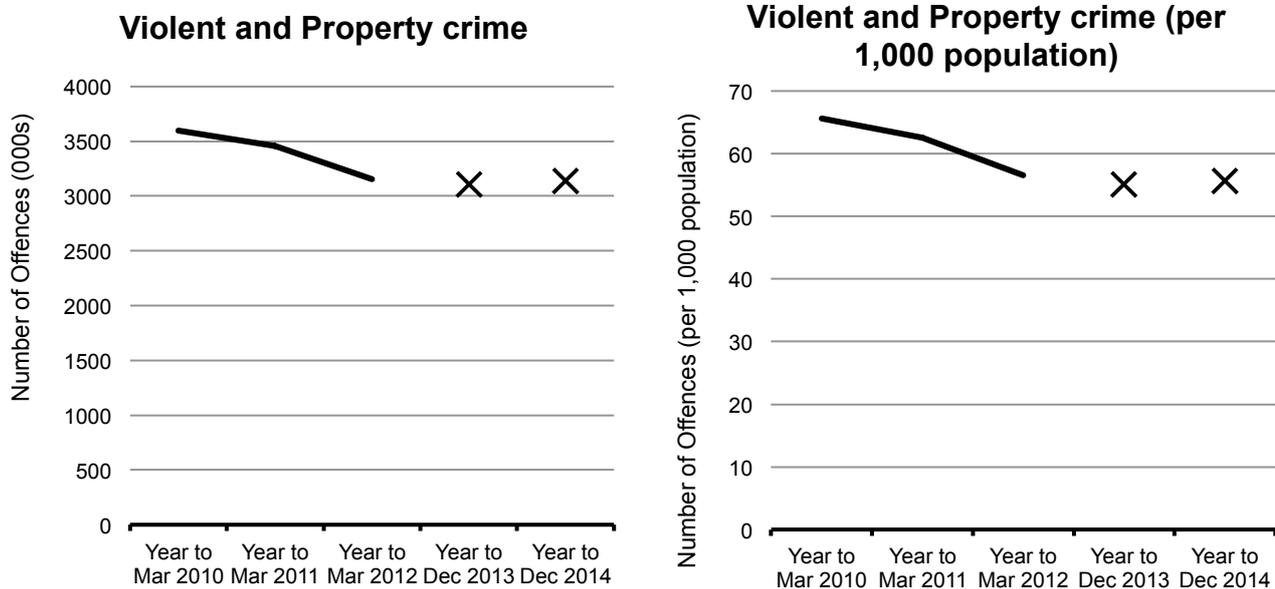
Our objective is to support the police in cutting crime through work to: improve police accountability, transparency and integrity and public trust; improve police efficiency and effectiveness; reduce the drivers of crime, such as addressing the harm caused by misuse of drugs and alcohol and support local efforts to reduce crime; lead targeted action on key crime types, for example anti-social behaviour; ensure police powers and regulations are proportionate and effective; protect vulnerable victims; and join up with work across the wider Criminal Justice System.

The Crime Survey for England and Wales, which is based on the experience of the public rather than police figures, shows that crime has fallen by almost two thirds since its peak in 1995, and is now at its lowest level since the survey began in 1981. The number of crimes recorded by the police in England and Wales was 3.8 million offences in the twelve months to the end of December 2014, a 2% increase compared with the previous year. The renewed focus on the quality of crime recording, and a greater willingness of victims to report crime, is thought to have led to improved compliance with national recording standards, leading to proportionally more crimes reported to the police being recorded by them.

The implementation of an ambitious package of reforms has continued in 2014-15. Two important acts of Parliament were completed in March 2015: the Serious Crime Act strengthens the powers of the National Crime Agency, the police and other law enforcement agencies to pursue, disrupt and bring to justice serious and organised criminals; and the Modern Slavery Act will strengthen the response of law enforcement and the courts to slavery and trafficking. In addition, we have undertaken work to keep pace with emerging crime threats, including intensifying our focus on preventing sexual violence against children and vulnerable adults.

Key performance indicator

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



Source: ONS

- Police recorded violent and property crime has fallen by 13 per cent between the year ending March 2010 and year ending December 2014, from 3.6 to 3.1 million offences.
- There has been a corresponding fall in the number of violent and property offences per 1,000 population from 66 in the year ending March 2010 to 56 in the year ending December 2014.

Achievements between April 2014 and March 2015 include:**Improve police accountability, transparency and integrity and public trust**

We took action to improve police accountability, re-balancing power towards communities, giving the public more information, and working with the police and other bodies to improve public trust in the police with an ambitious programme of reform.

During this year:

- The College of Policing published its Code of Ethics in July 2014, which sets out the standards of behaviour that the public can expect from officers and staff in every role and at every level and will help guide decision making;
- The majority of victims' services, including for victims of sexual and domestic violence and victim initiated Restorative Justice Services, are now commissioned by Police and Crime Commissioners to respond to local needs rather than by central government;
- HM Inspectorate of Constabulary (HMIC) introduced its 2014-15 Inspection Programme to Parliament. The PEEL programme represents a radical shift in how police forces are held to account by enabling the public to see clearly across a range of simple categories, how their force is performing on cutting crime, providing a service that is fair, and providing value for money. HMIC published its Chief Inspector's first State of Policing assessment of the efficiency and effectiveness of the police in November 2014;
- We improved oversight of the standards by which the police should handle complaints by granting the Independent Police Complaints Commission's (IPCC) additional powers in the Anti-social Behaviour, Crime and Policing Act 2014;
- We created a new offence of police corruption through the Criminal Justice and Courts Act 2015;
- We announced a review of the police disciplinary system by Major General Clive Chapman; and following the review the Home Secretary announced her intention to introduce legislation to reform the police complaints system and the police disciplinary system (with legally qualified chairs of police discipline hearings and hearings in public) and to introduce measures to strengthen protections for police whistleblowers;
- The Home Secretary established a statutory inquiry into undercover policing following Mark Ellison QC's review of possible corruption and the role of undercover policing in the Stephen Lawrence case. On 12 March 2015 it was announced that Lord Justice Pitchford would Chair the inquiry. The terms of reference will be set in consultation with interested parties and are due to be published before the summer recess. Mark Ellison will also co-ordinate a multi-agency review, reporting to the Attorney General, into potential miscarriages of justice involving undercover policing;
- We implemented recommendations in Lord Justice Leveson's report on the press and the police, including publication of guidance on 'off the record' briefings, relationships with the media, and on gifts, hospitality and entertainment;
- The College of Policing published its interim review of police leadership in March 2015. The review identified the challenges and opportunities likely to face policing in the coming decades and recommended changes required to enable everyone within policing to meet them. The review recommends implementing a culture of challenge at the top of forces, introducing career flexibility, embedding the Code of Ethics in selection processes and reviewing police powers in some roles;
- The Police Federation was reformed so that officers in future will actively choose whether to become members and whether to pay subscriptions, and to improve transparency particularly around the use of Federation funds; and
- We have published data on the police use of stop and search on data.police.uk

Improve police efficiency and effectiveness

HMIC's 'Valuing the Police' report, published in July 2014, found that police forces have largely met the financial challenge of the spending review with crime continuing to fall, victim satisfaction improving and forces protecting their frontline services.

During this year:

- The College of Policing published its five-year strategy in November 2014 and has co-ordinated work to support the National Policing vision for 2016, which sets out how frontline officers and staff will be supported with the skills, leadership, technology and ways of working that, will allow them to provide high-quality policing;
- This year's Police Innovation Fund, provided funding to a range of projects to support improved police ICT and digital working, including investment in body worn video across eight forces and the development and trialling of a standardised mobile policing solution that could be replicated across other forces;
- An IT Supplier Summit was held in October 2014, attended by Police and Crime Commissioners, police forces and industry. The summit helped PCCs understand the potential for IT collaboration and was a major motivation for policing to develop IT standards;
- We established a Police Information Communications Technology (ICT) Company, which became operational on 1 April 2015. The Police ICT company will support policing bodies to make the best use of technology to deliver efficient and effective policing and improve public safety;
- PCCs and Chief Constables have agreed a vision for police procurement, founded on clear evidence of the costs and benefits of a collaborative approach, that takes advantage of opportunities to collaborate across the law enforcement community and wider public sector, increasing standardisation of goods bought and improved supplier and contract management;
- We continued to reform police pay and conditions by implementing the majority of recommendations from Tom Winsor's independent review of police officer and staff remuneration and conditions, including enhanced entry requirements, direct entry at more senior ranks, and targeted pay & allowances that are more closely linked to contribution and reward professional skill & development;
- The Police Negotiating Board and Police Advisory Board in England, Wales and Northern Ireland was replaced by the new Police Remuneration Review Body which became operational in September 2014; and
- The 2015 Police Pensions Scheme successfully came into force on 1 April 2015 ensuring that police pensions will be maintained on a sustainable and affordable footing into the future.

Lead targeted action on key crime types

Our reforms are tackling existing and emerging crime threats.

During this year:

- We increased capability in the National Crime Agency's National Cyber Crime Unit and set up cyber teams in each of the nine Regional Organised Crime Units, following investment from the National Cyber Security Programme;
- We continued to build on the Drug Strategy, launched in 2010, to tackle drugs as a key driver of crime. There are positive signs that this approach is working: there has been a long term downward trend in drug use over the last decade, the number of heroin and crack cocaine users in England continues to decline, and more people are recovering from their dependency now than in 2009/10;
- The College of Policing, together with police forces and the National Crime Agency have provided cyber crime training to thousands of officers;
- The 'Cyber Streetwise' campaign, launched in January 2014, has measurably influenced an estimated two million people to adopt safer online practices (e.g. using more secure passwords);
- We have used our Computer Emergency Response Team to support the smooth running of both the Glasgow Commonwealth Games and the Newport NATO Summit;
- We introduced legislation to tackle the illicit market in substances used as drug cutting agents in the Serious Crime Act;
- We took action to address the harm caused by alcohol through twenty Local Alcohol Action Areas and improved the tools available to local communities by introducing six new powers to tackle anti-social behaviour, working in partnership with the drinks industry to take more voluntary action through the Public Health Responsibility Deal, including several new pledges;
- Forty-three areas benefitted from a frontline team and an expert support network as part of the Ending Gang and Youth Violence programme; and through the Serious Crime Act we strengthened and updated gang injunctions;
- A Crime and Policing Knowledge Hub was established to help improve our understanding of and response to emerging crime types. The Hub arranged an international conference on crime and policing at the end of January 2015, at which the Home Secretary's keynote speech set out our thinking on the key drivers of crime;
- We are working through our Border Force and the National Crime Agency to strengthen resilience against organised criminals and harmful substances crossing the border. Overt interventions throughout the year by Border Force officers have resulted in the seizure of illicit goods, including Class A drugs and firearms at UK ports of entry. There are many examples: for example, in April 2014 Border Force officers at Manchester Airport seized around 50 kilograms of heroin in a consignment of carpets from Pakistan and in January 2015 our officers discovered 30 kilograms of cocaine during a search of a lorry at Dover, with an estimated street value of £3.8million due to its exceptionally high purity; and
- Border Force has also been at the forefront of tackling the global trade in smuggling endangered species. For example, in January 2015, Border Force officers seized 165 turquoise dwarf geckos, a critically endangered species. The seizure was referred to investigators from the National Crime Agency's Border Policing Command who arrested a man on suspicion of an importation offence.

Protecting Vulnerable People

Tackling crimes against vulnerable people, for example, children, victims of slavery and women and girls who are the victims of violence presents a major challenge both in providing a service to victims and bringing perpetrators to justice.

During this year:

- In July, following concerns raised about the original Home Office investigation into information received on child sexual abuse between 1979 and 1999, and whether the Department funded a pro-paedophile group, the Home Secretary announced a formal review led by Peter Wanless and Richard Whittam QC. The report from this review was published in November 2014 and concluded that there was nothing to support concerns that the Home Office had deliberately or systematically removed or destroyed files to cover up organised child abuse or that it had failed in any deliberate way to refer individual allegations of abuse to the police. The review also failed to find evidence to corroborate allegations that the Department had funded a pro-paedophile group, but was unable to dismiss them completely. The Report did recommend improvements to the processes for recording allegations of child abuse and notifying the Police. The Department has improved its processes and continues to review how it handles information about child abuse to ensure it is recorded and referred to the Police appropriately;
- Following the publication of the Jay report into child sexual exploitation in Rotherham last year and the failures across children's services, the Home Secretary chaired a series of meetings with Secretary of State colleagues to consider both the findings and what the Government could do to help prevent these failures from happening again. A series of actions, announced in March 2015, will strengthen accountability and leadership in professions and local government; address the culture of inaction and denial that led to victims being dismissed and ignored; improve joint working and information sharing so that agencies intervene early; strengthen the protection of children who are at risk; reinforce law enforcement efforts to stop offenders; and provide greater support for victims and survivors;
- The Home Secretary established a statutory Inquiry in March 2015 which will consider whether public bodies and other non-state institutions have taken seriously their duty of care to protect children from sexual abuse;
- The Modern Slavery Act received Royal Assent on 28 March 2015. This consolidates current offences relating to trafficking and slavery by creating two new civil orders to prevent modern slavery. It establishes an Anti-Slavery Commissioner and makes provision for the protection of modern slavery victims. We have also published a modern slavery strategy outlining a comprehensive response to modern slavery, including the efforts across government and law enforcement, with other countries, to tackle the problem at source and increase awareness within all communities;
- Ministers announced a package of measures to address Violence against Women and Girls at the Girl Summit on Forced Marriage and Female Genital Mutilation in June 2014, including our intention to establish a Female Genital Mutilation unit, which is now in place, to promote learning for safeguarding professionals, and to launch an online resource pack for service commissioners with funding in local areas. The Violence Against Women and Girls progress report was published on 8 March 2015 setting out delivery against over a hundred cross-government actions and key indicators of success; and
- We have established Border Force anti-trafficking teams at key ports, and undertaken operations at ports specifically to prevent victims being taken abroad to suffer Female Genital Mutilation. Border Force also participated in the 2014 White Ribbon Day in the London Borough of Hillingdon, to publicise the work it is doing with partners to combat Female Genital Mutilation.

In May 2014, experts from the internet industry met under the leadership of a UK-US taskforce to generate novel technical ideas to address online child sexual exploitation and to disrupt offenders, identify victims and keep children safe whilst online. The Prime Minister subsequently hosted the #WePROTECT summit in December 2014 to galvanise international action. The summit secured practical commitments by 47 countries, 2 international organizations, 10 civil society organizations and 14 leading companies to identify and protect victims and to strengthen global co-operation to track down perpetrators.

A new Child Abuse Image Database went live in December 2014 and provides law enforcement agencies with better tools to search seized devices and increase their ability to identify victims.

Strengthen the fight against serious and organised crime

The Serious Crime Act enhances the powers of the National Crime Agency, the police and other law enforcement agencies to pursue, disrupt and bring to justice serious and organised criminals. In May 2015, the powers of the National Crime Agency were extended to Northern Ireland which will have a significant impact in the fight against organised crime.

The Act includes provisions to:

- Strengthen the operation of the asset recovery process by closing loopholes in the Proceeds of Crime Act 2002;
- Amend the Computer Misuse Act 1990 to provide for a new offence where an attack on a computer system causes severe damage to human welfare, the environment, the economy or national security;
- Create a new offence targeting people who actively support, and benefit from, participating in organised crime; and
- Improve the effectiveness of serious crime prevention orders and gang injunctions.

Ensure police powers and regulations are proportionate and effective

Whilst the police need the right powers to cut crime, the powers must be proportionate and used in a way that maintains public trust and confidence.

During this year we introduced:

- A package of reforms that are changing the way that the police use stop and search powers. This follows the publication of HMICs report on stop and search which showed 27% of stop-and-search records reviewed did not contain reasonable grounds to search people. The 'Best Use of Stop and Search' Scheme was launched in August 2014 and revisions to the Police and Criminal Evidence Act Code of Practice to clarify 'reasonable grounds' for suspicion and to make clear that improper use will lead to performance or disciplinary proceedings came into force on 19 March 2015;
- A cross-Government review of powers of entry to remove unjustified powers and add further safeguards to protect the rights of individuals and businesses. We introduced a statutory code of practice, which came into force on 6 April 2015, that provides guidance and sets out considerations that apply to the exercise of powers of entry; and
- We delivered the majority of the Home Office actions in the cross-government alcohol strategy including:
 - a) a ban on the worst examples of cheap alcohol being sold below cost price; strengthening mandatory licence conditions, for example to target irresponsible drink promotions in pubs and clubs and working with the alcohol industry to do more to reduce the harm caused by alcohol; and
 - b) public consultations on the introduction of locally set licensing fees, the community and ancillary sales notice and proposed changes to licensing powers of entry.

Working across the wider criminal justice system

Coherent action across the criminal justice system towards a shared set of objectives is essential to ensure a more effective and efficient response to crime. We have delivered all the actions in [Transforming the Criminal Justice System \(CJS\): A Strategy & Action Plan to Reform the Criminal Justice System](#) published in 2013.

During the year we:

- Increased the national take-up of police-led prosecutions for uncontested traffic and other specified offences;
- Enabled the police to prosecute shoplifting offences through magistrates' courts, where the value of the good stolen is £200 or less, whilst preserving the defendant's right to elect a Crown Court trial;
- Provided more details on case timeliness on www.police.uk so that members of the public can better understand criminal justice services in their area and how they compare with others; and
- In April 2014, youth and adult liaison and diversion schemes for offenders with mental health, learning disability or substance misuse problems were launched in an initial ten areas covering thirteen police forces. These new schemes are based in both police custody suites and courts and aim to identify, assess and refer people with mental health problems and other vulnerabilities for treatment and support at their earliest point of contact with police. In addition the schemes will work with criminal justice partners and magistrates to support the most appropriate justice outcomes, such as mental health treatment requirements. A Home Office funded pilot to provide an alternative place of safety, for people detained under Section 136 of the Mental Health Act 1983, was launched in Sussex on 9 March 2015.

2. Reduce Immigration

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

During this year:

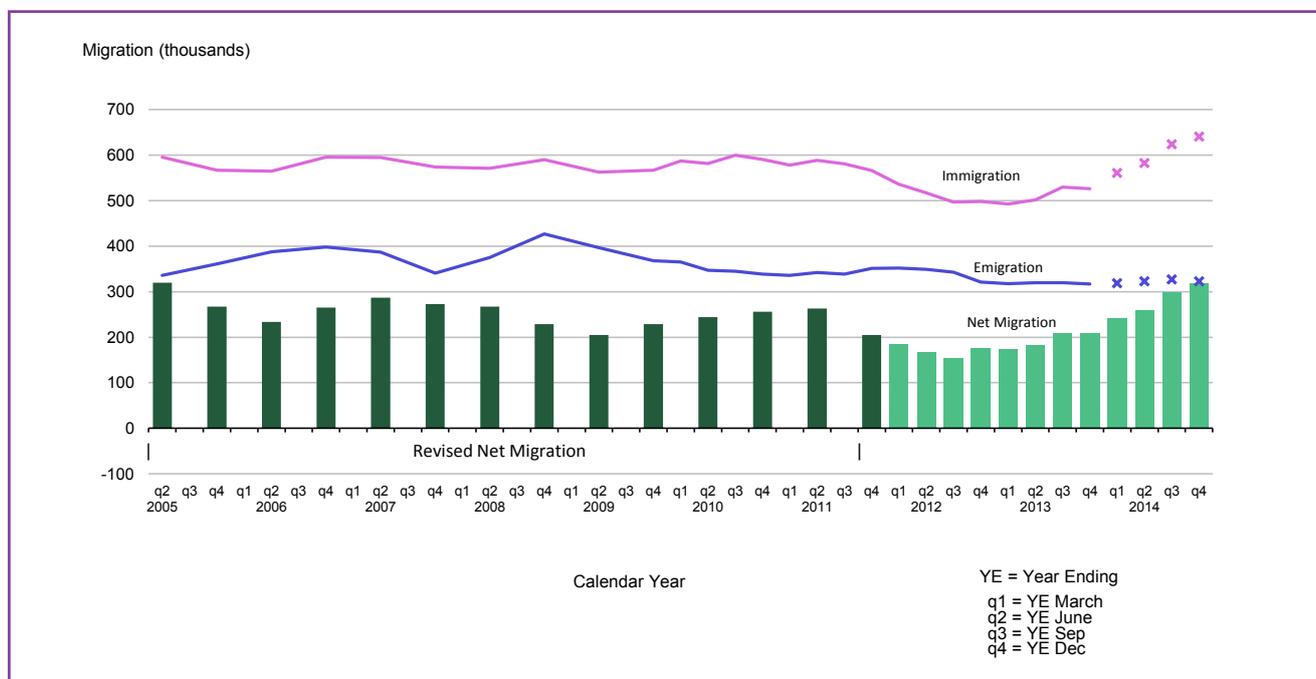
- We introduced a new Immigration Act containing measures to stop migrants using public services to which they are not entitled, reduce the pull factors which encourage people to come to the UK for the wrong reasons, and make it easier to remove people who should not be here;
- To reduce non-EU net migration we have maintained the annual limit on economic migration. Despite the challenges we face on migration as a result of the UK's relative economic strength and our proud history of tolerance and acceptance to those who genuinely need our protection. Net long-term migration to the UK was estimated to be 318,000 in the year ending December 2014, a statistically significant increase from 209,000 in the previous 12 months, but below the peak of 320,000 in the year ending June 2005;
- The UK has a proud history of offering protection to those fleeing persecution, but illegal migrants who lodge spurious asylum claims detract valuable resources from those who need it most, and corrode confidence in the system. The current asylum system is designed to provide swift protection to those in need by making high quality decisions, but discourage abusive claims by removing the right to appeal a negative decision before removal in clearly unfounded cases and prioritising failed asylum seekers for removal. In the year ending March 2015, we enforced the removal of over 4,200 people who had sought asylum at some stage during their time in the UK;
- The Home Office has met its public commitment to decide all straightforward asylum claims received before April 2014 by end of March 2015, and aims to decide straightforward claims within six months. In addition, our detained fast track process enables us to take quick decisions in suitable cases. The number of outstanding decisions at 1 April 2015 is the lowest it has been since December 2013. There will always be some non-straightforward cases that are too complex to decide within six months for reasons outside our control. We aim to decide these cases within 12 months;
- In 2014 the number of asylum claims in the EU was the highest it has been since 1992. However, compared with countries such as Germany – which saw a large increase in asylum claims in 2014, the UK has experienced a much more modest increase. We continue to work with EU partners to disrupt flows of illegal migration and enhance their asylum processing capacity. Working through the European Asylum Support Office, the UK has deployed over 20 asylum experts to other Member States in the last three years;
- To tackle problems at the port of Calais, we set out a number of commitments in a joint declaration on 20 September 2014, including £12 million from the UK towards bolstering security and infrastructure. The improvements under way as a result of this targeted investment build on the sustained UK support and investment in improving physical security and upgrading technology at Calais, for example enhancements made in 2014 to vehicle scanning equipment;
- As well as stopping people entering the UK, we are removing those with no right to be here. We have closed down bogus colleges and, to tackle issues around English language testing, we have conducted more enforcement visits;
- 130 organised immigration crime groups disrupted in 2014-15;
- We have also continued our interventions into potential sham marriages. Since April 2014, we have intervened in over 2,900 suspected sham marriages, resulting in over 1,700 arrests and over 600 removals;
- We continue to work with law enforcement partners to strengthen our response to European Economic Area (EEA) criminals who cross our border, by ensuring that better quality data is available at the immigration control to support a refusal decision;
- By making the necessary legislative changes, we have ensured that Border Force officers are able appropriately to exercise powers of detention at ports, including those in Scotland and the juxtaposed controls. This was completed in time for the UK's connection to the Schengen Information System, which took place on 13 April 2015. This is one way through which Border Force will stop wanted criminals (such as those subject to European Arrest Warrants) at the border, enabling the police to arrest them before they enter the UK and commit further crimes here;

- In the year ending March 2015, the number of passengers refused entry at UK ports rose by 11% to 18,373 (compared with 16,570 passengers refused entry in the year ending March 2014);
- Our visa service has seen the vast majority of non-settlement visas dealt within target times and in February 2015 we brought our settlement caseload back into service standard; and
- There have been significant improvements in responding to MP correspondence: our correspondence hubs are now responding to correspondence within 20 days in over 95% of cases (usually in 99% of cases).

Key performance indicator

The Home Office Business Plan includes a number of input and impact indicators to help the public assess the impact of policies and reforms. For Reduce immigration, the indicator is the measure of net migration to the UK.

The following chart sets out net migration data. Figures for quarters ending in 2014 are provisional. Net migration estimates up to 2011 have been revised in light of the 2011 Census. Therefore they will not be consistent with the separate immigration and emigration figures shown. The revised estimates are only available for the years ending June and December each year.



Source: ONS^{1,2,3}

Net long-term migration to the UK was estimated to be 318,000 in the year ending December 2014, a statistically significant increase from 209,000 in the previous 12 months, but below the peak of 320,000 in the year ending June 2005.

641,000 people immigrated to the UK in the year ending December 2014, a statistically significant increase from 526,000 in the previous 12 months. There were statistically significant increases for EU and non-EU nationals. Immigration of EU nationals increased to 268,000 in 2014 from 201,000 in 2013. Despite showing a slight decline from the last quarter, non-EU immigration increased to 290,000 in 2014 from 248,000 in the previous 12 months. While the increase in EU immigration continues the recent trend that began in 2012.

An estimated 323,000 people emigrated from the UK in the year ending December 2014. Overall emigration levels have been relatively stable since 2010.

1 http://www.ons.gov.uk/ons/dcp171778_404613.pdf
 2 Figures for quarters ending in 2014 are provisional and are represented by a cross
 3 Net migration estimates up to 2011 have been revised in light of the 2011 Census. Immigration and emigration estimates have not been revised and are therefore not consistent with the revised net migration estimates. The revised estimates are only available for the years ending June and December each year

Achievements between April 2014 and the end of March 2015 include:

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

A number of policy changes have been made to attract the international students who we want to come to the UK, while clamping down on abuse. The figures show this strategy is working, with a 16% increase in the number of sponsored student visas applications for universities since 2010, and a rise of 30% for the elite Russell Group universities. In the year ending March 2015, we saw strong growth in the number of study visas granted with the largest increases in China (+3%), Brazil (+3%), Saudi Arabia (+4%) and Malaysia (+7%).

Other achievements during the year include:

- Continuing action to curb student visa abuse, making the application process more rigorous and requiring colleges to improve course quality. This has resulted in an 11% decrease in the number of further education study-related sponsor applications in the year ending March 2015;
- A significant increase in the number of interviews conducted on overseas applications. We have conducted about 150,000 interviews so far, of which 130,000 were for Tier 4 students. Tier 4 is for students coming to the UK for post-16 education.
- Taking action against the individuals and institutions involved in the English language testing fraud uncovered earlier this year. We have set up a sponsorship working group with education sector stakeholders in order to support students that have been affected by, but not involved in, the fraud. As at 31 December 2014, 48 of the 57 colleges that were suspended in June 2014 have had their licences revoked, 4 have surrendered their licences and another 4 have been reinstated. One college remains suspended due to on-going legal proceedings. We have also suspended a further 34 private colleges, 19 of which have been revoked and 4 surrendered their licence. As at 31 December 2014 a total of 12 private colleges remained suspended including the college that was suspended due to ongoing legal proceedings. As at 31 December 2014, we made more than 11,800 refusal, curtailment and removal decisions, conducted more than 2,700 enforcement visits, served removal notices in person on over 800 people whom we also detained. We have removed over 500 of those people who we detained; and
- Tackling the negative perceptions that students are not welcome in the UK by taking every opportunity to communicate the message that the UK is open to genuine international students and that we have a strong visa offer. We will continue to reiterate this message.

Improve the immigration system

In July 2014, the first phase of measures from the Immigration Act 2014 came into effect, including new powers to revoke driving licences and reforms to the penalty scheme for those who employ illegal workers. We have doubled the maximum penalty for employing an illegal worker to £20,000.

In September 2014, we announced launch dates for the next phase of measures which introduce a requirement for private rental sector landlords to check a prospective tenant's immigration status.

We have focused on reducing outstanding asylum casework and constraining asylum support costs. In March 2014, we cleared all straightforward pre-2011 cases and in June 2014, we did the same for pre-2012 cases (other than those which form part of the Older Live Cases cohort). We have also cleared our backlog of trafficking claims; 70% of new claims receive a final decision within 90 days.

We also met our commitment to review and communicate decisions on outstanding legacy cases by the end of 2014 (other than in exceptional circumstances where we have been unable to conduct a review, for example because of a criminal investigation or litigation). The number of remaining exceptional cases is small and continues to reduce.

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

The Court of Appeal has upheld the lawfulness of the new English language and minimum income threshold requirements, which were introduced in changes to the immigration rules. In addition, we have implemented changes to give the full weight of primary legislation to the public interest in those requirements under the qualified right to respect for private and family life under European Court of Human Rights Article 8. We have tightened the rules for family visas and, compared with the year ending September 2010, family visas granted were down by a third (-33%).

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

In April 2014, the limit set for Tier 2 (General) visas was 20,700 for the rest of the Parliament. Individuals can apply for a Tier 2 (General) visa if they have been offered a skilled job in the UK, are from outside the European Economic Area or Switzerland and have been sponsored by a licensed sponsor.

During this year:

- Our reforms have helped UK nationals into employment. Since the first quarter of 2010, employment levels have risen by 2.1 million, of which 1.3 million (61.4%) is accounted for by UK nationals, and 805,000 (38.6%) by non-UK nationals. Work visas issued were up by 9% in the 12 months to March 2015, compared with the year to March 2014, with skilled work visas issued up 13% over the same period;
- In the year ending March 2015, there was a 12% increase in sponsored visa applications for skilled work to 55,589. Most of the increase was accounted for by the three largest sectors: Information and Communication (23,541, +11%), Professional, Scientific and Technical Activities (10,768, +20%), Financial and Insurance Activities (6,608, +10%);
- We have made changes to Tier 1 routes to ensure that they remain open to those who will make the greatest economic contribution, whilst also preventing abuse. Recent changes include a higher investment threshold for the Tier 1 (Investor) category and a suspension of in-country switching into the Tier 1 (Entrepreneur) category for most students and post-study workers; and
- We have improved flexibility for businesses and their employees by allowing Tier 2 visas to be granted for up to 5 years at a time, rather than the previous 3 years.

Transforming border security

We have continued to strengthen border security by introducing exit checks at all ports of departure, and by the continuation of the existing regime of full checks on entry in line with our Operating Mandate. Border Force has continued to enhance its law enforcement capabilities. It is now able to work even more effectively with its partners to exploit the border as a unique intervention point against individuals and goods that have the potential to cause social and economic harm to the UK.

During this year we have:

- Exceeded annual seizure targets for Class A Drugs, New Psychoactive Substances and Counterfeit Goods;
- Strengthened the operation of the Warnings Index. The Index is used by officers to check arriving passengers and is part of the Critical National Infrastructure. We have invested in new technology platforms to improve resilience;
- Exploited increasing volumes of Advance Passenger Information (API) and Passenger Name Records (PNR) to prevent harmful individuals from travelling to and entering the UK and identify others who are potentially of interest from law enforcement and security perspectives;
- Improved our ability to identify and intercept prohibited commodities by introducing an improved targeting system for sea container traffic, and readying border actors for further improvements relating to other maritime targeting;
- Improved the speed that legitimate travellers pass across the border by widening the pool of Registered Travellers, and increasing the number of electronic passport gates across the UK border control. These changes have also ensured that we continue to free up more border officer time to tackle criminals, traffickers and those who exploit vulnerable individuals;
- Significantly increased the numbers of refusals of foreign nationals, including those from EU countries, with a history of offending through effective joint working with police forces across the UK;
- Improved our ability to disrupt and deter people trafficking, including for the purpose of sexual exploitation or slavery;
- Worked with Public Health England to support the introduction of additional checks to combat the threat of the Ebola virus; and
- Worked with partners at ports with juxtaposed controls, and more widely with port owners and those in the haulage industry to strengthen our controls against illegal entry in response to a significant increase in the number of migrants trying to enter the UK by clandestine means in the Calais area and elsewhere. Border Force successfully prevented over 39,000 attempts at clandestine entry into the UK at those ports where Border Force operates controls in Northern France.

Exit checks

Exit checks were introduced on 8 April 2015 on scheduled commercial international air, sea and rail routes. The majority of airlines already provide Advance Passenger Information (API). Where this cannot be provided, for example on some rail and ferry journeys, carriers and ports now check travel documents and collect data by checking or scanning passports or national identity cards.

Exit checks improves our ability to identify those who have left and those who have failed to leave the UK when they should have done so. They will help to inform work to identify those most likely to overstay and allow us to build an appropriate solution to deal with these individuals. They will also extend our ability to identify known or suspected persons of interest from a security, criminal, immigration or customs perspective and provide us with additional opportunities to take appropriate action.

In implementing exit checks the Government worked closely with ports and carriers to go with the grain of their businesses. As planned, the new arrangements were introduced on time, within budget and with no adverse effects for the travelling public.

Improve enforcement capability

We have now closed the Enforcement Transition Programme, a programme which oversaw the development of Immigration Enforcement from the former UK Border Agency, as national structures and processes are now in place to improve delivery against core objectives.

During this year we have:

- Developed a new operating model to tackle the breadth of immigration abuse, underpinned by the four Ps of Protect, Prevent, Pursue and Prepare. This new way of working tackles abuse with a wider spectrum of interventions and with a greater emphasis on partnership working and increasing compliance with the law;
- Implemented new powers to revoke driving licences and strengthened and simplified the civil penalty scheme to prevent illegal working. We have recovered more civil penalties against employers than ever before. These actions are ensuring the denial of benefits and services to those who have no legal right to them, to aggressively encourage voluntary departure from the country;
- Deporting Foreign National Offenders continued to be a priority for IE in 2014 and we removed well over 5,000 in the last financial year. We are now making the most of the new 'deport first, appeal later' provisions in the Immigration Act 2014; and
- Revised our approach to Assisted Voluntary Returns. The scheme is now only available to non-detained individuals, to prevent abuse of the system.

Tackle European Economic Area (EEA) criminality

We have continued to take steps to deal with European Economic Area (EEA) criminality.

During this year we have:

- Increased our use of the existing public policy test to deport or refuse entry to EEA criminals;
- Amended the law to discourage meritless immigration appeals;
- Ensured that the new re-entry bar on EEA nationals who have been administratively removed is being applied proportionately; and
- Increased the information flows on criminality committed in the UK and abroad by EEA nationals.

Her Majesty's Passport Office

Significant levels of passport demand since the start of 2014 affected our delivery of UK passports to customers and, for some of them, caused unacceptable delays over the summer. A range of contingency measures were introduced by Ministers in June to ensure that passports were delivered on time for people who needed to travel.

We have taken steps to prevent a recurrence of events. We removed agency status from HM Passport Office and made the organisation directly accountable to Ministers. Demand forecasting has been reviewed and a new senior management structure put in place. These measures, along with a significant increase in operational resource, have provided customers with the level of service they rightly expect, whilst maintaining the high standards of passport security and supporting the Department's aims on crime prevention and public protection.

3. Prevent terrorism

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

In August 2014, the Joint Terrorism Analysis Centre raised the national threat level from international terrorism from SUBSTANTIAL to SEVERE, meaning a terrorist attack is highly likely. The principal threat continues to come from militant Islamist terrorists, notably in Syria and Iraq. The Islamic State in Iraq and the Levant (ISIL) and other terrorist groups there have recruited foreign fighters, who have travelled from the UK and Europe.

ISIL has the intent and resources to direct and encourage terrorist activity in the West in parallel to its territorial ambitions. Al Nusrah Front (ANF), Al Qa'ida's affiliate in Syria, is also engaged in providing training to foreign fighters. In addition, Al Qa'ida core, its affiliates and other regional terrorist groups remain intent on targeting Western interests.

Terrorist tactics are changing. While many groups still aspire to conduct large-scale attacks, others now encourage attacks which are simple and can be carried out by people acting on their own.

Measures in the Counter-Terrorism and Security Act 2015 strengthen our powers and capabilities to tackle specific threats relating to Syria and Iraq, including providing additional means to disrupt the travel of foreign fighters to and from the region, as well as improving our ability to manage them on their return. The Government has also provided additional funding for the security and intelligence agencies and police to increase their investigative resource; and for the expansion of the cross-Government Prevent programme.

Further details on the terrorist threat and the UK's response are included in the recently published [CONTEST Annual Report 2014](#):

<https://www.gov.uk/government/publications/contest-uk-strategy-for-countering-terrorism-annual-report-for-2014>.

Achievements between April 2014 and the end of March 2015 include:

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

Following the increase in the threat level in August 2014, the Prime Minister announced new legislation to ensure the police, and security and intelligence agencies, have the appropriate legal powers and capabilities to tackle Syria and Iraq related terrorist threats.

The Act contains the following measures:

- Temporary Passport Seizure: providing the police with a new power at the border to seize temporarily (initially for 14 days, extendable with court permission to a maximum of 30) the passports and other travel documents of outbound individuals suspected of intending to travel to engage in terrorist-related activity;
- Temporary Exclusion Order: temporarily disrupting the return of a British citizen suspected of involvement in terrorist activity abroad, ensuring that their return is managed by the police; and
- Terrorism Prevention and Investigation Measures (TPIMS): the legal threshold for imposing a TPIM notice has been raised to the 'balance of probabilities'. The regime now includes powers to: relocate a subject, restrict a subject's travel outside the area where they reside, require a subject not to meet with organisations or other persons specified and prohibits them from acquiring/holding a firearms license, offensive weapons or explosives. The maximum sentence for breaching a TPIM travel measure has been increased from five to ten years.

We remain committed to ensuring that powers and capabilities available to the police and security and intelligence agencies are necessary and proportionate, and subject to effective oversight. In November the Intelligence and

Security Committee (ISC) of Parliament published a report on the intelligence relating to the murder of Fusilier Lee Rigby in 2013. The report illustrated the rigorous public scrutiny that is now applied to the activities of the intelligence agencies in this country. The Government's response was published in February 2015.

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

In April 2014, the European Court of Justice issued a judgment declaring the EU Data Retention Directive (DRD) invalid. Following the judgment, the Data Retention and Investigatory Powers Act 2014 (DRIPA) was passed in July 2014. The Act provides a clear statutory basis, in primary legislation, for the Government to require domestic communications service providers to retain certain types of communications data. In addition the Act makes explicit that, as Parliament always intended, any company providing telecommunications services to customers in the UK must comply with lawful authorisations under Part 1 of RIPA, regardless of where those companies are based.

The Counter-Terrorism and Security Act 2015 amended DRIPA to improve law enforcement agencies' ability to identify which device or individual is responsible for sending a communication on the internet.

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

Removing terrorist material from the internet remains a high priority. A dedicated police unit – the Counter-Terrorism Internet referral Unit (CTIRU) – continues to refer content which breaches UK terrorism legislation to the communication industry. If companies agree that it breaches their own terms and conditions, they remove it. We have removed more than 46,000 pieces of unlawful terrorist-related content since December 2013. Content relating to Syria and Iraq represents around 70% of the CTIRU caseload.

We have continued work to prevent people from travelling to Syria and Iraq in connection with extremist or terrorist activity; and (where there are no grounds for prosecution) managing the risk from those who have returned. We are providing parents and young people with advice and mentoring for young people. We are also providing training for frontline staff who may come into contact with people considering travel, including training in over 120 schools in Prevent priority areas. Literature explaining the risks of travel has been distributed to mosques, travel agents, ports and money transfer bureaux across the country. In July, the Home Secretary backed 'Families Matter' a national campaign led by a community organisation aimed at deterring young people from travelling to Syria and Iraq and encouraging family members of those who might be about to travel to seek help.

The Counter-Terrorism and Security Act contains the following measures in relation to our Prevent work:

- Creating a duty on a range of Government organisations working with the public including the police, local authorities, prisons, schools and universities, to prevent people from being drawn into terrorism; and
- Putting 'Channel' (our existing multi-agency voluntary programme to identify and provide support to people at risk of radicalisation) on a statutory basis, to ensure it is delivered consistently nationwide.

Improve UK border and aviation security against terrorists

Our highest Protect priority remains border and aviation security. Investment in data analytics has improved our understanding of complex travel patterns, increasing our ability to identify and address threats to the UK. Better targeting technologies have improved our ability to scrutinise cargo for explosives, firearms, money and drugs. We also now process advance passenger information (i.e. the bio-data included on a passenger's travel document) for around 180 million individual journeys annually, both to and from the UK.

Terrorist groups (particularly those in Yemen and Syria) remain determined to attack civil aviation. We continue to improve UK aviation screening capability by further rolling out security scanners and exploring new detection technology. But aviation security is not just about screening in the UK; since July 2014 we have also been working with a number of other countries and airlines to apply additional security screening of passengers flying to the UK.

Following recent terrorist attacks in Europe we are at the forefront of European work to collect and share more information about people travelling to Syria and Iraq (notably through Passenger Name Records) and to do more to control the movement of firearms across Europe.

The Counter-Terrorism and Security Act 2015 adds to existing border and aviation security powers by enhancing aviation, shipping and international rail security with provisions relating to passenger data, authority to carry (i.e. 'no fly' schemes) and security and screening measures.

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

The Joint Emergency Services Interoperability Programme (JESIP) concluded in September 2014. We have trained over 11,000 Operational & Tactical Commanders, designed and rolled out a control room training course and conducted live-play exercises across every region of the UK. The emergency services are now successfully applying JESIP principles in a range of non-terrorist incidents.

4. Promoting Growth by keeping the UK safe

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

Achievements between April 2014 and March 2015 include:

Overhauling our Visa and Immigration Service

We have invested substantial resource in communications both in the UK and overseas to improve information for customers and to tackle misperceptions about the visa service, both in the UK and overseas. We have created new fact sheets, briefing and marketing materials for our visa offer, which can be accessed by other government departments and partners on the [GREAT brand library](http://www.greatbritaincampaign.com) (www.greatbritaincampaign.com). We have established a cross-government communications group called 'Open for Business and Tourism' to maximise our resources and to ensure a consistent approach to our communications.

We issued 1.5 million entry clearance visas in the period April to September 2014. These figures are comparable with the same period last year when Electronic Visa Waiver applications are included.

We have:

- Continued to develop new premium services for high net-worth individuals and businesses in key growth markets. A priority visa service has already launched in over 100 countries. The Super Priority (same day) service launched in China in August 2014. Both services will be expanded;
- Launched a number of key initiatives in China. An intuitive online application form has been introduced for some visitors designed for use on mobile and tablet platforms. Customers who want extra flexibility can also use a passport pass back service (which allows applicants to retain their passport while their application is processed);
- Expanded the VIP mobile biometric service where, for an additional fee, we visit customers at their preferred location to take their biometrics and documents;
- Continued to pilot an elite service for global business leaders, the GREAT club. We have partnered with Tech London Advocates to hold interactive sessions with economically important groups, such as the technology sector. Both have received very positive feedback from users; and
- Expanded the range of countries in which we offer tailored priority (3-5 day) and super priority (24 hour) services and brought forward a range of other customer improvements.

Trade on our world leading brands

The Home Office's Security Industry Engagement Directorate was established in 2013 to coordinate cross government implementation of the security aspects of the 2012 National Security through Technology White Paper. In the last year:

We have:

- Promoted government and industry expertise overseas, through targeted trade visits and hosting inward delegations;
- Signed a security memorandum of understanding with Qatar, which will broaden and deepen security relationships between our respective countries;
- Co-ordinated and supported international events in Brazil and Japan, looking at opportunities for industry to help secure their respective Olympic and Paralympic Games;
- Supported the security industry: the Home Secretary attended an influential UK counter terrorism exhibition to provide public and visible support;
- Co-ordinated and led a ministerial trade visit to Pakistan focused on protective security.
- Organised and led a maritime security consortium trade event in Nigeria on HMS Iron Duke. We are working with industry to follow up on significant opportunities that were created at this event;
- Established and co-ordinated a quarterly industry and government security growth partnership steering group, providing a new approach to the innovation, promotion and delivery of UK security capabilities; and
- Jointly led a ministerial security session at Commonwealth Games British Business House which provided the climate for international delegations to build relationships with UK industry partners ranging from small medium enterprises to multi-national corporations.

Make lawful travel and trade with the UK easy and attractive

We continue to meet our service level agreements for queue performance at ports and airports, notably including over the peak summer period and during the Glasgow Commonwealth Games.

Improvements have been made at a number of ports, such as Stansted, Manchester, and Edinburgh, including new signage and passenger information. This is proving successful, with increased passenger use of electronic passport gates.

The Registered Traveller scheme allows trusted individuals to pass quickly through the Border passport control using electronic gates. The pilot has been expanded and, from July 2014, registered travellers have been able to use electronic gates at London Gatwick and Heathrow Airports. In addition, Fast Track lanes are in place at London Heathrow terminals. A new, flexibly resourced Fast Track service was introduced at London Heathrow Terminals 1 and 4 in April and Terminal 2 in June 2014. The new service includes a 15-minute queue target (95% of Fast Track queues within 15 minutes), and to date this target has been achieved.

We are continually refining our targeting capabilities to better identify individuals and goods that may pose a risk of harm, ensuring that genuine goods and people may pass through border controls more quickly.

Performance Indicators

This section contains information and data collected by the Department to help measure the impact of our policies and reforms. The Home Office Business Plan includes our input and impact indicators and other data sets. Progress is published regularly on the Home Office website.

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

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

Contextual information on spending figures

The definitions for the spending figures can be found at <http://www.cabinetoffice.gov.uk/resource-library/common-areas-spend-data-definitions>.

For the financial year 2014-15, the QDS has been revised and improved in line with Action 9 of the Civil Service Reform Plan to provide a common set of data that will enable comparisons of operational performance across Government so that departments and individuals can be held to account.

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

Contextual information on Results figures

The measurement annexes for Input indicators, Impact indicators are available on the Home Office website. Structural Reform Plan figures are based on the Home Office Business Plan 2013-15.

Spending

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

2014-2015 Spending	
	Actual
Total Spend (£m)	12,833.35
(A) Spend by budget type (£m)	
(A1) DEL, Sub-Total	10,991.30
(A2) AME, Sub-Total	1,842.05
(A3) Other expenditure outside DEL and AME	0.00
(A1+A2+A3) Total Spend	12,833.35
(B) Spend by internal operation (£m)	
(B1) Cost of running the estate, Sub-Total	108.77
(B2) Cost of running IT, Sub-Total	697.54
(B3) Cost of corporate services, Sub-total	90.76
(B4) Policy and policy implementation, Sub-Total	10,782.13
(B5) Other costs	1,154.15
(B1+B2+B3+B4+B5) Total Spend	12,833.35
(C) Spend by type of transaction (£m)	
(C1) Accruals based procurement spend, Sub-Total	2,342.13
(C2) People costs, Sub-Total	1,185.05
(C3) Grants, Sub-Total	9,341.87
(C4) Other costs	(35.70)
(C1+C2+C3+C4) Total Spend (£m)	12,833.35

Results			
Input Indicators	2014-15	2013-14	Context
Cost per head of population of total police force cost	£174	£188	This excludes the Metropolitan police service and the City of London police figures. The 2014-15 cost is based upon actual government grant funding and council tax income received by the police during the year.
Cost per passenger processed at the UK border	£2.80 ⁴	£3.05	This data may fluctuate as a result of deployment decisions in response to risk and operational requirements, which influence the balance between passenger processing and customs related activity at the border.
Cost per decision for all permanent and temporary migration applications	£166	£173	
Cost of producing and issuing a passport	£62.93 ⁵	£57.71 ⁶	
Impact Indicators	2014-15	2013-14	Context
Crime rates – victim-based crime reported to the police	3,142,935 victim-based crimes recorded by the police in the 12 months to December 2014	3,107,159 victim-based crimes recorded by the police in the 12 months to December 2013	The year to December 2014 data shows a rate of 55.2 victim-based recorded offences per 1,000 population
The size, value and nature of organised crime and our success in diminishing it and its profitability	As of 31 December 2014, UK law enforcement estimated that there were around 5,800 organised crime groups – comprising some 40,600 individuals – causing harm to the UK. The Home Office estimates that the social and economic costs of organised crime in this country are at least £24 billion a year. The Serious and Organised Crime Strategy Annual Report for 2014 reports on progress delivering the Strategy. ⁷	Law enforcement agencies <u>estimate</u> there are around 5,500 active organised crime groups operating to the detriment of the UK, comprising about 37,000 people. The Home Office estimates that the social and economic costs of organised crime in this country are <u>at least</u> £24 billion a year.	
Net migration to the UK	318,000 – data for the end of December 2014	209,000 – data for the end of December 2013	

⁴ Rounded to the nearest 5p

⁵ Unit cost of all passports processed in the UK – first full year of international and domestic business

⁶ Unit cost of all passports processed in the UK – international costs are not included as 2013-14 was a transitional year during which we repatriated the service to the UK

⁷ <http://www.gov.uk/government/publications/the-serious-and-organised-crime-strategy-annual-report-2014> "The Serious and Organised Crime Strategy – Annual Report for 2014"

Impact Indicators	2014-15	2013-14	Context
Annual level of revenue protected through detecting goods where excise duty has not been declared	£279m	£265m	
Clearance of passengers at the border within published standards	99%	99%	
Percentage of migration applications decided within published standards – In country	99.6%	n/a	Migration applications decided within published standards are now calculated individually for in and out of country cases. The service standards changed during the 2014-15 financial year, and we are now unable to report against the old service standards.
Percentage of migration applications decided within published standards – Out of country	96%	n/a	
Percentage of asylum applications concluded in one year	52%	60%	
Passport application processed within target	87.6%	99.6%	

Structural Reform Plan Actions 2014-15

The structural reform plan was published under the 2010 to 2015 Conservative and Liberal Democrat coalition government. The draft structural reform plan published in July 2010 was replaced by the Home Office business plan 2011-15⁸, which was updated to the Home Office business plan 2012-2015⁹. The latest status of progress in delivering actions in our business plan are available on the No 10 website¹⁰.

⁸ <https://www.gov.uk/government/publications/ho-business-plan-2011-to-2015-november-2010>

⁹ <https://www.gov.uk/government/publications/home-office-business-plan-2012-to-2015-may-2012>

¹⁰ <http://transparency.number10.gov.uk/business-plan/5>

Home Office Science

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

Home Office Science is responsible for:

- Informing and improving policy development and implementation;
- Improving operational effectiveness;
- Providing specialist operational capabilities;
- Supporting the Home Office's independent scientific advisory committees;¹¹
- Producing accurate and informative statistics;
- The effective and proportionate regulation of forensic pathology and the use of animals in science;
- Supporting regulation of the quality of forensic science and the use of surveillance camera systems;¹² and
- The delivery of the National DNA Database (NDNAD).

Key Home Office Science achievements in 2014-15:

- Providing physical science and technology expertise and advice to policing and the criminal justice system, including:
 - Completed type approval of two new preliminary drug screening devices, to enable testing under the drug-driving offence that came into effect in March 2015;
 - The NDNAD processed more than 500,000 DNA transactions during the year and was upgraded to accommodate DNA profiles generated from new DNA-17 chemistries, which provide more sensitive and discriminating tests than the previous standard; and
 - Independently assessed the water cannon purchased by the Metropolitan Police Service.
- Informing evidence-based policy and operational decision-making through research and analysis, such as:
 - The Chief Scientific Adviser produced for the first time an estimate of the 'dark figure' of UK cases of modern slavery;
 - Publication of research on migration, including reports on socio-economic characteristics and labour market characteristics of migrants;
 - Completion of the Serious Organised Crime databook, which provides trend analysis on the scale, nature and response to serious organised crime threats; and
 - Publication of statistics on immigration, hate crime, metal theft, and business crime;
- The operation of effective regulatory and advisory functions, including:
 - Delivery of the two Coalition Commitments on the use of animals in science: a policy ban on the testing of Household Products in animals; and publication of a Delivery Plan and a one-year progress report on working to reduce the use of animals in research; and
 - Publication by the Advisory Council on the Misuse of Drugs (ACMD) of a number of reports, including a major report on the impact of powdered cocaine on society; and
- The promotion of growth through the launch of the Security Innovation and Demonstration Centre, which aims to form collaborative partnerships between industry, academia, policy-makers and end-users in order to address grand challenges.

¹¹ Home Office Science Advisory Council; Advisory Council on the Misuse of Drugs; Animals in Science Committee; National DNA Database Ethics Group; Forensic Science Advisory Council.

¹² The roles of Forensic Science Regulator and Surveillance Camera Commissioner are undertaken by public appointees who are independent of government but supported by staff from Home Office Science.

Better Regulation

The Government's priorities for the Home Office have been to cut crime, reduce immigration, prevent terrorism, and to promote growth by keeping the UK safe. In developing policies according to these priorities, the Home Office has continued to have regard to the Government's Principles of Regulation; regulating business and civil society organisations only where there is a robust and compelling case to do so.

Whilst working to achieve these objectives, the Home Office has contributed to the Government's Better Regulation agenda and Red Tape Challenge programme, which together have focused on reducing the overall burden of regulation on business so as to stimulate investment and growth in the UK economy.

Regulatory activity for the reporting year

Regulatory activity for the reporting year is covered by the Seventh, Eighth and Ninth Statements of New Regulation (SNR7, SNR8 and SNR9), published by Government to inform business of regulatory changes, and to track the Government's performance. These publications cover the period from January 2014 to June 2015 and record that the Home Office brought forward two low cost regulations in this time, and eleven deregulatory or 'zero net cost' (regulatory measures where the benefits to business equal or exceed the costs) measures; with an estimated net benefit to business of £7million per annum.

Relevant Home Office policies developed or implemented during this period include the removal of the requirement for personal licence holders within the alcohol sector to renew their licence; updating the poisons regulations to reduce burdens on retailers, whilst simultaneously improving control over the sale of poisons; and the introduction of Primary Authority for the restriction of underage sales of alcohol, improving consistency of enforcement and reducing burdens for retailers.

In addition, two EU measures were implemented during this period.

EU measures implemented during this period:

- the implementation of the EU regulation on the Marketing and Use of Explosives Precursors; and
- the implementation of Article 4(4) of the EU Firearms Directive concerning record-keeping of firearms transactions.

In both cases the Home Office implemented in a proportionate way that kept burdens on business to a minimum.

Audit of legislation

In 2014, the Home Office completed a comprehensive audit of its legislative stock, from 1850 to 2013, in order to identify opportunities for deregulation. The audit confirmed a range of efforts in the last Parliament to reduce burdens on business, and recognised that the Home Office has deregulated when it has been possible to do so without compromising the safety and security of the public. Further deregulatory opportunities were identified, including, for example, one to reduce burdens on the palliative care sector.

The audit of legislation also identified opportunities for the revoking of redundant regulations and the consolidation of legislation, in alignment with the Government's Red Tape Challenge programme. As a result the Department has been able to double its contribution to the Red Tape Challenge, increasing to 76 the number of regulations scrapped or improved during this Parliament.

Regulatory activity during the Parliament – the Ninth Statement of New Regulation

The SNR9 was the final statement in this Parliament and reports the Government's regulatory and deregulatory activity since 2011. A link to the SNR9 document can be found here: [The Ninth Statement of New Regulation¹³](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397237/bis-14-p96b-ninth-statement-of-new-regulations-better-regulation-executive.pdf). Over the course of the Parliament, the Home Office introduced 13 regulatory measures and 20 deregulatory or 'zero net cost' measures. The net balance of the Home Office's regulatory activity during the Parliament produced an estimated cost to business of £94.34million per annum.

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397237/bis-14-p96b-ninth-statement-of-new-regulations-better-regulation-executive.pdf

Many of the regulatory measures contributing to this figure have, however, been introduced to address the concerns of both business and the wider society. For instance, an impact assessment of the Scrap Metal Dealers Act, considered a cost to business of £30.4million. This has led to significant reductions in metal theft, benefitting in particular the rail and telecommunications industries, and reducing delays for rail passengers. The Home Office estimates that the wider benefits to business of this measure are in the region of £100million. Other regulations with significant impacts on business include the banning of vehicle immobilisation on private land without legal authority and combating rogue wheel clamping practices.

The Home Office recognises that it is often how regulations are implemented, rather than the regulations themselves, that is of most concern to business. Initiatives to reduce the burden of regulatory compliance during this Parliament include the introduction of online electronic licensing systems, for licensing both controlled drugs and the use of animals in scientific procedures; simplifying the application process and reducing the time taken to issue licences to businesses.

Sustainability

Home Office sustainability priorities are to:

- Assess and manage social and environmental impacts and opportunities in policy development and decision making;
- Deliver on the Greening Government Commitments¹⁴ (GGC) by 2014-15; and
- Procure from small businesses with the aspiration that 25% of all spend in contracts should be awarded to small and medium enterprises (SMEs) by 2016-17.

Governance Arrangements

Overall accountability for delivering and mainstreaming sustainability in the Home Office falls to the Permanent Secretary and is championed by our Chief Commercial Officer. A Home Office Minister has oversight and responsibility for sustainability and attends the Home Affairs Greening Government Commitments (GGC) sub-committee. Day to day delivery is carried out by the Sustainability Team, who seek input and advice from a virtual Sustainability Implementation Group, which comprises members from Home Office business units and functional teams. The Sustainability Team acts as a focus and challenge to the Department to ensure sustainability principles are embedded into the business.

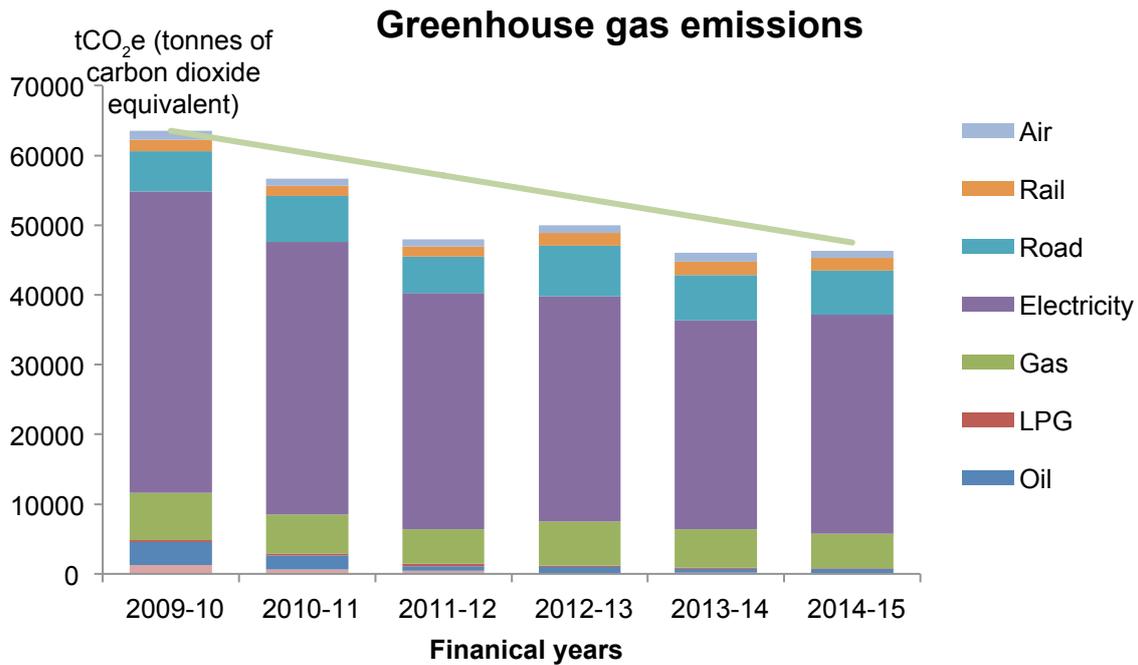
GGC Progress

Managing greenhouse gas emissions from buildings and travel

We have achieved a 27% reduction in greenhouse gases against a 2009-10 baseline. This exceeds the 25% GGC target and has been achieved by estate consolidations and energy saving measures.

Managing greenhouse gas emissions		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators (tCO₂e) (nominal)	Domestic travel related emissions	8,523	9,072	7,630	10,171	9,626	9,114
	Building related emissions	54,852	47,601	40,279	39,793	36,674	36,989
	Reported greenhouse gas emissions	63,375	56,673	47,909	49,964	46,300	46,103
Financial Indicators (£'000)	Building energy expenditure	10,190	9,548	8,349	8,826	8,566	8,134
	CRC registration and license expenditure	Not applicable	2	1	1	2	1
	CRC (carbon reduction commitment) allowances	Not applicable	Not applicable	503	523	404	702
	Expenditure on official domestic business travel	13,277	12,004	11,297	14,303	17,101	15,692
	Expenditure on accredited carbon offsets (for air travel)	57	26	17	3	2	7
	Total expenditure	23,524	21,580	20,167	23,656	26,075	24,536

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



Managing our buildings

Although energy use has fallen in each of the last three years, this year's carbon conversion factors have resulted in a small rise in greenhouse gases this year compared to last. Nevertheless we have delivered a 32% reduction in greenhouse gas emissions from our buildings against 2009-10 baseline.

We have:

- Consolidated our estate, taking opportunities to vacate buildings as leases end;
- Incentivised our facilities managers suppliers to invest in new technologies such as boiler controls and voltage optimisers;
- Managed energy demand to minimise consumption through on-line monitoring to identify unexpected changes and facilitate urgent rectification by adjusting temperature settings and hours of plant operation;
- Installed more efficient computer hardware and architecture; and
- Reduced the amount of oil used for heating.

Energy use, in several of our buildings, can be viewed online¹⁵.

The Department purchases over 84% of its electricity from renewable sources.

Managing greenhouse gas emissions from buildings		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators (tCO ₂ e)	Electricity: non-renewable	26,227	22,203	19,173	16,896	6,490	4,806
	Electricity: renewable	16,971	16,891	14,702	15,365	23,704	26,475
	Gas	6,774	5,623	4,938	6,388	5,589	4,920
	Liquefied Petroleum Gas (LPG)	318	237	350	166	162	102
	Oil	3,302	2,016	694	956	586	574
	Fugitive emissions	1,260	631	422	22	143	112
	Total	54,852	47,601	40,279	39,793	36,674	36,989

¹⁵ <http://webview2.ecodriver.net/HomeOffice/>

Managing travel

Greenhouse gas emissions from travel arise from our vehicle fleet, hire cars, taxis, staff travelling in their own vehicles (where this is reimbursed) and business air travel. Overall travel emissions have increased by 7% against the 2009-10 baseline but there has been a small drop against 2013-14. The number of domestic flights taken has fallen by 8% against the baseline and 12% against 2013-14. There has been an increase in usage of vehicles (except grey fleet) and rail travel, with more mobile units carrying out more operational deployments throughout the UK.

Managing greenhouse gas emissions from travel			2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators	tCO ₂ e	Air	1,198	1,020	1,022	1,152	1,231	963
		Rail	1,557	1,445	1,348	1,720	1,836	1,854
		Grey fleet ¹⁶	2,163	2,100	1,578	1,607	1,390	1,146
		Hire car	918	1,101	1,073	1,270	1,672	1,858
		Taxis	53	53	35	35	48	31
		Fleet	2,634	3,353	2,574	4,387	3,449	3,262
		Total	8,523	9,072	7,630	10,171	9,626	9,114
	('000) Number	Domestic flights	15,241	11,631	8,917	11,603	15,928	13,963
Financial Indicators (£'000) (nominal)		Air	1,329	959	1,031	1,222	1,365	1,363
		Rail	7,430	5,958	5,747	8,257	8,828	9,646
		Grey fleet	2,496	2,234	1,800	1,878	1,551	1,226
		Hire car	524	743	829	976	1,375	1,512
		Taxis	577	486	403	430	439	288
		Fleet	921	1,624	1,487	1,540	3,543	1,657
		Total	13,277	12,004	11,297	14,303	17,101	15,692

Managing water

The majority of water is used by our staff and visitors. Some larger buildings use water for cooling or catering. We have reduced water consumption by 43% against the 2009-10 baseline through building vacations; investment in water-saving technology; improved facilities management awareness and on-line metering.

Managing water		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators ('000 m ³)	Supplied	306	248	227	198	200	172
	Abstracted	4	5	2	3	4	3
	Total water	310	253	229	201	204	175
Financial Indicators (£'000) (nominal)		557	386	349	340	378	389

Managing office waste

Office waste includes shredded and un-shredded used paper, dry mixed recyclables, food waste, sanitary waste and packaging. We have achieved a 31% reduction against the baseline target of 25%. Total office waste has fallen due to a combination of factors including reductions in packaging, changes to our building portfolio and staff behaviour and improvements in waste data accuracy within our supply chain. Recovery rates have fallen from 78% to 66%. This may be due to changes in measurement in our waste supply chain and the use of round-robin collections. In our London Headquarters we recover 100% of office waste.

¹⁶ Private cars used for official business travel

Managing office waste		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators (tonnes)	Recycled	4,445	3,569	2,991	2,639	2,297	2,429
	Composted	Not Known	Not Known	Not Known	6	59	99
	Incinerated with energy recovery	Not Known	Not Known	Not Known	154	82	70
	Total recovered	4,445	3,569	2,991	2,799	2,438	2,598
	Incinerated without energy recovery	Not Known	Not Known	Not Known	3	19	21
	Landfill	1,240	1,290	1,504	1,022	989	1,283
	Total waste	5,685	4,859	4,495	3,824	3,446	3,902
Financial Indicators (£'000) (nominal)	Total recovered	626	478	391	365	291	Not Applicable
	Landfill and incinerated without energy recovery	99	103	120	85	83	Not Applicable
	Total disposal cost	725	581	511	450	374	Not Applicable

Managing office paper

We have reduced paper purchased by 19% against the 2009-10 baseline. Progress over the last five years is shown below.

Following a steady decline in paper use we have experienced two year on year increases. This is attributable to the passport application process (whereby work done overseas was transferred to the United Kingdom) and other operational arrangements in London.

This year we have encouraged the use of digital media and used the wider 'Save it!' campaign to demonstrate to staff the cost of printing, providing tips on double sided printing and reducing papers printed for meetings.

Managing paper (A4 equivalent)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Financial Indicators (reams)	398,001	376,832	287,220	251,686	288,304	322,182
Financial Indicators (£'000)	672	739	833	581	686	847

The data

All arms-length bodies are represented in this section, except the Office of the Immigration Services Commissioner which are not required to report (based on their size) and Disclosure and Barring Service (DBS) which is now a Public Corporation. We have restated some figures from last year to take account of improvements in data quality and the removal of DBS data. Many of our buildings are shared with others and managed by landlords, these are not reported. All data is UK only. Carbon Smart provides limited data checks for all GGC reporting requirements. The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business.¹⁷

¹⁷ <https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses>

Sustainable procurement

We ensure that sustainability is factored into how we buy goods and services and ensure that value for money is reflected over the lifetime of the contract. For example the Government Buying Standards (GBS)¹⁸ are incorporated throughout the procurement process. We continue to exceed our expenditure with SME target. As at January 2015 this was 18.6%.

By using the annual CAESER (Corporate Assessment of Environmental, Social & Economic Responsibility) assessment tool, we are able to monitor the sustainability performance of our core suppliers and track progress. We have developed a Corporate Social Responsibility Procurement Guide to provide contract managers with guidance and examples of best practice. We have also launched a web based Commercial Intelligence Tool that monitors critical factors, including sustainability, of our most important contracts.

Embedding Sustainability

This year we have prioritised:

- Influencing the performance of our supply chain and the police estate and police procurement decisions;
- Measuring the carbon cost of crime and sustainability of asylum accommodation and services;
- Benchmarking our buildings energy performance; and
- Improving guidance for policy makers.

Further information on these priorities, rural proofing, climate change adaptation and more detailed information of our performance against GGC will be published later this year in our 2014-15 Sustainability Report¹⁹.

Estates Strategy

The Department owns limited freehold property. Most property assets are leasehold. Our Estate Strategy has been updated to support ongoing business and transformation delivery plans over the next five years. The strategy sets out a programme to reduce our property holdings by surrendering leases and using our existing strategic properties more efficiently and effectively by encouraging staff to work in more flexible and agile ways, enabled by the working environment and infrastructure. We are working with other Departments and the Government Property Unit to recycle and release surplus land and accommodation. A specific estate strategy is being developed for the Immigration Removal Estate.

We have well established strategic hubs in Croydon, Liverpool, Sheffield and Greater London. We will be consolidating sites in Manchester in 2015-16.

We obtain alternative use valuations for freehold properties where there may be potential for securing greater value through relocation and disposal. This has led to the disposal of Bramshill Police College and sale subject to planning consent for residential re-development of the former Police College at Harrogate in 2014-15.

¹⁸ <http://sd.defra.gov.uk/advice/public/buying/>

¹⁹ <https://www.gov.uk/government/organisations/home-office/about/our-energy-use>

Our Staff

Our diversity strategy

The Department's vision is to make the most of our diversity by promoting effective and authentic leadership, by seeking behaviour change and by securing tangible outcomes. Four interlinking strategic aims have been set out in the strategy for 2013–16 to help us achieve this:

Aims of our Diversity Strategy 2013-16

- Leading a diverse workforce;
- Creating a representative workforce;
- Delivering an inclusive working environment; and
- Improving how we deliver services to the public.

The role of Civil Service, including our Home Office, diversity champions is to foster and embed equality for a designated specific protected characteristic across the Civil Service and their department, to improve performance as an employer and in the service we deliver to our customers. The Home Office Diversity Strategy Board with the support of the Diversity Delivery Group, is responsible for setting and overseeing the delivery of the strategy.

Diversity Strategy Board responsibilities

- Define and set the Department's strategic direction on diversity;
- Drive the development of an organisational culture that is inclusive and recognises, respects and values difference; and
- Holds business areas accountable for mainstreaming equality and diversity into their business to deliver their objectives.

Health and Wellbeing

The Home Office's Health and Wellbeing Strategy was launched during 2014-15. This sets out three key aims including that every member of staff working in the Home Office fully understands that their health and wellbeing matters. A new attendance management policy was launched during this period with a key focus on employee wellbeing and encouraging managers to provide early support to staff both to prevent and reduce absence. Specific projects during the year relating to health and wellbeing have included the delivery of structured focus groups and workshops for such issues as the management of musculoskeletal injury and stress. These have been aimed at employees and managers to enable them to deal with workplace risk in relation to health and wellbeing and reduce the likelihood of ill health and absence. A programme of environmental surveys has also been initiated to assess the impact of environmental stressors such as noise, particulate and fume and develop controls where required to sustain a healthy workforce.

Workforce

The Department has robust and flexible workforce plans in place for the next year which will allow it to continue to manage its workforce, deliver business priorities and live within expenditure plans. Where appropriate, we have deployed our workforce flexibly; for example UK Visas and Immigration staff were deployed on Her Majesty's Passport Office business over the summer of 2014 and we will continue to use our workforce in such ways in future years. We have been promoting opportunities for staff to work flexibly including access to the Civil Service Job Share Finder tool. To further support working parents we have also published policy and guidance on the right to shared parental leave (SPL) introduced in The Children and Families (C&F) Act 2014.

Capability and skills

Building the capability of our people remains central to our ability to deliver better as an organisation. 2014-15 saw the introduction of the first cross Home Office Skills Plan. This set out priority areas for development to contribute to Home Office transformation and the achievement of consistent competence across the Department.

Progress against the plan has included:

- Take up of 1,000 places on the new Management Fundamentals programme to improve the capability of our managers;
- Expanding the offer of the Leadership Development programme to staff based overseas;
- Professionalisation of operational skills; and
- Improving commercial, digital, policy making and project delivery.

The refreshed Home Office Skills Plan for 2015-16 sets out ten priority areas where learning and development can be translated into improved performance and productivity and delivery of Home Office objectives. The priority areas are:

Priority areas for Learning and Development

- Leadership of Operations and Change;
- Management Skills;
- Operational Skills;
- Working with Ministers;
- Policy Making;
- Commercial and Finance;
- Project Delivery;
- Digital;
- Data Analytics; and
- International.

This plan will position the Home Office for the challenges of future years when demand for its services is likely to be larger in a technically more advanced world. It is also likely that there will be a requirement for more highly skilled, more productive and more flexible staff who are capable of driving their own development in support of an agile Home Office.

Community Involvement

The Home Office recognises that staff who undertake voluntary work not only benefit the communities in which they live and work, but also gain skills and experience that may be useful in the workplace.

Staff can apply for special leave with pay of up to five working days a year to work outside the Home Office as a volunteer. More days are available, for example, for staff who undertake community work as a special constable (ten days), a magistrate (eighteen days) or a school governor (six days). Links to a wide range of volunteering opportunities are advertised on the departmental intranet.

Gender

The Home Office is committed to ensuring that both men and women are able to reach their full potential in the Home Office. We are continuing to look to attract a larger number of female senior civil servants to work in the Department.

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

In addition, we have held focus group discussions, hosted by the gender champion, to explore the 'Women in Whitehall' report's findings and recommendations on the barriers to the progression of talented women. These discussions identified four common themes around: leadership and culture; children and ageism; policy and practice and the retention of talent. In January 2015, the Department's Diversity Strategy Board (DSB) agreed priorities to be taken forward, which include focus on supporting women to fulfil their potential, confidence building

and improving opportunities by providing better support for parents and pro-actively promoting flexible working opportunities.

Number of male and female employees²⁰:			
	Female	Male	Total at 31 March 2015
Directors ²¹	3	7	10
Senior Managers ²²	83	158	241
Employees	17,306	16,395	33,701

Strategic Review

Funding

The Home Office is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans is sought through the Main Estimates presented to the House of Commons, specifying the estimated expenditure and asking for the necessary funds to be voted. The Department draws down voted funds in year from the Consolidated Fund as required.

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

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

Changes made to the Department’s Estimate at the Supplementary Estimate stage:
<ul style="list-style-type: none"> • Funding amounting to £237 million was agreed in relation to estimated Tribunal costs; • An AME budget increase of £819 million mainly related to estimated police pension costs; • Funding of £4.4 million for the Gangmasters Licensing Authority, which transferred from the Department for Environment, Food and Rural Affairs; • Additional funding to cover the costs of policing the NATO summit (£35 million); • Additional costs of £80 million in relation to the utilisation of existing provisions, including related to the 2011 riots damages costs; • Programme funding to cover additional Border Force operational costs at Calais (£6 million); and • A number of transfers with other departments in relation to court costs associated with the Immigration Act of 2014, support for the Syrian vulnerable persons resettlement project, funding to cover work with the victims of child sexual exploitation and additional funding to strengthen national cyber security.

²⁰ Based on headcount (not full-time equivalent). Includes permanent and temporary employees

²¹ Members of the Executive Management Board

²² All managers at Senior Civil Service (SCS) level

Outturn

The Statement of Parliamentary Supply (SOPS), which is the main parliamentary control schedule, reports the outturn against Estimate (the Estimates Boundary). Additional detailed actual spending during 2014-15 against Estimate sub-heads is reported in the Analysis of Net Resource Outturn by Section (note 2.1 to the SOPS). Estimates for each sub-heading are finalised in the Supplementary Estimate with work to formulate these numbers taking place in December each year.

Estimate and the Accounts

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

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

- a) The resource budgeting boundary excludes items such as capital grants provided by the Home Office to Local Authorities (resource budgeting boundary excludes all capital grants); and
- b) The budgeting boundary includes items which are not reported in the Estimate or accounts, for example, on balance sheet PFIs. (HO Estimate boundary is the same as the budgeting boundary as it includes all our DEL and AME). Payments to suppliers are classified as resource expenditure for budgetary purposes.

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

The overall spend for the year was in line with expectations at £13.195 billion (including resource, capital & AME).

The total DEL resource at £10.980 billion (resource only) shows an under spend for 2014-15, against the Supplementary Estimate, of £157 million (a variance of 1.4%). This is broken down as follows:

- DEL admin under spend of £76 million; and
- DEL programme under spend of £81 million.

The main cause of the underspend was final legal/litigation costs being less than expected. A number of legal cases concluded during the year, and the spend was generally less than originally forecasted. This was in line with Treasury expectations following a reserve claim at the Supplementary Estimates.

Across the business areas, the resource spend was generally in line with both expectations and delegated budgets. However, the significant variances between actual spend and delegated budgets within business areas are explained below:

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

Significant variances between actual spend and delegated budgets:

- Her Majesty's Passport Office income was £74 million higher than planned due to greater than expected demand for passports;
- In meeting the increased demand for passports, HMPO incurred additional costs of £15 million compared to the original budget;
- The Office for Security and Counter-Terrorism under spent by £6 million, as a result of additional Asset Recovery income being realised;
- Border Force under spent by £5 million largely due to the planned reductions in the Border Systems Portfolio;
- The Corporate Services spend was £3 million greater than expected, largely due to increased estates costs and reduced Bramshill sale proceeds;
- There was an under-recovery of UK visa and immigration income (£5 million) largely driven by lower in-country migration demand and lower visit visa volumes. These reductions in demand were partially offset by higher than forecast uptake of optional premium services both in the UK and overseas;
- Increased UK visa and immigration costs (£19 million) were driven by higher asylum support costs caused by increased intake related to the problems in Syria and North Africa. Operational costs were £29 million higher than planned, primarily due to additional legal costs and workforce costs; and
- The Department incurred reduced immigration enforcement expenditure (£37 million) due to lower detention, escorting and removal costs.

Annually Managed Expenditure (AME), at £1,842 million, shows an under spend of £275 million. The vast majority of the departmental AME spend relates to the police pension top-up payment (£1.424 billion) and the establishment, at the Treasury's request, of a provision (which we have estimated to be £460 million) to reflect the probability that litigation results in revised lump sum pension payments for retired police officers following the Pensions Ombudsman's ruling.

Capital at £373 million showed an under spend of £18 million against budget. The majority of this underspend (£6 million) related to PFI capital adjustments and reduced police grants (£4 million) including those related to the Innovation Fund. The remainder of the underspend was caused by reduced detention estate and IT project costs.

The overall spend of the Department is declining, in line with reduced budgets. However, the resource spend of £12.822 billion in 2014-15 was greater than the pre-restated spend of £11.950 billion in 2013-14. The temporary increase in spend was due a number of exceptional items, often outwith the direct control of the Department. These included:

- The establishment of a police pension provision at the Treasury's request following recent litigation (which we have estimated to be £460 million);
- An increase between years of police pension top-up payments (£138 million);
- Significant one-off legal/litigation costs (£150 million);
- Additional policing costs for the NATO Summit meeting (£35 million); and
- The Gangmasters Licensing Authority being consolidated within the departmental boundary for the first time in 2014-15.

Statement of Financial Position

The year end Statement of Financial Position (balance sheet) was in line with expectations. There are a number of points to note:

- From 1 October 2014, Her Majesty's Passport Office is included in the results for the core Department, having previously been an executive agency. Non current asset balances at the year end reflect this change;
- The Department sold the Bramshill site during the year, and therefore the assets held for resale declined to £7 million;
- The Department had a cash balance of £166 million at the year end. Although this balance was lower than in the previous year, it still reflects significant receipts from other government departments late in the reporting year;
- Current provisions moved from £139 million at the start of the year to £505 million at the year end. This movement reflected, in the main, the creation of a pension scheme provision. The Treasury asked the

Department to establish this provision to reflect the estimated cost of probable revised lump sum payments for eligible retired police officers; and

- Non current provisions increased from £138 million at the start of the year to £177 million at the year end. This was mainly due to an adverse movement in the pension liability for the Forensic Science Service of £42 million.

Cash Requirement

The overall cash requirement at 31 March 2015 was £12.616 billion, compared with a net control total figure of £12.952 billion. This was in line with expectations, reflecting both cash drawn down and in year movements in working capital.

Contingent Liabilities

As required by the FReM, notes 17 and 18 also disclose the Department's contingent liabilities not required to be disclosed under IAS37, but which have been reported to Parliament in accordance with Managing Public Money. The Department is taking steps to help minimise the risks of these contingent liabilities crystallising as part of its normal risk management processes.

Spend on consultancy services and temporary staff

The Home Office has a robust consultancy and contingent labour expenditure control process. This process ensures that all requests to appoint external consultancy services or extend existing arrangements, require approval by the Consultancy & Contingent Labour (CCL) Board. This control covers the Home Office core, agencies and NDPBs.

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

Full year spend in 2014-15 on Consultancy and Contingent Labour (CCL) by the Home Office, including agencies and NDPBs, was £89.6 million. The figure represents an increase of 1.2% from 2013-14 spend which was £88.5 million (after DBS CCL costs of £1.9million in 2013-14 have been removed for comparative purposes). Her Majesty's Passport Office this year has been included within Home Office HQ.

The Home Office monitors consultancy/agency staff costs to ensure that the continuing expenditure represents best value for money for the organisation. Of the £78million spend by the Home Office core Department, £41million is for agency staff predominantly in UK Visas and Immigration. Delays in recruitment of fixed term staff throughout the year, primarily through CCL staff conversion meant that agency Full Time Equivalent (FTE) staff were retained in permanent posts although the overall FTE was generally within the budgeted FTE. Additionally, at the start of 2014-15 we experienced a higher than expected demand for passports and UK Visas and Immigration (UKVI) staff were diverted from migrant casework processing to passports in order to ensure service levels were met. Agency staff have been retained as a flexible resource to deal with backlogs in migrant casework and asylum applications.

Consultancy Services	2014-15 total expenditure (£000)
Home Office core Department	12,714
Independent Police Complaints Commission	677
College of Policing	152
Security Industry Authority	1,077
TOTAL	14,620

Contingent Labour/Agency Costs	2014-15 total expenditure (£000)
Home Office core Department	65,402
Independent Police Complaints Commission	2,291
College of Policing	5,374
Security Industry Authority	1,902
Gangmasters Licensing Authority	7
TOTAL	74,976

Total Consultancy Services and Contingent Labour/Agency Costs	2014-15 total expenditure (£000)
Home Office core Department	78,116
Independent Police Complaints Commission	2,968
College of Policing	5,526
Security Industry Authority	2,979
Gangmasters Licensing Authority	7
TOTAL	89,596

Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) received a total of 1,222 complaints against the Home Office in the calendar year ending 31 December 2013. This is the period for which the most recently published Parliamentary Ombudsman's report²³ is available.

Enquiries received	Complaints assessed	Complaints resolved through intervention	Complaints accepted for investigation	Investigations upheld or partly upheld	Investigations not upheld
1,222	550	64	117	23	11

All recommendations made by the Ombudsman were complied with.

The number of enquiries about the Home Office decreased by 14% in 2013, falling from 1,417 to 1,222. This was driven by a 13% decrease in enquiries about what was the UK Border Agency or the UK Border Force, who accounted for 87% of all enquiries about the Home Office. There was also a 35% drop in enquiries about HM Passport Office. The proportion of enquiries about the Home Office where the customer was seeking advice on where and how to complain decreased from 68% to 57% with the remaining 43% taken on as complaints to be assessed.

²³ http://www.ombudsman.org.uk/_data/assets/pdf_file/0005/25259/FINAL_Government_Complaint_Handling_report_2013.pdf

The Ombudsman assessed 550 complaints, similar to the 541 that they assessed in 2012. Of these, 518 were about what used to be the UK Border Agency or the UK Border Force. The number of complaints accepted for investigation rose from 29 to 117 as a result of changes in the Ombudsman processes. Of these, 104 related to the former UK Border Agency or the UK Border Force. The number of complaints upheld or resolved through intervention rose from 79 to 87. All of these related to what was previously known as the UK Border Agency or the UK Border Force.

Learning from complaints

Complaints about what was the UK Border Agency covered many different areas of their business, but the main theme running through those cases was delay.

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

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

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

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 2014-15, Home Office Headquarters received 12,232 letters and emails from the public which required our response. We replied to 95% of this correspondence within the target of 20 working days.

Payment of Suppliers

The Home Office has signed up to the Confederation of British Industry's (CBI) prompt payment code and BS7890, the British Standard for payment. Through the adoption of measured Service Improvement, accurate and timely management information and effective business engagement, we continue to maintain our prompt payment performance throughout the year. We aim to pay all valid invoices within five days of receipt of the compliant invoice. We paid 88% of invoices within 5 working days in 2014-15 (2013-14: 87%). We paid 99% of invoices within 30 days in 2014-15 (2013-14: 99%).

Mark Sedwill
Accounting Officer

Date: 5 June 2015

Directors' Report

Lead Non-Executive Board Member's Report

Composition

There were a number of changes in Board membership during the year and the Home Office only had two NEDs in place for most of this period. This naturally created some discontinuity. However, four Supervisory Boards were held and were well attended and interactive.

Quality

Board agendas have covered a number of topics: from strategic updates through to 'deep-dive' items such as a review of the project portfolio, key risks and budget challenges and planning.

The meetings were focused, effectively chaired; with debate encouraged. Agendas were relevant and set appropriately to afford Board insight and scrutiny. The logistics of meetings and communications were timely and well managed. The support of the Board Secretariat is appreciated.

Departmental involvement of NEDs

During the year, NEDs have chaired and been members of the Audit and Risk and Nominations Committees and sat on key appointment panels. They have also contributed to specific issues where an external perspective was helpful, such as the Home Office Transformation programme including the Borders portfolio, the changes to HM Passport Office and the Triennial review of the IPCC. Numerous other activities have involved NEDs such as attendance at staff away days and mentoring of individuals within the Department. NEDs also attend the Permanent Secretary's weekly thematic Executive Management Board meetings on an individual basis, which is invaluable in gaining a greater insight into the issues the Department faces.

Conclusion & recommendations

In summary, the Supervisory Board has added value with interactive debate and thematic reviews. The Department has made good use of the external expertise NEDs provide at the Board and in numerous other forums and activities.

Evaluation of Board effectiveness

In light of the fact that only two NEDs were in place (and for some months only one NED), a full Board evaluation is not appropriate. It is recommended that a full review be carried out once new NEDs are in place. Actions identified in earlier evaluations have, however, been reviewed and updated as follows:

Update on Actions

- Minutes or updates from sub-committees of the Board to be circulated between Board meetings; committee Chairs to provide updates at every Board meeting or should significant issues arise. **Updates are now provided at Board meetings.**
- Board to consider whether monthly briefings between Board meetings on key departmental issues would improve information flows between meetings. **The ability for NEDs to attend Executive Management Board meetings now ensures that key departmental issues are more easily communicated.**
- A review of the Supervisory Board Operating Framework by the Board Secretariat. **The Board Secretariat is reviewing Board governance structures to be agreed following the General Election.**
- Risk reporting data to be re-evaluated to ensure that it includes a sharper focus on key Arm's Length Body risks. **Risk reporting does cover Arm's Length Bodies but further work could be done on this.**
- Board to consider scheduling at least two informal meetings a year in addition to a Strategy Away day. **Not applicable until all NEDs are in place.**
- Board to consider whether routine discussions should be condensed to the first thirty minutes of Board meetings, to allow the discussion of one priority issue for the rest of the meeting. **Specific topics have been discussed and routine discussions reduced.**
- Board members to be briefed on any high-profile issues as they arise, if possible before media coverage. **Partly complete, some issues have been briefed.**
- Proposals to be developed for Non-Executive Directors to be aligned with different Home Office work streams and to provide a source of external challenge where requested. **In place. Both NEDs are aligned with different subject areas.**

Sue Langley

Home Office Lead Non-Executive

Our Ministers

The following ministers were responsible for the Department during 2014-15:

	<p>Rt Hon Theresa May MP Secretary of State for the Home Office</p>
	<p>Rt Hon Lord Bates Lords Minister and Minister for Criminal Information (from 6 August 2014)</p>
	<p>Lord Taylor of Holbeach Lords Minister and Minister for Criminal Information (until 5 August 2014)</p>
	<p>Lynne Featherstone MP Minister of State for Crime Prevention (from 4 November 2014)</p>

	<p>Rt Hon Mike Penning MP</p> <p>Minister of State for Policing, Criminal Justice and Victims (jointly with the Ministry of Justice) (from 15 July 2014)</p>
	<p>James Brokenshire MP</p> <p>Minister of State for Immigration and Security</p>
	<p>Karen Bradley MP</p> <p>Minister for Modern Slavery and Organised Crime</p>
	<p>Rt Hon Damian Green MP</p> <p>Minister for Policing, Criminal Justice and Victims (Jointly with Ministry of Justice) (until 14 July 2014)</p>
	<p>Norman Baker MP</p> <p>Minister of State for Crime Prevention (until 3 November 2014)</p>

Machinery of Government Changes

The entities consolidated within the departmental boundary during 2014-15 are listed in Note 22 to the accounts. The Department continued to undergo re-organisation during the year. On 9 April 2014, the Prime Minister announced that the Gangmasters Licensing Authority (formally a Non-Departmental Public Body of the Department for Environment, Food and Rural Affairs) transferred to the Home Office. In line with merger accounting principles, the prior year numbers have been restated to include the results of the GLA. The financial impact of Machinery of Government (MoG) changes are explained in more detail in Note 26.

The other key organisational changes during the year are listed below:

a) following a ruling from the Office for National Statistics (ONS), the Disclosure and Barring Service was reclassified as a Public Corporation, and hence it is no longer included within the Home Office departmental boundary; and

b) Her Majesty's Passport Office (HMPO) ceased operating as an executive agency of the Department on 30 September, and was integrated within the core Department thereafter.

Going Concern

The Consolidated Statement of Financial Position as 31 March 2015 shows taxpayers' equity of £(269.3) million, (2013-14 £137.0 million).

In common with other government departments, the future financing of the Department's liabilities is to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. Accordingly, it is appropriate to adopt a going concern basis for the preparation of these financial statements.

External Auditor

These financial statements have been prepared in accordance with the Government Resources and Accounts Act 2000 and are subject to audit by the Comptroller and Auditor General.

The total notional NAO audit fee for the core Department and its agencies was £505,000 (2013-14, £701,000), of which that for the core Department alone was £400,000 (£495,000 2013-14). The audit fee for the Department's non-departmental public bodies was not notional and totalled £269,000 (£248,000, 2013-14 restated for Machinery of Government changes). No remuneration has been paid to the NAO during 2014-15 for non-audit work (2013-14 £nil).

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.

Political and Charitable Donations

The Home Office has not made any political or charitable donations during 2014-15.

Future developments

The 2013 Spending Round (SR13) imposed significant reductions in departmental expenditure for the financial year 2015-16. The Department's resource expenditure limits (excluding depreciation) will be £10,320 million (post Main Estimate). Within this resource settlement, the Department's administration budget (excluding depreciation) will reduce to £400 million, equivalent to more than a 50 per cent real-terms reduction compared to the 2010-11 baseline used in Spending Review 2010. In line with the most recent Office for Budget Responsibility projections, the Home Office is anticipating that further reductions will be required through the course of the next Parliament. We have put in place a programme of work to develop the Department's medium-term plans up to 2020, and the transformation plans that will be required to deliver further savings whilst meeting expectations on service standards and public protection. Plans will be finalised as part of any future spending round process led by HM Treasury.

Our Boards

Supervisory Board (SB)

The Secretary of State-chaired Supervisory Board (SB) monitors the Department's performance against its business plan at a strategic level and provides the overall leadership of the Department. It consists of ministers, non-executive directors, drawn primarily from the commercial private sector, and senior departmental officials. The Board's agendas over the last year have covered:

- A range of 'hot topics' that the Department has been dealing with and updates on delivery priorities;
- Performance against strategic priorities;
- Input from sub-committees particularly on Internal and External Audit and Risk Management issues;
- In year financial performance and forward financial plans including transformation projects;
- Consideration of lessons to be learnt from previous experiences such as those concerning the Passport Office, and
- Staff Skills and Development planning.

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

The membership of the Supervisory Board during 2014-15 is listed below:

Ministers	
Rt Hon Theresa May MP	Secretary of State for the Home Office
Rt Hon Lord Bates	Parliamentary Under Secretary of State for Criminal Information (from 6 August 2014)
Lord Taylor of Holbeach	Lords Minister and Minister for Criminal Information (until 5 August 2014)
Lynne Featherstone MP	Minister of State for Crime Prevention (from 4 November 2014)
Rt Hon Mike Penning MP	Minister of State for Policing, Criminal Justice and Victims, jointly with the Ministry of Justice (from 15 July 2014)
James Brokenshire MP	Minister of State for Immigration and Security
Karen Bradley MP	Minister for Modern Slavery and Organised Crime
Rt Hon Damian Green MP	Minister for Policing, Criminal Justice and Victims, jointly with the Ministry of Justice (until 14 July 2014)
Norman Baker MP	Minister of State for Crime Prevention (until 3 November 2014)
Officials	
Mark Sedwill	Permanent Secretary
Peter Storr	Acting Director General, International and Immigration Policy Group (from 2 March 2015)
Charles Farr	Director General, Office for Security and Counter-terrorism
Mike Parsons	Chief Operating Officer
Sir Charles Montgomery	Director General, Border Force
Sarah Rapson	Director General, UK Visas and Immigration
Mary Calam	Director General, Crime and Policing Group
Kevin White	Director General, Human Resources
Mandie Campbell	Director General, Immigration Enforcement
Peter Fish	Director General, Legal (from 22 April 2014)
Mike Anderson	Director General, International and Immigration Policy Group (until 2 March 2015)

Tyson Hepple	Acting Director General, Her Majesty's Passport Office (from 10 November 2014 until 31 March 2015)
Mark Thomson was appointed Director General of Her Majesty's Passport Office on 1 April 2015.	
Non-Executive Directors	
Sue Langley	Lead Non Executive Director from 1 May 2014
Val Gooding	resigned 30 April 2014
Alan Brown	from 11 August 2014

Role of the Executive Management Board (EMB)

The EMB, chaired by the Permanent Secretary and made up primarily of senior officials, is the Department's senior management team, providing corporate strategic leadership and overseeing the day-to-day running of the Department.

It supports the Supervisory Board in driving the development of the Department's leadership and wider capability, and setting the strategy for developing all Home Office staff; in maintaining oversight of performance; and in ensuring that all parts of the organisation are working together effectively.

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

Officials

Mark Sedwill	Permanent Secretary
Peter Storr	Acting Director General, International and Immigration Policy Group (from 2 March 2015)
Charles Farr	Director General, Office for Security and Counter-terrorism
Mike Parsons	Chief Operating Officer
Sir Charles Montgomery	Director General, Border Force
Sarah Rapson	Director General, UK Visas and Immigration
Mary Calam	Director General, Crime and Policing Group
Kevin White	Director General, Human Resources
Mandie Campbell	Director General, Immigration Enforcement
Peter Fish	Director General, Legal (from 22 April 2014)
Mike Anderson	Director General, International and Immigration Policy Group (until 2 March 2015)
Tyson Hepple	Acting Director General, Her Majesty's Passport Office (from 10 November 2014 until 31 March 2015)

Non-executive directors

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

The start and end dates of the non-executive directors were as follows:

Non-Executive Director	Start Date	End Date
Sue Langley	1 December 2013	30 November 2016
Val Gooding	4 January 2011	30 April 2014
Alan Brown	11 August 2014	10 August 2017

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

Public Appointments

All appointments to Home Office sponsored public bodies are made in accordance with the principles of merit, openness and fairness, as set out in the Commissioner for Public Appointments (OCPA) Code of Practice. From 01 April 2014 appointments have been managed centrally by a dedicated team in Human Resources for greater consistency of approach. As a result, the Department's compliance and capability risk rating was revised from Amber/Red to Amber/Green in January 2015, indicating a moderate rather than significant compliance risk to the organisation and / or moderate concerns with capability to achieve successful appointments.

In 2014-15 the Department made 36 new public appointments, 13 re-appointments and extended the terms of eight individuals for up to one year. The Department has been a frontrunner across government in complying with the Cabinet Office aspiration that 50% of appointees are female, achieving a ratio of 53% for 2013-14 and 47% for 2014-15. To ensure that Ministers continue to be presented with a choice of appointees from a strong and diverse field, the Department will focus on implementing further strategies in 2015-16 to attract candidates from under-represented groups.

Appointment of Senior Officials

The Permanent Head of the Department was appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service and with the agreement of the Ministerial Head of the Department. All Executive Management Board appointments are permanent Civil Service appointments, the terms of which are set out in the standard Senior Civil Service contract. These appointments are for an indefinite term under the terms of the Senior Civil Service contract. The rules for termination are set out in Chapter 11 of the Civil Service Management Code.

Ministers' and Board Members' Remuneration

Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975 (as amended by the Ministerial and Other Salaries Order 1996) and the Ministerial and Other Pensions and Salaries Act 1991.

The Permanent Secretary's pay is set by the Prime Minister on the recommendation of the Permanent Secretaries' Remuneration Committee. The committee's membership and terms of reference were announced by the then Prime Minister on 9 February 1995 (Hansard, cols 245-247).

Details on remuneration are set out in the Remuneration Report beginning on page 56.

The Home Office received the following accolades during 2014-15.

Home Office accolades 2014-15

- Gold benchmark in Race for Opportunity (Race) and Opportunity Now (gender) (ranked in the top 10% of public sector organisations) ;
- Stonewall star performer and top 100 (5th overall); and
- Times top 50 employers for women.

During 2014-15, the Home Secretary signed the Time to Change Pledge, which aims to combat stigma regarding mental health in the workplace. In particular, a “movement” was initiated around mental health to address stigma, raise awareness and to bring together the mental health buddy networks. In addition the Department has fully supported the national Dementia Friends campaign.

The Home Office is implementing the Civil Service Talent Action Plan which seeks to understand and address the barriers to progression for women, disabled, BME (Black and Minority Ethnic) and LGBT (Lesbian, Gay, Bisexual and Transgender) staff. Career progression, talent management and succession planning are important aspects of our strategy.

The Department provides resources to specific internal staff support networks – these include Home Office Women, *The Network* covering members of staff from black and minority ethnic communities, the Home Office Disability Support Network (HODS) and Spectrum covering lesbian, gay, bisexual, and transgender members of staff. There are also several faith groups within the Home Office: Home Office Sikh Association; Home Office Christian Network; Home Office Islamic Network; Home Office Hindu Connection and the Home Office Jewish Network.

Employment of disabled persons policy

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

The Department operates a Guaranteed Interview Scheme, which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post. Once in post, disabled staff are provided with any reasonable support/adjustments they might need to carry out their duties.

Consultation with employees

The Home Office has in place a consultative framework for engaging trade union representatives. There are four recognised Trade Unions and facility time is provided to allow union representatives to take part in industrial relations duties.

Staff Sickness

The rolling year average working days lost to sick absence for the Home Office as at 31 March 2015 is 6.69 days (7.11 days in 2013-14). This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.

Recruitment policy

In May 2010 an external recruitment freeze was announced across the Civil Service. Exceptions to the recruitment freeze continue to be approved in accordance with Cabinet Office Guidelines. During the year, the Home Office filled 1,882 posts through external recruitment. The majority of this recruitment was to support the delivery of frontline business objectives. The remaining external recruitment filled specialist posts where the department was not able to source suitable candidates from within the Civil Service, for example, roles supporting the ‘Digital by Default’ agenda.

Off-payroll engagements

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

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

Table 1:

This table shows the number of off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months.

	Main Department	Agencies	ALBs
Number of existing engagements as of 31 March 2015	150	-	34
Of which:			
Number that have existed for less than one year at time of reporting	49	-	26
Number that have existed for between one and two years at time of reporting	57	-	8
Number that have existed for between two and three years at time of reporting	28	-	-
Number that have existed for between three and four years at time of reporting	6	-	-
Number that have existed for four or more years at time of reporting	10	-	-

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

Table 2:

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 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 2014 and 31 March 2015	70	-	25 ²⁴
Number of the above which include contractual clauses giving the Department the right to request assurance in relation to income tax and National Insurance obligations	70	-	25
Number for whom assurance has been requested	70	-	25
Of which...			
Number for whom assurance has been received	58	-	19
Number for whom assurance has not been received ²⁵	12	-	6
Number that have been terminated as a result of assurance not being received.	-	-	-

²⁴ ALBs figure for new/6month engagements is less than reported as existing for less than 1 year at 31/3/15 because 5 are new joiners immediately prior to year end and have not hit the 6 months assurance threshold at date of reporting

²⁵ Of 18 for whom assurance was not received, 17 have left, and one is now on the payroll

Table 3:

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2014 and 31 March 2015.

	Main Department	Agencies	ALBs
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-	-	1
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.	11	-	11

Data Losses / Information Assurance

Information Assurance (IA) and managing information risk continue to be priorities for the Home Office with work being progressed in several key areas; cyber issues have been added for the first time this year to the enhanced maturity assessment used by the Department to provide comprehensive assurance to our SIRO and ultimately, the Home Office Board. For 2014-15 this involved six month reviews and a bespoke action plan for each part of the Department, evidencing the Home Office's continued commitment and improvement in this area. Work has also begun to prepare for a National Archives Information Management Assessment of the Home Office in June 2015 which will provide external validation of the maturity assessment work undertaken this year.

In response to significant organisational changes across the Department, a programme of work is underway to ensure that our records of information assets and their associated Information Asset Owners (IAOs) are accurate and properly maintained. By the end of 2014-15 this programme had delivered the necessary training to over 200 of those IAOs. Delivering the baseline assurance necessary to build a robust IA culture will be an on-going process, especially as HMPO have been brought into the Home Office since this programme of work was initiated.

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

Personal Data Related Incidents

Table 1: SUMMARY OF OTHER PERSONAL DATA INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2014-15

No incidents have been formally reported to the Information Commissioner's Office during the 2013-14 reporting period.

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

Table 2: SUMMARY OF OTHER PERSONAL DATA INCIDENTS RECORDED IN 2014-15

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

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	2
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	6
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	14
V	Other	11

Note:

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

Remuneration Report

Service Contracts

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

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration Policy

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

The Review Body sometimes advise the Prime Minister on the pay and pensions of Members of Parliament and their allowances, on Peers' allowances and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional and local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- The funds available to departments as set out in the Government's Departmental Expenditure Limits;
- The Government's inflation target; and
- Evidence received about wider economic considerations and the affordability of recommendations provided.

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

- Differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind;
- Changes in national pay systems, including flexibility and the reward of success;
- Job weight in differentiating the remuneration for particular posts;
- The need to maintain broad linkage between the remuneration of the three main remit groups, while allowing sufficient flexibility to take account of the circumstances of each group; and
- The relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

The Review Body sometimes make other recommendations to relate reward to performance where appropriate; maintain the confidence of those covered by the review body's remit that its recommendations have been fairly and properly determined and the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.

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

The disclosures within this Remuneration Report are subject to audit.

Ministers

The Ministers responsible for the Department during 2014-15 are reported on pages 46 - 47.

Membership of the Home Office Supervisory Board

The membership of the Supervisory Board during 2014-15 is reported on pages 49 - 50.

Executive Management Board (EMB)

The membership of the Executive Management Board during 2014-15 is reported on page 50.

Non executive directors

The information details relating to the non-executive directors is reported on page 51.

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 2013-14 performance year the committees comprised:

Pay Band 3 Remuneration Committee
Mark Sedwill (Chair), Sue Langley, Jane Cosgrove
Pay Band 2 Remuneration Committee
Mark Sedwill (Chair), Mike Anderson, Mary Calam, Mandie Campbell, Charles Farr, Sir Charles Montgomery, Mike Parsons, Sarah Rapson and Kevin White
Pay Band 1 Remuneration Committee
Mark Sedwill (Chair), Mike Anderson, Mary Calam, Mandie Campbell, Charles Farr, Sir Charles Montgomery, Mike Parsons, Sarah Rapson and Kevin White

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

Group 1 – top 25% of performers

Group 2 – achieving 65% of performers

Group 3 – low 10% of performers

For the 2013-14 performance year, only Group 1 was eligible for a non-consolidated performance payment.

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

For the 2013-14 performance year Cabinet Office guidelines continued to allow for consolidated pay increases limited to an average award of 1%, and up to 3.3% of the SCS pay bill to be used for non-consolidated performance payments.

The Home Office awarded the staff in Groups 1 & 2 a pay increase limited to an average award of 1% which was dependent on individual performance and pay position. It paid out 1.1% of the SCS pay bill on non-consolidated performance payments to staff in Group 1; this equates to £279,500.

Bonus payments for the 2013-14 performance year were paid in July 2014. These were up to £10,500 (Pay Band 3); £7,500 (Pay Band 2) and £5,500 (Pay Band 1).

The assessment and review of performance for the 2014-15 performance year will be undertaken shortly.

Remuneration (including salary) and pension entitlements

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

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000) ²⁶		Total (to nearest £'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Rt Hon Theresa May MP Home Secretary	67,505	68,169	-	-	21,000	25,000	89,000	93,000
Lord Taylor of Holbeach ²⁷ (until 5 August 2014)	36,438 (105,076)	105,076	3,100	11,000	N/A	N/A	40,000	116,000
Rt Hon Lord Bates ²⁸ (from 6 August 2014)	47,339 (72,470)	-	-	-	16,000	-	63,000	-
Lynne Featherstone MP (from 4 November 2014)	12,936 (31,680)	-	-	-	4,000	-	17,000	-
Rt Hon Mike Penning MP (from 15 July 2014)	22,568 (31,680)	-	-	-	8,000	-	30,000	-
James Brokenshire MP	31,680	24,396 (32,344)	-	-	11,000	12,000	43,000	36,000
Karen Bradley MP	22,375	3,360 (23,039)	-	-	7,000	1,000	29,000	4,000
Rt Hon Damian Green MP (until 14 July 2014)	17,032 ²⁹ (31,680)	32,344	-	-	4,000	12,000	21,000	44,000
Norman Baker MP (until 3 November 2014)	26,664 ²⁹ (31,680)	15,650 (32,344)	-	-	5,000	5,000	32,000	21,000

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

²⁶ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) add (real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

²⁷ Lord Taylor of Holbeach sits in the House of Lords and is not in receipt of an MP's salary; therefore, his full ministerial salary is reported here. Lord Taylor of Holbeach received the Lords nightly allowance of £12,610.79 (£36,366 per annum) inclusive in his salary.

²⁸ Lord Bates sits in the House of Lords and is not in receipt of an MP's salary; therefore, his full ministerial salary is reported here. Lord Bates received the Lords nightly allowance of £2,456.10 (£3,760 per annum) in 2014-15 inclusive in his salary.

²⁹ Included in Rt Hon Damian Green and Norman Baker MP salaries are £7,920 each, paid as compensation in lieu of notice.

Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration										
Board members ³⁰	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000) ³¹		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Mark Sedwill Permanent Secretary	180-185	180-185	-	-	1,400	600	62,000	35,000	245-250	215-220
Peter Storr Acting Director General, International and Immigration Policy Group (from 2 March 2015)	5-10 (120-125)	-	-	-	-	-	12,000	-	20-25	-
Charles Farr ³² Director General, Office for Security and Counter - Terrorism	165-170 (140-145)	140-145	10-15	5-10	-	-	38,000	-	215-220	145-150
Mike Parsons ³³ Chief Operating Officer	150-155	85-90 (150-155)	-	-	-	-	57,000	43,000	210-215	130-135
Sir Charles Montgomery ³⁴ Director General, Border Force	140-145	145-150 (140-145)	10-15	-	-	-	48,000	55,000	200-205	200-205
Sarah Rapson ³⁵ Director General, UK Visas and Immigration	130-135	125-130 (125-130)	-	-	-	-	98,000	21,000	230-235	145-150
Mary Calam Director General, Crime and Policing Group	125-130	40-45 (110-115)	5-10	-	-	-	150,000	28,000	280-285	70-75
Kevin White Director General, Human Resources	140-145	140-145	-	-	-	-	22,000	6,000	160-165	140-145
Mandie Campbell ³⁶ Director General, Immigration Enforcement	130-135	20-25 (130-135)	5-10	-	-	-	107,000	18,000	245-250	40-45
Mike Anderson ³⁷ Director General, International and Immigration Policy Group (until 2 March 2015)	130-135 (130-135)	130-135	-	-	-	-	39,000	28,000	170-175	160-165

Single total figure of remuneration										
Board members ³⁰	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000) ³¹		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	Tyson Hepple ³⁸ Acting Director General, Her Majesty's Passport Office (from 10 November 2014 until 31 March 2015)	35-40 (95-100)	-	0-5	-	-	-	8,000	-	45-50

Single total figure of remuneration										
Non Executive Directors	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000) ⁸		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	Sue Langley ³⁹	15-20 (20-25)	5-10 (15-20)	-	-	-	-	-	-	15-20
Val Gooding (until 30 April 2014)	0-5 (20-25)	20-25	-	-	-	-	-	-	0-5	20-25
Alan Brown (from 11 August 2014)	5-10 (15-20)	-	-	-	-	-	-	-	5-10	-

³⁰ Peter Fish replaced Jonathan Jones as the Home Office's legal adviser in April 2014. Peter remains on the Treasury Solicitors payroll and is still a Director General there. Peter is not a formal member of the Home Office EMB. His remuneration is therefore included in the Treasury Solicitors annual report.

³¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) add (real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. A change in personal circumstances may lead to a negative in year pension benefit being reported.

³² Charles Farr became a permanent Home Office member of staff on 15 July 2014 after his secondment from the Foreign and Commonwealth Office (FCO). Included in his salary is a payment of £24,461.25 for excess annual leave relating to his time at the FCO.

³³ Mike Parsons' salary included a recovery of £416.66 relating to a 2013-14 overpayment

³⁴ Sir Charles Montgomery's 2013-14 salary included £4,962 for his March 2013 salary as he joined mid March, 2013

³⁵ Sarah Rapson made a salary sacrifice of £2,196.00

³⁶ Included in Mandie Campbell's salary is a performance related bonus of £7,500 for her previous role.

³⁷ Included in Mike Anderson's Home Office salary is a payment of £10,089.00 for excess annual leave not taken.

³⁸ Tyson Hepple made a salary sacrifice of £899.10. Included in Tyson's salary is a performance related bonus of £2,500 for his previous role.

³⁹ Sue Langley was promoted to Lead NED in May 2014. Her 2014-15 salary is therefore lower than the full year equivalent for a Lead NED.

The non-executive directors listed above are those who sat on the Home Office Board, the Home Office Supervisory Board and the Executive Management Board. Non-executive directors do not receive bonuses. Other non-executive directors are employed by the Home Office's agencies and NDPBs and their details can be found in the accounts of these bodies.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£66,396 from 1 April 2013, £67,060 from 1 April 2014) 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 2014-15 relate to performance in 2013-14 and the comparative bonuses reported for 2013-14 relate to the performance in 2012-13.

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 2014-15 was £180,000 – £185,000 (2013-14, £180,000 – £185,000). This was 5.8 times (2013-14, 5.6 times) the median remuneration of the workforce, which was £31,260 (2013-14, £32,695).

In 2014-15, no (2013-14, 0) employees received remuneration in excess of the highest-paid director. Remuneration⁴⁰ ranged from £10,000 – £15,000 to £180,000 – £185,000 (2013-14, £10,000 – £15,000 to £220,000 – £225,000).

⁴⁰ Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions

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

	2014-15 (Mark Sedwill)	2013-14 (Mark Sedwill)
Band of Highest Paid Director's Total Remuneration (£'000)	180-185	180-185
Median Total (£)	31,260	32,695
Remuneration Ratio	5.8	5.6

The highest paid director has remained the same in both financial years. During 2013-14 there was a buyout of some Terms and Conditions of many civil servants, increasing total remuneration. During 2014-15 the total remuneration of these employees reduced as the buyout related to 2013-14 only. In addition, during 2014-15 many of the new staff joined at lower salaries than those leaving. These differences explain the increase in the Remuneration Ratio of 0.2.

Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2015⁴¹ (unaudited)

Salary Bands	SCS within the range as at end of March 2015 ⁴²	Percentage
£60,000 – £70,000	26	12.15%
£70,000 – £75,000	32	14.95%
£75,000 – £80,000	36	16.82%
£80,000 – £85,000	25	11.68%
£85,000 – £90,000	26	12.15%
£90,000 – £95,000	18	8.41%
£95,000 – £100,000	7	3.27%
£100,000 – £105,000	11	5.14%
£105,000 – £115,000	10	4.67%
£115,000 – £125,000	7	3.27%
£125,000 – £145,000 ⁴³	8	3.74%
£150,000 – £155,000	3	1.40%
£155,000 – £160,000	2	0.93%
£160,000 – £165,000	1	0.47%
£180,000 – £185,000	1	0.47%
£185,000 – £190,000	1	0.47%
Grand Total	214⁴⁴	100.00%

41 This information has been extracted from Data View, the Department's single source of Office for National Statistics compliant monthly snapshot corporate Human Resources data, using actual salaries as at the end of March 2015. Headcount figures are not reconcilable to the staff numbers in the accounts which are based on average figures.

42 Staff numbers are headcount of SCS, including grade equivalents.

43 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.

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

Pension Benefits

Ministers	Accrued pension at age 65 as at 31/3/15	Real increase in pension at age 65	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Rt Hon Theresa May MP Home Secretary	5 – 10	0 – 2.5	126	96	14
Lord Taylor of Holbeach (until 5 August 2014)	-	-	-	-	-
Rt Hon Lord Bates (from 6 August 2014)	0 – 5	0 – 2.5	34	19	9
Lynne Featherstone MP (from 4 November 2014)	0 – 5	0 – 2.5	58	51	3
Rt Hon Mike Penning MP (from 15 July 2014)	0 – 5	0 – 2.5	59	50	5
James Brokenshire MP	0 – 5	0 – 2.5	43	32	5
Karen Bradley MP	0 – 5	0 – 2.5	15	9	2
Rt Hon Damian Green MP (until 14 July 2014)	0 – 5	0 – 2.5	60	56	3
Norman Baker MP (until 3 November 2014)	0 – 5	0 – 2.5	41	34	4

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2014 members paid contributions between 8.4% and 17.9% depending on their level of seniority and chosen accrual rate.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015. The new scheme will be a Career Average pension scheme, have an accrual rate of 1.775%, revaluation based on the change in prices, a Normal Pension age equal to State Pension age and a member contribution rate of 11.1%.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Board members	Accrued pension at pension age as at 31/3/15 and related lump sum	Real increase /(decrease) in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase /(decrease) in CETV	Employer contributions to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Mark Sedwill Permanent Secretary	60-65	2.5-5	941	851	42	
Peter Storr Acting Director General, International and Immigration Policy Group (from 2 March 2015)	55-60 plus lump sum 165 -170	0-2.5 plus lump sum 0-2.5	1,236	1,223	11	
Charles Farr Director General, Office for Security and Counter-Terrorism	0-5	0-2.5	31	-	22	
Mike Parsons Chief Operating Officer	5-10	2.5-5	86	43	27	
Sir Charles Montgomery Director General, Border Force	5-10	2.5-5	97	49	33	
Sarah Rapson Director General, UK Visas and Immigration	30-35	5-7.5	425	326	59	
Mary Calam Director General, Crime and Policing Group	35-40 plus lump sum 110-115	5-7.5 plus lump sum 20-22.5	565	443	95	
Kevin White Director General, Human Resources	65-70 plus lump sum 205-210	0-2.5 plus lump sum 2.5-5	1,481	1,462	20	
Mandie Campbell Director General, Immigration Enforcement	45-50 plus lump sum 145-150	5-7.5 plus lump sum 15-17.5	831	717	76	

Board members	Accrued pension at pension age as at 31/3/15 and related lump sum	Real increase /(decrease) in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase /(decrease) in CETV	Employer contributions to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Mike Anderson Director General, International and Immigration Policy Group (until 2 March 2015)	25-30	0-2.5	420	365	29	
Tyson Hepple Acting Director General, Her Majesty's Passport Office (from 10 November 2014 until 31 March 2015)	25-30 plus lump sum 80-85	0-2.5 plus lump sum 0-2.5	448	427	5	

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of **classic** , **premium** , **classic plus** and **nuvos** members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Mark Sedwill
Accounting Officer
5 June 2015

Governance Statement

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Home Office's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in '*Managing Public Money*'.

I delegate my responsibility as Accounting Officer to Accounting Officers of the Department's Non-Departmental Public Bodies (NDPBs) and other public bodies. My relationship with Accounting Officers is set out in statements contained in the respective Framework Arrangements, Financial Memoranda and designatory letters. Each of the Home Office NDPBs produce their own Governance Statement which is published in their Annual Report and Accounts.

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

This Governance Statement covers the year ending 31 March 2015 but will remain open until the Home Office Annual Report and Accounts are signed.

Governance, Control and Risk Management Framework

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

Main Elements of the Governance Structure

- **The Home Office Supervisory Board (SB)**, provides advice to the Home Secretary in setting the Department's strategic direction. This has been delivered through a series of standing agenda items, including corporate reporting (overall performance against strategic objectives, risk and resource); updates on major programmes and projects; and updates from the sub-committees on Audit and Risk Assurance and Nominations and Governance. The Supervisory Board is chaired by the Home Secretary. Its membership is made up of the six Home Office ministers, the Permanent Secretary, nine other senior officials and two Non-Executive Directors. The SB met on four occasions between April 2014 and January 2015. Attendance at those meetings is outlined in the annex following this Governance Statement;
- **The Home Office Executive Management Board (EMB)**, which is responsible for driving the development of the Department's leadership and wider capability. It also discusses and challenges the development of the Home Office's key policies and programmes and ensures that all parts of the organisation are working together. This has been delivered through a wide ranging programme of discussions at almost weekly board meetings, led by individual board members. EMBs focus thematically on operational, policy and enabling functions. During the year operational EMBs have incorporated an element of Ministerial oversight with a particular focus on the immigration system. The EMB met on 32 occasions between April 2014 and March 2015. Attendance at those meetings is outlined in the annex following this Governance Statement. The EMB meets three weeks out of every four focusing in turn on the key priority areas of the Home Office that cut across separate managerial responsibilities in the Department;
- **The Home Office Audit and Risk Assurance Committee (ARAC)**, which provides independent advice to the Accounting Officer and SB members on the adequacy of arrangements for corporate governance, internal control and risk management. The ARAC met on five occasions between April 2014 and March 2015. Attendance at those meetings is outlined in the annex following this Governance Statement; and
- **The Home Office Senior Leadership Group on Risk and Safety (SLGRS)** recommends to the Board which of the top risks should be included on the Home Office Corporate Risk Register. The Senior Leadership Group on Risk and Safety meets monthly. It has a remit that includes keeping the Board informed of emerging risks as well as considering how better to improve risk management capability in the Department.

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

The main governance, control and risk management controls are:

- The Portfolio and Investment Committee (PIC, a sub-committee of EMB), which is chaired by the Chief Operating Officer, considers and makes investment approval decisions on programme and project business cases; and reviews the overall Home Office portfolio and, by exception, scrutinises individual programmes and projects during their lifecycle;
- The Internal Audit Unit (IAU), which completes a risk based programme of audits annually and provides independent advice to the ARAC;
- The Senior Information Risk Owner (SIRO), who provides an assessment of the Department's information risk exposure and provides assurance on this;
- The application of the Home Office Assurance Framework. This is designed to supplement risk management arrangements. The framework describes 'what good control looks like' in the context of the Home Office business and it describes the benchmark standards that management should follow; and
- The work of the Performance and Risk Directorate, which is responsible for modernising performance reporting and promoting continuous improvement across the Home Office.

Home Office Audit and Risk Assurance Committee (ARAC)

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

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

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

Members reviewed the comprehensiveness of the internal audit coverage in meeting the Supervisory Board and Accounting Officer's needs, and assessed the reliability, quality and integrity of these assurances.

During 2014-15 the Home Office ARAC considered:

- The Chief Internal Auditor's Opinion for 2013-14;
- The Department's Commercial Directorate Improvement Plan;
- Approval of the 2013-14 Home Office Annual Report and Accounts;
- Interim 2014-15 Home Office Annual Report and Accounts;
- The NAO 2013-14 Audit Completion Report;
- The NAO Management Letter for 2013-14, including audit recommendations;
- The NAO Planning Reports for 2014-15 for the Home Office and HMPO Annual Reports and Accounts;
- A number of NAO value for money reports;
- Departmental risk management reporting and management;
- The draft Her Majesty's Passport Office closure accounts;
- Approval of the final National Fraud Authority Annual Report and Accounts;
- Internal Audit Plan Update Reports;
- Draft audit strategy and plan for 2015-16;
- Internal Audit Outstanding Actions Updates; and
- The Audit and Risk Assurance Committee Annual Report for 2013-14.

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

Nominations and Governance Committee

The Nominations and Governance Committee (NGC) is chaired by a non-executive Home Office Supervisory Board member and comprises the Permanent Secretary, the Chief Operating Officer and the Director General of Human Resources.

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

The committee met for the fourth time on 20 April 2015 to review progress made over the previous 12 months and consider plans for the future. Members agreed that appropriate processes and systems were well established and embedded across the organisation, with the greatest maturity at Senior Civil Service level. The committee agreed that a more holistic approach should now be taken to make talent management and succession planning more dynamic and responsive to strengthen the pipeline of leaders. Strong diverse leadership, at all levels, will be essential for the successful transformation of the Department by 2020. Some positive steps have been taken in this direction with more work planned.

Incentives and rewards for senior leaders remain tightly controlled but the department has been increasingly innovative within these constraints. More consideration needs to be given to non-financial incentives to attract and retain talented individuals in key posts.

The Committee agreed that their responsibilities should be split between the Executive Management Board and Senior Talent Board, with appropriate oversight by at least one non-executive Supervisory Board member.

Following each meeting, the Chair updates the Supervisory Board on the work of the Committee.

Evaluation of Board Effectiveness

A full evaluation of board effectiveness was not conducted due to only two NEDs being in place. This is explained in the Lead Non-Executive Director's Statement (pages 44-45). The Department is recruiting two additional NEDs to ensure there is a full complement of skills and experience.

Governance Compliance

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

The Home Office meets the provisions outlined in the Code through the operation of the Home Office Supervisory Board, with one exception. The Chief Internal Auditor (CIA) does not receive an invitation to attend the Supervisory Board. However, the CIA does have the facility to provide updates and briefings to the Executive Management Board as well as routine sight of the Board agendas and papers. Additionally, the CIA also has a programme of one to one sessions with the Permanent Secretary.

The Supervisory Board has oversight of delivery of the Department's Business Plan. Through its operation, it assures sound financial management; sets the Department's risk appetite and ensures appropriate controls are in place to manage risk; has oversight of the performance of the Department's sponsored bodies; and ensures the Department has the capacity to deliver against current and future needs.

Risk Management

The Corporate Code of Governance requires all Boards to set 'risk appetite' (the amount of risk you are prepared to accept) for the Department. This requires a judgement on the balance to be struck between further reducing risk and the cost of doing so. The Home Office guidance defines different levels or profiles of risk severity under the headings of:

Home Office levels or profiles of risk severity headings:

- Public protection;
- Financial;
- The reputation of the Government and the Home Office; and
- Delivery of objectives.

The Senior Leadership Group on Risk and Safety, which reports to the Executive Management Board, uses these profiles with their knowledge of the business to recommend to the Board which the critical risks are and what level to manage them down to.

Risk management is one of the key processes in the Home Office, and is integral to everything we do to prevent terrorism, cut crime and reduce immigration. The Executive Management Board is committed to continue to improve our risk management process throughout the year:

"The Home Office Executive Management Board is committed to effective risk management. The Home Office exists to keep the British public safe and the risk management culture we have built in the Department underpins this. We intend to demonstrate an ongoing commitment to improving risk management throughout our organisation⁴⁵."

⁴⁵ Quote taken from internal risk management policy document

Our strategy has three elements: ensuring all our people have an awareness and understanding of the risks that affect the public and our business; ensuring that our people are competent at managing risk; and that our management controls assess risks and act to prevent, control or reduce them. Our risk systems are audited each year to test the robustness of our governance.

Our risk management approach is to be clear about what we are trying to achieve; to identify what might stop us from achieving these objectives; to assess the risks identified; to take action to mitigate them to an agreed level and then to review progress through a structured process which is set out in the Home Office Risk Management Policy and Guidance document. We expect our managers to lead by example and ensure risks are identified, assessed and managed. We encourage frontline staff to identify risks and speak out about their concerns to their managers.

Each month managers across the Home Office, including all of our executive arms length bodies, ensure that their local risk assessments are up to date and have been reviewed. These feed into the Senior Leadership Group on Risk and Safety (see below) and then to the Home Office Executive and Supervisory Boards – the latter chaired by the Home Secretary and with Ministerial and Non-Executive Director attendance. Information from these boards is fed back to the Risk Improvement Forum, so that all risk coordinators, who support the Risk Directors, can feed back the latest intelligence on our top risks, levels of exposure and readiness back down through the networks of risk coordinators embedded in all areas of our business. In addition quality assurance is provided by the main Home Office Audit and Risk Assurance Committee, as well as the committees that sit in other Home Office bodies. Home Office Internal Audit is closely involved in the management of the risk cycle including an annual audit of the effectiveness of our risk arrangements.

Last year we set up a dedicated Performance and Risk Directorate by bringing together a number of functions to improve the performance of the Home Office and better manage its risks including:

Improvements since the last Annual Report:

- Replacing our quarterly Risk Committee with a new monthly Senior Leadership Group on Risk and Safety, lead by Home Office Directors. The group is much more focused on real-time risks and threats and provides an early warning role for the Executive Management Board. The group conducts deep dives into our risks to assess capability and adequacy of response with a focus on lessons learned;
- Expanding our Director 'Gold Leads' to cover more of the Department's cross-cutting risks and issues. Gold leads, appointed by the Permanent Secretary, are empowered to manage specific threats across internal commands. They ensure that the whole Department's resources are used to best effect, for example in managing our response to the Ebola outbreak;
- Enlisting the help of a senior Trusted Advisor to ensure lessons are learned including learning lessons through corporate storytelling where managers, through narrative, pass on their learning of handling significant events and incidents. We have also introduced a new lessons learned repository to ensure that corporate knowledge and learning is captured; and
- Maintaining a strong commitment to risk training and capability building, particularly of front-line staff. This is so all key grades understand the principles of risk management, its criticality to our business objectives and how to identify and manage risks the Home Office way. Over 100 front-line staff and risk coordinators have been trained in this last financial quarter alone, from all areas, across the whole UK.

The nature of the Department's business means that it has to manage a range of significant risks across its operational, policy and enabling functions. The main strategic risks to the Department are recorded in the Home Office Corporate Risk Register. A full refresh of the Home Office Corporate Risk Register was undertaken during 2014 and risks are added as necessary. The risks contained in the Corporate Risk Register are currently:

Significant in-year Risks and Issues:

- Failure to identify, stop, manage or remove (from the UK) high-risk individuals;
- The volume of immigration threatens the integrity of our immigration controls;
- British Passport application volumes exceed capacity;
- Failure to prevent a terrorist attack against the UK;
- Failure to prevent a serious border or immigration system security breach;
- Failure to manage the threat caused by the conflicts in Syria/Iraq and the wider area;
- Failure of the Communications Capabilities Development Programme;
- Lack of coordination and clarity on our approach to illegal/criminal online activity;
- Loss of control of public order;
- Perceptions or examples of inappropriate police behaviour undermine the public's trust in the police and in our police reforms;
- Failure to identify and respond effectively to child sexual exploitation; and
- Unplanned financial pressures cause a departmental overspend in 2014-15.

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

Policing

In our 2013-14 Governance Statement we recognised that:

“The police service continues to be transformed, building on the election of the Police and Crime Commissioners (PCCs). Challenges have been identified in terms of keeping pace with changing technology and encouraging improvements in police leadership and public perception of police integrity.”

We have taken action on these challenges this year as we continue to drive police reform.

Police Funding

Our focus has been on ensuring that our reforms give the police the platform to operate smarter and more efficiently and collaboratively. The 2015-16 police funding settlement was delivered effectively and on time, with force level allocations approved by Parliament on 10 February 2015. We worked closely with the Department for Communities and Local Government (DCLG) to ensure council tax referendum proposals were published before Christmas to help PCCs with their financial planning.

A dedicated analytical team within the Police Resources Policy Team is making steady progress on developing a new police funding model. This model will ensure that declining resources are allocated effectively so that the police can continue to deliver with smaller budgets. This is complex and time-consuming work. Advice on next steps (including options around external consultation and timing of implementation) will be provided to ministers in due course.

The Police Innovation Fund (PIF) continues to grow. The focus on the initial fund was on technology projects (including collaborative ones) and the next round will have a wider focus. Bidding for the 2015-16 PIF closed on 2 January. 166 bids were received, worth a total of £117 million in 2015-16 and almost £79 million for 2016-17. Following assessment and moderation, 71 bids received either full or partial funding. The value of funding these bids amounts to £43.85 million in 2015-16 and £28.1 million in 2016-17. Bids were subject to a robust assessment against published criteria before Ministerial decisions were made and announced in March. The bidding process was improved this year and decisions announced before the start of the financial year. We will continue to ensure that adherence to grant conditions are subject to appropriate scrutiny.

Changing Technology

The Police Science and Technology Unit (PSTU) was created within the Policing Directorate. PSTU will be responsible for the policy on supporting the police to make the best use of technology and unlock efficiency/effectiveness benefits. Work is at an early stage, but PSTU has begun regular interaction with Home Office Technology, force leads, the Centre for Applied Science and Technology, and industry. PSTU focuses on bringing the capability of mainstream policing to a point where they are able to properly address the opportunities and

risks presented by existing technology. A new team has been established to work with the National Policing Lead to deliver this.

The Police Innovation Fund has ensured that policing keeps pace with changing technology by supporting a range of projects to improve police ICT and digital working, including investment in body worn video across eight forces and the development and trialling of a standardised mobile policing solution that could be replicated across other forces.

Police ICT

At the General Meeting of the Police ICT Company on 25 March the members of the Company which include: 39 police forces; the Metropolitan Police; and British Transport Police, PSNI and the National Crime Agency agreed the new Articles of Association and appointed a new Company Board of Directors. The Home Office, acting on behalf of the government, is not a member of the Company but is eligible to become a member should it so wish. Under the Articles of Association, the Company's objectives are restricted specifically to support and enable policing and other associated bodies to make the best use of technology to deliver efficient and effective policing and improve public safety. These powers do not include the ability to mandate forces to act, as this power remains with the Home Secretary. The Company was launched on 1 April 2015.

Improvements in police leadership

The officer workforce is more representative in terms of gender and ethnicity than it has ever been. To encourage further improvements in police leadership, the College of Policing is undertaking a fundamental review of police leadership and taking significant steps to promote greater diversity within policing. This year, we have also implemented new policies to further improve police leadership; measures include the introduction of direct entry superintendents and fast track schemes. The first cohorts of each began their training in autumn 2014.

Integrity

The Policing Directorate's Police Integrity and Powers Unit (PIPU) analysis of public trust in the police appears to show that this has remained stable at around two thirds for the past few decades. High profile police failures do not appear to impact on people's trust in the police; rather it is their own personal experience and that of peers that impacts. We are working to improve our understanding of this trust and what factors influence it.

We are increasing the integrity of the police through a series of proposed reforms to the police complaints and police disciplinary systems, along with reforms to the role and powers of the IPCC and measures to strengthen protections for police whistleblowers. This work is alongside work already underway to expand the capacity of the IPCC to enable it to investigate independently all serious and sensitive matters involving the police.

Reform

Significant work on policing powers has also progressed. On 30 April 2014, the Home Secretary informed Parliament of the new Best Use of Stop and Search Scheme. On 30 November, when the Scheme was formally launched, all forces had voluntarily signed up and were implementing the Scheme. Additionally, reforms to the current arrangements for authorising and scrutinising pre-charge bail decisions have been consulted on and an amendment introduced in the Criminal Justice and Courts Bill will ensure that 17 year olds are treated as children for the purpose of overnight detention in police custody.

More broadly, to ensure the coherence of police reform, The Police Strategy and Reform Unit (PSRU) in Policing Directorate has continued to work with policing partners to understand the impact of the reforms.

PSRU have also ensured continual improvement of policing governance (in particular Police and Crime Commissioners, Police and Crime Panels and the reform of ACPO) and encouraged a culture of innovation (Police Now, national picture of emergency services collaboration and support for the Innovation Fund).

There is also dedicated resource focussed on the future of systems, which provides regular updates to the Home Secretary.

Police and Crime Commissioner (PCC) scrutiny

Effective scrutiny of PCCs, particularly on how they spend public money, is central to the proper functioning of the PCC model. Where a Police and Crime Panel (who scrutinise the actions of PCCs) suspect that a PCC may have operated outside of the law they have the power to refer the PCC to the IPCC for investigation. The IPCC has investigated PCCs on several occasions throughout the last year, with two investigations still ongoing, no PCC has been charged with any offence. Further to this official measure PCCs are obliged, through the Local Policing Bodies (Specified Information Order) 2011, to publish a range of information. This transparency requirement ensures the public have access to the information they need to make an informed decision when voting for their PCC. In May 2014, according to an internal analysis the average level of compliance by PCCs with the overall requirements of the Specified Information Order (SIO) had reached approximately 90%, with all PCCs publishing details of their expenses.

The procurement requirements of the SIO remained a weakness in particular the publication of Invitations to Tender (ITTs) and contracts valued over £10k. A follow up survey in September 2014 suggested that just over half of OPCCs have published all of the necessary procurement information. Moreover, around 76% of the required procurement information across all OPCCs has been published. Despite this positive progress some difficulties clearly still remain, for instance the redaction of contracts has caused delay in their publication for some OPCCs. OPCCs are conscious of their individual shortfalls in compliance with the SIO, and we continue to work with them to improve the overall compliance rate by providing good practice examples. We are also exploring whether other tools such as the procurement data storage hub BravoSolution could further support PCCs in meeting their publication obligations.

HMIC powers concerning PCC scrutiny

A package of measures regarding HMIC, including an extension of HMIC's remit to include the inspection of PCC staff who are employed to support the force and are delivering policing functions, will be considered for possible first session legislation in the next Parliament. Additionally, the recent Home Office consultation 'Improving Police Integrity' sought views on an extended remit for HMIC in inspecting PCC staff playing a role in the police complaints system. The Government response proposed that HMIC retain the ability to inspect the efficiency and effectiveness of the police complaints system, even if some complaints' functions sit with PCC staff.

Reform of the Police Federation (HASC report published 16 May):

Having commissioned the "Normington" Review, which reported in early 2014, the Police Federation embarked this year on a major programme of reform to respond to high-profile criticisms of the culture, management and finances of the Federation and to implement the Normington recommendations. The Home Secretary announced in May 2014 additional measures that she intended to bring forward

Measures announced by the Home Secretary:

- Cessation of all Government funding of the Police Federation;
- Regulation changes to:
 - End automatic membership for police officers;
 - Ensure that new officers had to actively decide whether to join and pay subscriptions to the Federation; and
 - Clarify the Home Secretary's power to scrutinise all central and local accounts held by the Federation.

She also announced an intention to bring forward at the earliest opportunity proposals for the Freedom of Information Act to apply to the Federation. We have been working with the Federation since that time in developing its change programme and mapping the need for regulatory change to support the programme. Government funding of the Federation ceased as of September 2014 and we consulted the Federation on planned regulation changes in November/December 2014. Amending regulations were laid in Parliament in March 2015 and have now come into effect. We continue to work with, and challenge, the Federation in the further implementation of reforms, in line with the recommendations and timetable outlined by Normington. The application of the Freedom of Information Act to the Federation will require primary legislation.

Independent Panel Inquiry into Child Sexual Abuse

On 7 July 2014, the Home Secretary announced an Inquiry to consider whether public bodies and other non-state institutions have taken seriously their duty of care to protect children from sexual abuse and exploitation. Since that announcement, the first two Inquiry Chairs that were appointed both made the decision to resign due to a lack of public confidence in their impartiality. Dame Butler-Sloss resigned on 14 July, and Fiona Woolf resigned on 31 October.

On 3 November the Home Secretary made a statement to Parliament about how she would engage with survivors' groups and parliamentarians before appointing a new Chair. Since then both the Home Secretary and officials have held several roundtable meetings with victims and victims' representatives. On 4 February 2015 the Home Secretary announced her decision to disband the current inquiry and appoint Justice Lowell Goddard as Chairperson to lead a new Inquiry which was put on a statutory footing. On 12 March the Home Secretary issued a further statement formally appointing Justice Goddard as Chair of the Inquiry, appointing the Panel and announcing the terms of reference. The Inquiry is now on a statutory footing.

Increase in reporting of Child Sexual Abuse (CSA):

The volume of reporting of CSA has increased rapidly during the last year and continues to be the focus of intense public and political scrutiny. Following the publication of the Jay report into child sexual exploitation in Rotherham last year about the appalling failures across children's services, The Home Secretary chaired a series of meetings with Secretary of State colleagues to consider the findings, and what the Government can do to help prevent these failures from happening again. This built on the existing work of the Home Office-led National Group on Sexual Violence against Children and Vulnerable People published a progress report and action plan for 2015 on 12 March 2015.

There is also a number of official-level groups which co-ordinate work on sexual abuse and exploitation across Government. The Director of Safeguarding leads a cross Whitehall Group of Directors which has been established to drive work forward. This is in recognition that government has yet to develop a clear, cross-cutting strategy to set the direction for this work, partly because our understanding of the scale of CSE is still evolving. A strategy is now being developed for consideration by the Government. As part of this work, consideration is being given as to how to streamline the governance structure in this area.

We are also reviewing the police response to CSA, including the impact of further increases in reported cases and how this can be managed, for example through workforce changes, training, prioritisation and allocation of resources. This work be considered during across-Government and will include an assessment of the impact of increases in CSA on the wider Criminal Justice System.

Transforming Home Office Operations

Over the course of the past year, we have continued to improve and transform Home Office operations. The Public Accounts Committee's (PAC) report published on 29 October 2014, which followed the NAO's report on the same subject published on 22 July 2014, looked at the progress made since the Home Secretary's decision on 26 March 2013 to split the UK Border Agency into an immigration and visa section and an immigration law enforcement organisation. Whilst the report concluded that performance in most areas transferred from the UK Border Agency has held steady, it also raised a number of challenges facing the border and immigration system, including asylum intake pressures, removing those with no right to be in the UK, and the Department's use of IT and financial planning.

We have looked to address these challenges with the following:

Response to 29 October PAC report:

- Through the Immigration Act 2014, the Department is removing incentives for people to stay illegally in the UK, including by restricting access to public services, work and benefits. This includes systematic data sharing with HM Revenue and Customs (HMRC) and the Driver and Vehicle Licensing Agency (DVLA);
- In asylum, the Department has recruited over 200 decision makers, and is focused on building and retaining a skilled workforce, utilising appropriate reward and recognition arrangements and performance management tools to effectively manage new asylum intake;
- The Department is addressing key challenges relating to the standardisation of technology, the reduction of the Department's reliance on legacy systems, and the reduction of costs through the Home Office Technology Strategy. Replacement of borders and immigration technology, while supporting day-to-day operations, is a complex task that will be delivered incrementally over the coming years;
- Financial planning and performance monitoring are now being conducted in consolidated corporate functions, which are leading to improved consistency of measurement, better coordination and performance uplift in key areas. A newly-consolidated financial model has been designed and is being used to support 2015-16 financial planning, where the Department is preparing for a £500 million budget reduction in cash terms; and
- Additionally, the Department is taking action upstream to counter illegal migration to the UK. It is active in joint EU efforts to tackle illegal immigration and combat the activities of people smugglers and traffickers, including by playing a leading role in the new Khartoum Process (Horn of Africa) and the Silk Routes Partnership (Afghanistan, Iraq and Pakistan), building partner countries' capacity to tackle migratory flows.

Foreign National Offenders (FNOs)

There are also ongoing risks associated with the monitoring, management, detention and removal of FNOs. The NAO published a report on managing and removing Foreign National Offenders in October 2014. The report examined the process for managing and removing FNOs in its entirety, from their entry into the UK and the prison system, to their deportation or administrative removals from the UK. The NAO recognised that more effort and resources have been put into managing and removing FNOs, and that this area continues to be inherently challenging, but concluded that progress since 2006 had been slower than it would expect. In November 2014 there was a Public Accounts Committee evidence session to discuss the report. The Committee identified a number of areas where improvements were still needed, such as improving the availability of good quality data and making the most of opportunities to remove FNOs earlier. They did however recognise the potential of recent changes, such as the radical reform of the appeals process through the Immigration Act 2014. We are already making many of the improvements needed and the Immigration Act 2014 is beginning to bear fruit in terms of increased removals numbers. Management of FNOs will continue to be of the utmost importance to the Home Office and wider HMG going forward.

Operation Nexus continues to roll out nationally to help us work better with the Police to remove FNOs. Officers are embedded in Metropolitan Police custody suites across the capital, custody suites in the West Midlands and operate in other police stations in Manchester, Kent, Cleveland, Merseyside, Cheshire, Wales and West Yorkshire. Since its inception, Operation Nexus has helped to remove over 3,500 foreign nationals.

Immigration abuse

Our new strategy and delivery model (the 4Ps) is enabling us to have a greater impact on immigration abuse in all its forms. Last year we provided an update on the inception of the Interventions and Sanctions Unit which was created to manage relationships with key partners and deny benefits and services to those who have no legal right to them. This year we have done far more with partners, and have a more systematic approach to data sharing. Routine data sharing of known immigration offenders with HMRC, DVLA and CIFAS has seen thousands of sanctions applied including licences revoked, bank accounts refused and tax credits stopped.

External and organisational challenges around migration remain as demand in key markets and routes is expected to grow. There is a continued and growing risk of abuse in the immigration system. We have managed the pressures on migration through the Reducing Net Migration Board which has brought together policy,

operations, intelligence and performance units; by adjusting policy as necessary, for example on students; and by implementing the provisions in the Act to make removals easier and to deter illegal immigration.

On criminality, we have secured over 200 prosecutions with sentences totalling more than 300 years. We have developed our working with partners, including the National Crime Agency (NCA) the Office for Immigration Services Commissioner (OISC) and overseas governments, to crack down on organised immigration crime.

Detention

A number of serious allegations were raised about the conduct of staff employed by detention estate contractors at Yarl's Wood and Harmondsworth immigration removal centres. We expect the highest standards from contractors who manage the detention estate and the serious allegations about Serco staff at Yarl's Wood required an immediate response. Several Serco staff have been suspended and Serco has also commissioned an independent review of its culture and staffing at Yarl's Wood. We have also made clear that we expect to see the swift and comprehensive introduction of body-worn cameras for staff at Yarl's Wood, and the implementation of other measures across the detention estate. All the allegations will be considered by Stephen Shaw, the former Prisons and Probation Ombudsman, as part of his independent review of detainee welfare.

Professionalism

We are also committed to ensuring consistently high standards of professionalism and personal conduct across the organisation. Following the collapse of sham marriage trials in October 2014, we took immediate action to address capability, capacity and professional conduct failings in Criminal Investigations, alongside the wider drive across the business to ensure professional standards are adhered to consistently. The Independent Police Complaints Commission (IPCC) is leading an independent investigation in to the collapse of the trials, as well as looking specifically at the actions of the officers involved.

Border controls

Published operational instructions and guidance, and officers' record keeping have been identified by the Border Force Operational Assurance Directorate and by the Independent Chief Inspector of Borders & Immigration (ICIBI) as matters of concern. An Internal Audit review of operational guidance also recommended improvements in current practices. Currently, reviews are under way with the aim of consolidating and simplifying where possible. A working group has been established to develop and implement an improvement plan. This work will complement the current review of operational (customs) policy that seeks to promote simplicity and accessibility, and eliminate unnecessary bureaucracy and complexity in the records that officers are required to make.

Replacing the Warnings Index and Semaphore systems

The failure of the Warnings Index system on 30 April 2014 generated significant media interest. The cause was an unexpected outage arising from encryptor changes, a vulnerability that was not foreseeable and had not been identified during testing. Since the incident, firmware has been upgraded to mitigate against the recurrence of the vulnerability. This is working successfully.

The 'Digital Services at the Border' (DSAB) programme was launched following a review of the current primary border systems; Warnings Index and Semaphore. The programme will deliver a digitally-driven border security IT system and new processes that will support Border Force, law enforcement, immigration, customs and security and counter-terrorism agencies in the discharge of their responsibilities. DSAB is adopting a fundamentally different approach to traditional large-scale technology build and delivery that will instead introduce technology in smaller incremental pieces. The existing WI service is more stable and resilient as a result of its successful migration in October 2014.

Educational Testing Services

Following evidence of cheating at several of their UK test centres, in February 2014, Educational Testing Service (ETS), one of the five companies licensed to carry out secure English language tests was suspended from conducting further testing in the UK and a criminal investigation was launched with the National Crime Agency.

We have been investigating many of the colleges and universities involved because of wider concerns about their conduct. At certain private Further Education colleges, as many as three quarters of the file checks were a cause of concern. ETS's American parent company have analysed test results from its test centres in the UK and have identified 33,725 invalid results and 22,694 questionable results.

In June 2014 we suspended the highly trusted sponsor licences of Glyndwr University and 57 private colleges. A decision was subsequently made on 21 November to reinstate Glyndwr University's sponsor licence on a limited basis, with a further review that was conducted in January 2015.

As at 31 December 2014, 48 of the 57 colleges that were suspended in June have had their licences revoked, four have surrendered their licences and another four have been reinstated. One remains suspended due to ongoing legal proceedings. We have also suspended a further 34 private colleges, 19 of which have been revoked and four surrendered their licence. As at 31 December a total of 12 private colleges remained suspended including the aforementioned college that has been suspended due to ongoing legal proceedings.

As at 31 December, the Home Office had made more than 11,800 refusal, curtailment and removal decisions, conducted more than 2,700 enforcement visits, served removal notices in person on and detained over 800 people and removed over 500 of those detained.

The Permanent Secretary commissioned a review of all the suppliers of English language testing services by an independent auditor, Moore Stephens LLP. Additionally Moore Stephens conducted a review on the provision of the Life in the UK test by Learn Direct. We adopted the recommendations of these reports both into our current assurance regimes with the existing Secure English Language Test (SELT) providers and to inform the next generation of language testing contracts.

The previous licensing arrangements concluded on 5 April. An Invitation to Tender was launched on 7 October 2014 to secure the future provision of SELTs. The requirements sought through this procurement incorporated additional and enhanced integrity and security measures recommended by Moore Stephens. The future generation of language testing contracts will make it easier for us to audit providers and give us a greater range of powers to tackle any failures by them. Two providers have been selected to deliver SELTs in the UK and the rest of the world and began operations from 6 April.

Asylum claims awaiting processing

In the NAO's review of the Home Office performance in 2013-14⁴⁶, they identified a concern of the increasing volume of asylum claims awaiting processing.

We met our public commitments by ensuring that since April 2014 new straightforward asylum claims have received a decision within six months and that all straightforward claims received prior to April 2014 were decided by the end of 2014-15. The number of outstanding decisions, as of 1 April 2015, is the lowest it has been since December 2013. There will always be some non-straightforward cases that are too complex to decide within six months for reasons outside of our control. We aim to decide these cases within 12 months.

We also met our commitment to review and communicate decisions on the outstanding legacy cases by the end of 2014, other than in exceptional circumstances where an external impediment, such as outstanding criminal investigation or ongoing litigation, prevented us completing our review. The number of these remaining exceptional cases is small and continues to reduce.

46 <http://www.nao.org.uk/wp-content/uploads/2014/11/The-performance-of-the-Home-Office-2013-14.pdf>

Corporate

Contract Management

The National Audit Office (NAO) published its findings relating to the progress in improving standards of contract management within both the Home Office and the Ministry of Justice⁴⁷ on 4 September 2014.

The Report was subsequently reviewed by the Parliamentary Public Accounts Committee (PAC) at a hearing on the 8 September 2014 and the PAC published recommendations for improving contract management across Government in the 23rd Public Accounts Committee Report 2014 – 2015 – Transforming Contract Management.

The Home Office welcomed the recommendations from the NAO and PAC reports and accepted all recommendations relevant to the Home Office's management of contracts.

Progress to date includes:

- Through the Immigration Act 2014, the Department is removing incentives for people to stay illegally in the UK, including by restricting access to public services, work and benefits. This includes systematic data sharing with HM Revenue and Customs (HMRC) and the Driver and Vehicle Licensing Agency (DVLA);
- Adopting a comprehensive approach to improve contract management, via the implementation of a Contract Management Improvement Plan, which will be audited and monitored;
- Ensuring Senior commercial delivery leadership is in place;
- Ensuring collaboration and external assurance on workstream initiatives;
- Standardisation of contract management;
- Ensuring engagement with, and understanding of, business needs;
- Ensuring an efficient and seamless transition between procurements and contract management; and
- Implementing initiatives to improving commercial capability.

We manage supplier performance through appropriate contractual and other performance mechanisms. This ensures that we provide customer service and also that effective outcomes are achieved. A Supplier Management Policy was launched in October 2014 that sets out the approach to managing all Strategic and Operational suppliers in line with existing good practice and the Crown Commercial Representative governance. As part of this, Executive Oversight Boards are in place for all Strategic suppliers.

Our recent assessment of contract management and review of contract management procedures against the NAO's "good practice contract management framework" indicated areas for improvement in contract management. Improvements are being addressed by a variety of activities including the development of a central contract repository and the provision of contract management guidance and training. Role responsibilities and accountabilities, including key commercial decision points are included in the Contract Management Manual. The terms of reference of the Commercial Oversight Group have been expanded to include contract management issues.

Following the completion of 14 audits by Moore Stephens, the Contract Management Improvement Plan (CMIP) was developed by the Commercial Directorate to improve contract management across the Department. This includes ensuring that recommendations forming part of the original review are addressed, as well as findings from additional cross-Government and Home Office reviews. We are continuing to monitor the implementation of recommendations in the CMIP.

Freedom of Information (FOI) performance

Departmental performance in responding to FOI requests within statutory deadlines has continued to rise throughout 2014-15, resulting in the Information Commissioner (ICO) ending its monitoring of the Department in May 2014. Published statistics show that the Department achieved performance of 84% for a total of 741 requests in Q1 2014-15; rising to 87% for 736 requests in Q2 and to 90% for 692 requests in Q3. Internal (unpublished) statistics show that performance for Q4 was 88% for 896 requests. This has been achieved by raising the profile of FOI work through senior engagement and by concentrating all performance oversight work

⁴⁷ Home Office and Ministry of Justice – Transforming Contract Management (<http://www.nao.org.uk/wp-content/uploads/2014/09/Home-office-ministry-of-justice-transforming-contract-management.pdf>)

in a central team. The Department still has six very late outstanding cases from 2014, all of which are pending final clearance before dispatch.

Physical security

Following terrorist attacks in Canada and France, Government departments have been reviewing their physical security and the Home Office has been considering what further action may be required for our estate. Work continued throughout January and February to both finesse and test existing arrangements and determine whether any substantive changes are required to security policy and measures within some buildings.

Paper file discovery

During work in support of the 2013 Investigation into Historic Child Sexual abuse, 36,000 Home Office Registered files (out of a total of 1.5 million) were declared as presumed destroyed, missing or not found on the Home Office's paper record system (RMSys). This system was purchased by the Home Office in 1994 and has a number of age-related technical limitations which made it difficult to maintain an accurate and searchable record of past file movements. Extensive work in the intervening period has resulted in the status of just over 24,000 of these being identified.

The number of files with a confirmed status is expected to continue to increase as the ongoing work to apply good housekeeping to physical files continues and new processes introduced in the wake of the Wanless Whittam Review are embedded. The Internal Audit Report on historical file search and discovery identified wider information search and discovery issues that potentially prevent relevant information being identified for business or investigative purposes. Work is in hand to address the recommendations arising from this audit report including replacing the file tracking system. Until this occurs, the Home Office will continue to carry risk around its reputation and its ability to meet legislative obligations.

Passports

At the start of this financial year, Her Majesty's Passport Office (HMPO) was an executive agency of the Home Office.

Inaccuracies within the passport forecasting model meant that HMPO was under-resourced and without the necessary levels of flexible contingency to foresee and manage the early high demand experienced. The volume of applications received by HM Passport Office reached exceptional levels. At its peak, the number of passport applications awaiting assessment was 546,000; at 30 September 2014 the number of passport applications awaiting assessment had fallen to 66,000.

This issue was compounded by difficulties in obtaining skilled contingent labour at short notice to manage intake through the period. As a result, HMPO failed to meet key customer targets. Publicity surrounding the operational position compounded the issue by further increasing demand as customers submitted applications earlier than expected and customer-service enquiries escalated, further stretching the operational and support functions. The management of this issue required HMPO to escalate a number of mitigations and operational interventions for Ministerial approval:

Mitigations and operational interventions for Ministerial approval:

- UK passport holders living overseas were offered the option to extend their passport for 12 months;
- Parents or guardians of children living overseas who wish to travel to the UK were able to apply for an emergency travel document free of charge in place of a new or renewed passport for their children;
- Passport applications from customers travelling within seven days and which had exceeded published turnaround times were expedited;
- Staff were seconded in from other areas of HM Passport Office and the wider Home Office and given training on how to process passport applications. This provided HM Passport Office with increased capacity to handle the increasing volumes of applications being received;
- Management incentivised staff by offering overtime. By increasing the amount of time in which to process applications, staff were able to increase the volume of passports issues;
- Temporary workers were employed to provide additional support for existing staff, while ensuring that HM Passport Office's other functions continued to operate; and
- Additional staff were deployed to the MP Hotline in order to respond to MPs' queries and escalate customers' applications where necessary.

These interventions, coupled with the determination and flexibility of staff and additional resource provided by other parts of the Home Office, enabled the service to be delivered, albeit in many cases outside the delivery target.

During this period, the Home Secretary commissioned an operational review to ensure that HMPO operated with better processes, better customer service and better outcomes; and a review of HMPO's Agency status, which considered whether alternative accountability and management arrangements would have meant the situation could have been avoided. A subsequent independent review of the passport production forecast model was undertaken to establish where operational improvements could be made. Internal Audit's opinion on the part year reporting period was that 'low' assurance could be given over governance, risk management and internal control arrangements.

Following the reviews, the Home Secretary announced that HM Passport Office would cease to operate as an executive agency of the Home Office and would report directly to Ministers with effect from 1 October 2014.

The Passport Office now has a more robust framework in place to mitigate the risk of similar issues occurring in the future.

Arm's Length Bodies

The Security Industry Authority (SIA) is a Non-Departmental Public Body accountable to Home Office (HO) Ministers. Their Annual Report and Accounts for 2012-13 and 2013-14 were laid before Parliament in January 2015. They had been delayed due to the receipt of whistleblowing allegations in May 2013 covering matters related to HR and procurement processes. The investigation into these allegations was completed in May 2014 and reported to their Audit Committee on 29 May 2014. The report raised no significant issues and all recommendations have been accepted and are being actioned.

The impact of the Hillsborough investigation is a key risk for the Independent Police Complaints Commission (IPCC) as the Hillsborough Independent investigation and Managed investigation (Operation Resolve) are likely to take another two years. Planning for completion of the criminal and misconduct investigation needs to be continually revised as the inquest proceeds. Managing the disclosure requirements of the coroner against the need to protect the criminal investigation is a continuing risk for the overall inquiry and disclosure work to assist the Crown Prosecution Service (CPS) has added to the workload of the investigation.

This is a challenging time for the IPCC and there is a risk that the pace of change exceeds the capacity within the organisation as we continue to manage unpredictable levels of demand and scale and nature of individual referrals including large scale investigations or large numbers of single issue cross referrals such as the historical child sex abuse allegations in South Yorkshire.

Accountability System Statement for Policing and Crime Reduction

In March 2015 we published the revised Accountability System Statement for Policing and Crime Reduction. The statement describes the current funding systems, legislation and guidance which form the accountability system for funding voted by Parliament which is utilised at the local level for policing and crime reduction. The statement was revised in early 2015 to: reflect the financial arrangements for 2015-16; update the format to give a clearer purpose to the document, making it more accessible to the general public; update the section on whistleblowing to take into account the Cabinet Office guidance on severance pay; clarify the function of external auditors; update on the new powers the College of Policing has been given from the Anti-social Behaviour, Crime and Policing Act 2014; an update on the role of the HMIC PEEL Programme; and highlight that the Strategic Policing Requirement has been updated to include Child Sexual Abuse. It also sets out the Accounting Officer's responsibility for both issuing police grants and the health of the overall police accountability system.

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

Internal Audit reports

The Internal Audit (IA) unit has undertaken a range of work across Home Office business areas. Summaries of finalised reports are received by the Department's Audit and Risk Assurance Committee. The Chief Internal Auditor has indicated that the previous low overall assurance rating is still appropriate. This is on the basis of the programme of work performed, which has included reviews of key areas such as guidance, assurance arrangements, risk management, information assurance, and programme and project management. The specific reasons for assurance ratings and recommendations made in separate audits are many and varied. However, IA has continued to encounter significant weaknesses in arrangements in important areas which limit the potential for aims to be achieved. The Chief Internal Auditor's view is that the position is improving, but the following areas need continued focus:

Areas that need continued focus:

- Operational procedures and guidance for staff need to be consistently in place and/or updated so that staff are clear about what they must do and how;
- A more consistent approach to the second line of defence (controls and assurance checks operated by management) across Home Office business areas needs to be taken. There is currently variable coverage;
- Implementation of agreed actions in response to IA recommendations; and
- Legacy IT systems that are not fully geared up to support staff and which need secondary systems and workarounds.

Quality Assurance

In response to the Macpherson Review and recent publication of the AQua Book, the Department is strengthening policy and supporting guidance covering the production and use of evidence and analysis. We are ensuring that appropriate quality assurance processes are in place across the Department for evidence and analytical outputs, including the development and use of models. Critical models are being identified alongside the introduction of formal governance, sign-off, and assurance procedures to ensure evidence is used effectively in the policy and operational process, and that risks related to evidence are properly logged, managed and escalated as necessary.

Financial Management

The Home Office came under significant and sustained financial pressure during the financial year. Effective controls are in place to monitor HM Treasury's key control totals. The in-year financial position has been highlighted, and discussed, at monthly Executive Management Board meetings. The financial position has been clearly demonstrated through the production of enhanced monthly finance reporting packs.

The 'Finance for the Future' change programme concluded during the first half of the financial year. The creation of a strengthened, consolidated finance team followed the conclusion of the project, with a consequential review and updating of processes, controls and policies.

There have been a number of significant financial pressures during the year. In early January, the Treasury confirmed that the judgement in a case related to commutation factors used to determine pension lump sum payments for firemen had extended to police officers. The Treasury has identified a potential liability of around £767 million. The Department has recognised a liability of £460 million within the 2014-15 accounts. See note 16 to the accounts for further details.

During a sustained period of financial restraint, the Department continues to ensure delivery of business plan objectives in a cost effective manner. During the year ahead, we will continue to focus on the delivery of efficiency and value for money need to ensure the Department lives within future declining budgets.

Localism

A large proportion of Home Office funding is directed through grants to local delivery organisations. Assurance is gained regarding probity in the use of public funds through validation of grant payments. Evidence is collated throughout the financial year to provide assurance to the Accounting Officer by the grant holding unit. The financial policy on grants ensures that legislation is in place and is supported by evidence to justify the grant funding from each grant holding unit.

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

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

Conclusion

The Department continues to undergo significant organisational change, including the move to fully incorporate Her Majesty's Passport Office within the core Department from the mid-year point.

We continue to review processes, policies and procedures within a rapidly changing environment. In particular, progress has been made in responding promptly to Freedom of Information requests, and we have reviewed departmental recording keeping in the light of the loss of a number of historic files.

The Chief internal Auditor has confirmed that the low overall assurance rating that he gave last year is still appropriate. However, I am satisfied that improvements are being made in the areas highlighted by him in his report and also that the governance arrangements that are in place are sufficient to continue managing these risks effectively. I am confident that based on the review outlined above, that the Home Office has a sound system of governance, risk management and internal control that supports its aims and objectives.

Mark Sedwill

Accounting Officer

5 June 2015

Annex to Governance Statement

Board and Committee Attendance during 2014 – 15

Name of Board member	Meeting attendance per board member of meetings eligible to attend			
	Supervisory Board	Executive Management Board	Audit and Risk Committee	Nominations and Governance Committee
Rt Hon Theresa May MP Home Secretary	4/4			
Lord Taylor of Holbeach Lords Minister and Minister for Criminal Information (until 5 August 2014)	1/2			
Lord Bates Lords Minister and Minister for Criminal Information (From 6 August 2014)	0/2			
Karen Bradley MP Minister for Modern Slavery and organised Crime	4/4			
Norman Baker MP Minister of State for Crime Prevention (until 3 November 2014)	0/2			
Rt Hon Damian Green MP Minister for Policing, Criminal Justice and Victims (Jointly with Ministry of Justice) (until 14 July 2014)	0/1			
James Brokenshire MP Minister for Immigration and Security	3/4			
Mike Penning MP Minister for Policing, Criminal Justice and Victims (Jointly with Ministry of Justice) (from 15 July 2014)	0/3			
Lynne Featherstone MP Minister of State for Crime Prevention (from 4 November 2014)	1/2			
Mark Sedwill Permanent Secretary	4/4	31/32		1/1
Mike Anderson DG International and Immigration Policy Group (until 27 Feb 2015)	3/4	25/29		

Name of Board member	Meeting attendance per board member of meetings eligible to attend			
	Supervisory Board	Executive Management Board	Audit and Risk Committee	Nominations and Governance Committee
Charles Farr DG Office of Security and Counter-Terrorism	2/3	27/32		
Mary Calam DG Crime and Policing Group	3/4	26/32		
Mandie Campbell DG Immigration Enforcement	3/3	25/30		
Mike Parsons Chief Operating Officer	4/4	27/32		1/1
Peter Fish DG Legal	2/2	27/31		
Sarah Rapson DG UK Visas and Immigration	3/3	26/30		
Kevin White DG Human Resources		26/30		1/1
Charles Montgomery DG Border Force	2/2	27/30		
Tyson Hepple Acting DG UK Passport Office (From 10 Nov 2014)	2/2	14/14		
Peter Storr Acting DG International and Immigration Policy Group from 6 March 2015		3/3		
Sue Langley Non-Executive Director and Chair Audit & Risk Assurance Committee	4/4	10/14	7/7	1/1
Peter Conway Independent member (Until 11 June 2014)			2/3	
Anne Tutt Independent member			6/7	
Isobel Sharp Audit Chair of HMPO (until 16 February 2015)			6/6	
Alan Brown Non-Executive Director (From 11 August 2014)	2/3	9/9	2/3	

Not all members were invited to every meeting held.

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

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Home Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department (inclusive of its executive agencies) and its sponsored Non-Departmental Public Bodies designated by order made under the GRAA by Statutory Instrument 2014 No.531 (together known as the 'Departmental group' consisting of the Department and sponsored bodies listed at note 22 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the departmental group and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows of the departmental group for the financial year.

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

- Observe the Accounts Direction issued by Treasury, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by Non-Departmental Public Bodies;
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual (FReM) have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

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

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

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or non-departmental public body for which the Accounting Officer is responsible, are set out in *Managing Public Money*⁴⁸ published by HM Treasury.

Mark Sedwill
Accounting Officer
5 June 2015

⁴⁸ <https://www.gov.uk/government/publications/managing-public-money>

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

I certify that I have audited the financial statements of the Home Office and of its Departmental Group for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2014. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2015 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

- I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date: 25 June 2015

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

Statement of Parliamentary Supply

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

Summary of Resource and Capital Outturn 2014-15

		Estimate			Outturn			2014-15	2013-14(*)
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate: saving/ (excess)	Outturn
Note									Total
Departmental Expenditure Limit									
– Resource	SOPS2	11,136,331	–	11,136,331	10,979,794	–	10,979,794	156,537	10,567,520
– Capital	SOPS2	390,575	–	390,575	372,751	–	372,751	17,824	362,685
Annually Managed Expenditure									
– Resource	SOPS2	2,117,222	–	2,117,222	1,842,049	–	1,842,049	275,173	1,382,040
– Capital	SOPS2	–	–	–	–	–	–	–	–
Total Budget		13,644,128	–	13,644,128	13,194,594	–	13,194,594	449,534	12,312,245
Non-Budget									
– Resource		–	–	–	–	–	–	–	–
Total		13,644,128	–	13,644,128	13,194,594	–	13,194,594	449,534	12,312,245
Total Resource		13,253,553	–	13,253,553	12,821,843	–	12,821,843	431,710	11,949,560
Total Capital		390,575	–	390,575	372,751	–	372,751	17,824	362,685
Total		13,644,128	–	13,644,128	13,194,594	–	13,194,594	449,534	12,312,245

Net Cash Requirement 2014-15

		2014-15	2014-15	2014-15	2013-14(*)
		Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
Note					
Net Cash Requirement	SOPS4	12,952,369	12,616,283	336,086	11,978,795

Administration Costs 2014-15

		2014-15	2014-15	2013-14(*)
		Estimate	Outturn	Outturn
SOPS3.2		581,167	504,744	478,408

Explanations to variances between Estimates and Outturn are given in the Strategic Report.

(*) The 2013-14 comparatives have not been restated to take account of Machinery of Government changes as there are not material (See Note 26 for details).

The notes on pages 91 to 98 form part of these accounts.

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

SOPS1. Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SOPS1.1 Accounting convention

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

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

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

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

SOPS1.2 Comparison with IFRS-based accounts

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

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

SOPS1.a) PFI and other service concession arrangements

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

SOPS1.b) Capital Grants

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

SOPS1.c) Prior Period Adjustments (PPAs)

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

SOPS1.d) Income payable to the Consolidated Fund

HM Treasury has agreed a limit to income retainable by the Department, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. In addition to this, there is other income payable to the Consolidated Fund, which is excluded from the Department's budget, but is recorded as income in the IFRS accounts. Income payable to the Consolidated Fund is detailed in Note SOPS5.1.

SOPS1.e) Provisions – Administration and Programme expenditure

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

SOPS2. Net outturn

SOPS2.1 Analysis of net resource outturn by section

	2014-15						2013-14 Outturn	2014-15			2013-14 Outturn	
	Administration			Programme				Outturn Total £000	Net total compared to Estimate £000	Estimate Net total compared to Estimate, adjusted for virements £000		Total £000
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000						
Spending in Departmental Expenditure Limit												
Voted:												
A – Crime and Policing Group	21,747	(5,393)	16,354	8,607,185	(21,168)	8,586,017	8,602,371	8,630,053	27,682	27,682	8,345,745	
B – Office for Security and Counter-Terrorism	47,980	1,129	49,109	834,776	(182,620)	652,156	701,265	707,070	5,805	6,138	695,834	
C – Immigration Enforcement	8,581	–	8,581	458,749	(29,843)	428,906	437,487	462,199	24,712	25,302	437,606	
D – UK Visas & Immigration	29,588	–	29,588	800,814	(1,018,202)	(217,388)	(187,800)	(254,084)	(66,284)	–	(253,235)	
E – International and Immigration Policy	21,378	–	21,378	14,454	(1,039)	13,415	34,793	36,980	2,187	2,187	35,744	
F – Border Force	2,389	(165)	2,224	522,922	(6,159)	516,763	518,987	522,789	3,802	3,802	507,933	
G – HM Passport Office	45,004	(43,419)	1,585	358,353	(419,013)	(60,660)	(59,075)	(25,854)	33,221	33,221	(54,868)	
H – Enablers	375,827	(32,665)	343,162	538,874	(56,393)	482,481	825,643	945,753	120,110	46,436	769,491	
I – Arms Length Bodies (Net)	32,763	–	32,763	73,360	–	73,360	106,123	111,424	5,301	11,768	71,440	
J – European solidarity mechanism (Net)	–	–	–	–	–	–	–	1	1	1	–	
K – National Fraud Authority	–	–	–	–	–	–	–	–	–	–	11,830	
	585,257	(80,513)	504,744	12,209,487	(1,734,437)	10,475,050	10,979,794	11,136,331	156,537	156,537	10,567,520	
Annually Managed Expenditure												
Voted:												
K – AME charges	–	–	–	(41,709)	–	(41,709)	(41,709)	(76,319)	(34,610)	–	95,998	
L – Police superannuation	–	–	–	1,883,758	–	1,883,758	1,883,758	2,193,540	309,782	275,172	1,286,042	
M – AME Charges Arms Length Bodies (Net)	–	–	–	–	–	–	–	1	1	1	–	
	–	–	–	1,842,049	–	1,842,049	1,842,049	2,117,222	275,173	275,173	1,382,040	
Total	585,257	(80,513)	504,744	14,051,536	(1,734,437)	12,317,099	12,821,843	13,253,553	431,710	431,710	11,949,560	

SOPS2.2 Analysis of net capital outturn by section

	Outturn			2014-15 Estimate			2013-14
	Gross £000	Income £000	Net £000	Net Total £000	Net total compared to Estimate £000	Net total compared to Estimate, adjusted for virements £000	Outturn
							Net £000
Spending in Departmental Expenditure Limit							
Voted:							
A – Crime and Policing Group	145,118	–	145,118	146,274	1,156	1,156	125,971
B – Office for Security and Counter-Terrorism	78,375	–	78,375	81,075	2,700	1,373	64,292
C – Immigration Enforcement	2,833	(148)	2,685	2,800	115	115	4,482
D – UK Visas & Immigration	1,689	(1)	1,688	8,000	6,312	6,312	9,356
E – International and Immigration Policy	4,905	(199)	4,706	6,000	1,294	1,294	8,618
F – Border Force	43,653	(91)	43,562	57,360	13,798	7,574	54,719
G – HM Passport Office	24,715	–	24,715	18,491	(6,224)	–	11,441
H – Enablers	88,682	(29,114)	59,568	49,400	(10,168)	–	57,878
I – Arms Length Bodies (Net)	12,334	–	12,334	21,175	8,841	–	25,928
J – European Solidarity Mechanism (Net)	–	–	–	–	–	–	–
	402,304	(29,553)	372,751	390,575	17,824	17,824	362,685
Annually Managed Expenditure							
Voted:							
K – AME charges	–	–	–	–	–	–	–
L – Police superannuation	–	–	–	–	–	–	–
M – AME Charges Arms Length Bodies (Net)	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
Total	402,304	(29,553)	372,751	390,575	17,824	17,824	362,685

SOPS3. Reconciliation of outturn to net operating cost and against administration budget**SOPS3.1 Reconciliation of net resource outturn to net operating cost**

			2014-15	Restated
			£000	2013-14
		Note	Outturn	£000
				Outturn
Net resource outturn in Statement of Parliamentary Supply	Budget	SOPS2	12,821,843	11,949,560
	Non-Budget	SOPS2	–	–
			12,821,843	11,949,560
Add:	Capital Grants		215,920	189,949
	PFI adjustments		67,300	22,715
			13,105,063	12,162,224
Less:	Income payable to the Consolidated Fund		86,400	124,293
	Capital Grant Income		3,624	–
	Machinery of Government Change (*)		–	1,779
			90,024	126,072
Net operating cost in Consolidated Statement of Comprehensive Net Expenditure			13,015,039	12,036,152

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

			2014-15	Restated
			£000	2013-14
		Note	Outturn	£000
				Outturn
Estimate – administration costs limit			581,167	512,503
Outturn – Gross administration costs		SOPS2	585,257	539,713
Outturn – Gross Income relating to administration costs		SOPS2	(80,513)	(61,305)
Outturn – Net administration costs			504,744	478,408
Reconciliation to operating costs:				
Add: provisions movements (transfer from Programme)			6,907	(40,617)
Less: Capital grant income			(45)	–
Add: PFI adjustments			26,427	6,021
Add: Machinery of Government Change (*)			–	801
Less: Admin consolidated fund extra receipts			(48)	(380)
Administration net operating costs			537,985	444,233

(*) The prior year numbers have been restated due to a number of Machinery of Government changes. See note 26 for details.

SOPS4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOPS2.1	13,253,553	12,821,843	431,710
Capital Outturn	SOPS2.2	390,575	372,751	17,824
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>		(691,759)	(578,311)	(113,448)
Depreciation and amortisation		(261,467)	(237,636)	(23,831)
New provisions and adjustments to previous provisions		(726,244)	(491,254)	(234,990)
Departmental Unallocated Provision		–	–	–
Supported capital expenditure (revenue)		–	–	–
Prior Period Adjustments		–	–	–
Other non-cash items		(523)	(20,174)	19,651
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(132,600)	(119,303)	(13,297)
Add cash grant-in-aid		103,645	110,357	(6,712)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in inventories		–	1,670	(1,670)
Increase/(decrease) in receivables		180,000	64,976	115,024
(Increase)/decrease in payables		56,462	28,329	28,133
(Increase)/decrease in pension liability		–	(21)	21
Use of provisions		88,968	84,745	4,223
		12,952,369	12,616,283	336,086
Removal of non-voted budget items:				
Consolidated Fund Standing Services		–	–	–
Other adjustments		–	–	–
Net cash requirement		12,952,369	12,616,283	336,086

SOPS5. Income payable to the Consolidated Fund

SOPS5.1 Analysis of income payable to the Consolidated Fund

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

	Outturn 2014-15		Outturn 2013-14	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income outside the ambit of the Estimate	86,400	<i>85,845</i>	83,220	<i>83,042</i>
Excess cash surrenderable to the Consolidated Fund	–	–	41,899	<i>41,899</i>
Total income payable to the Consolidated Fund	86,400	<i>85,845</i>	125,119	<i>124,941</i>

SOPS5.2 Consolidated Fund Income

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

The Home Office collects Immigration Penalties and Civil Penalties. The Department is not permitted to retain this income without HM Treasury approval. In 2014-15 HM Treasury allowed the Department to retain £3 million of this income (£3 million in 2013-14), the remaining income is surrendered to the Consolidated Fund. In accordance with HM Treasury guidelines, the non-retainable income generated is not recognised in the Consolidated Statement of Comprehensive Net Expenditure. However, the net receivable due in respect of penalties raised, along with the receipt payable to the Consolidated Fund, is recognised in the Consolidated Statement of Financial Position. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2014-15	Restated 2013-14
	£000	£000
Immigration Penalties Raised	(3,666)	(2,631)
Civil Penalties Raised	(32,342)	(19,573)
Total Penalties Raised	(36,008)	(22,204)
less: Element retained by the Home Office	3,000	3,000
	(33,008)	(19,204)

SOPS5.2.2 Write-offs

	2014-15	2013-14
	£000	£000
Immigration Penalties	–	–
Civil Penalties	14,471	1,602
	14,471	1,602

SOPS5.2.3 Receivables

	2014-15	2013-14
	£000	£000
Immigration Penalties	766	460
Civil Penalties	47,202	26,310
	47,968	26,770
Accrued Income	–	113
less: Provision for Doubtful Receivables	(26,393)	(11,904)
	21,575	14,979

SOPS5.2.4 Payable to the Consolidated Fund

	2014-15	2013-14
	£000	£000
Total Payable to the Consolidated Fund	21,575	14,979

Consolidated Statement of Comprehensive Net Expenditure

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

for the year ended 31 March 2015

	Note	2014-15 £000			Restated 2013-14 £000		
		Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Administration Costs:							
Staff costs	3	236,948	245,321	265,174	239,546	261,778	279,339
Other costs	4	326,250	340,507	357,585	204,514	224,138	235,124
Income	6	(58,664)	(80,606)	(84,774)	(41,469)	(80,528)	(70,230)
Programme Costs:							
Staff costs	3	939,274	989,295	1,062,626	869,979	950,579	1,012,438
Other costs	5	13,174,288	13,297,034	13,340,464	12,213,261	12,424,594	12,468,986
Income	6	(1,625,104)	(1,883,481)	(1,926,036)	(1,428,945)	(1,841,464)	(1,889,505)
Grant in Aid to NDPBs		110,357	110,357	–	105,134	105,134	–
Net Operating Costs for the year ended 31 March 2015		13,103,349	13,018,427	13,015,039	12,162,020	12,044,231	12,036,152
Total expenditure		14,787,117	14,982,514	15,025,849	13,632,434	13,966,223	13,995,887
Total income		(1,683,768)	(1,964,087)	(2,010,810)	(1,470,414)	(1,921,992)	(1,959,735)
Net Operating Costs for the year ended 31 March 2015		13,103,349	13,018,427	13,015,039	12,162,020	12,044,231	12,036,152

All activities are continuing operations.

The 2013-14 results have been restated to take account Machinery of Government changes (see Note 26 for details).

On 1 October 2014, Her Majesty's Passport Office (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2013-14 figures was made for this internal restructuring (see Note 25 for details).

Other Comprehensive Net Expenditure

	Note	2014-15 £000			2013-14 £000		
		Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Net (gain)/loss on:							
– revaluation of property plant & equipment	8	(77,128)	(77,128)	(76,925)	(54,256)	(55,176)	(55,518)
– Intangibles	9	(2,018)	(2,018)	(1,757)	1,604	1,989	(429)
Pensions – Actuarial (gains)/losses		42	42	484	–	–	–
Total comprehensive expenditure for the year ended 31 March 2015		13,024,245	12,939,323	12,936,841	12,109,368	11,991,044	11,980,205

The notes on pages 105 to 164 form part of these accounts.

Consolidated Statement of Financial Position

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

as at 31 March 2015

	Note	31 March 2015 £000			Restated 31 March 2014 £000			Restated 31 March 2013 £000		
		Core Department	Core Department & Agencies	Depart- mental Group	Core Department	Core Department & Agencies	Depart- mental Group	Core Department	Core Department & Agencies	Depart- mental Group
Non-current assets:										
Property, plant and equipment	8	1,057,926	1,057,926	1,087,232	1,022,704	1,089,425	1,121,419	646,982	1,156,518	1,185,461
Intangible assets	9	458,579	458,579	471,870	401,354	487,538	499,084	123,312	506,097	518,892
Trade receivables and other non-current assets	14	–	–	1,648	42	42	1,497	–	1,049	3,200
Total non-current assets		1,516,505	1,516,505	1,560,750	1,424,100	1,577,005	1,622,000	770,294	1,663,664	1,707,553
Current assets:										
Assets classified as held for sale	7	6,991	6,991	6,991	22,961	22,961	22,961	–	–	–
Inventories		12,713	12,713	12,713	6,650	11,043	11,043	–	12,343	12,343
Trade and other receivables	14	385,884	385,884	391,381	297,460	321,243	320,701	249,405	348,361	342,589
Cash and cash equivalents	13	140,971	140,971	165,777	206,173	206,173	225,317	32,962	46,183	70,949
Total current assets		546,559	546,559	576,862	533,244	561,420	580,022	282,367	406,887	425,881
Total assets		2,063,064	2,063,064	2,137,612	1,957,344	2,138,425	2,202,022	1,052,661	2,070,551	2,133,434
Current liabilities:										
Provisions	16	504,808	504,808	505,370	135,580	136,829	138,859	11,295	41,592	46,483
Trade and other payables	15	1,403,624	1,403,624	1,429,821	1,379,883	1,472,678	1,489,485	956,869	1,369,921	1,387,784
Total current liabilities		1,908,432	1,908,432	1,935,191	1,515,463	1,609,507	1,628,344	968,164	1,411,513	1,434,267
Non-current assets plus/less net current assets/ liabilities		154,632	154,632	202,421	441,881	528,918	573,678	84,497	659,038	699,167
Non-current liabilities:										
Other payables	15	289,200	289,200	292,455	290,362	293,173	296,394	230,301	296,777	299,473
Provisions	16	175,651	175,651	176,911	131,646	137,120	138,341	79,601	141,691	141,251
Pensions Liability		353	353	2,395	332	332	1,916	–	–	5,392
Total non-current liabilities		465,204	465,204	471,761	422,340	430,625	436,651	309,902	438,468	446,116
Assets less liabilities		(310,572)	(310,572)	(269,340)	19,541	98,293	137,027	(225,405)	220,570	253,051
Taxpayers' equity and other reserves:										
General fund		(564,748)	(564,748)	(524,066)	(170,781)	(100,978)	(63,716)	(305,414)	45,323	82,900
Revaluation reserve		254,529	254,529	257,121	190,654	199,603	202,659	80,009	175,247	175,543
Pensions Reserve		(353)	(353)	(2,395)	(332)	(332)	(1,916)	–	–	(5,392)
Total equity		(310,572)	(310,572)	(269,340)	19,541	98,293	137,027	(225,405)	220,570	253,051

The 2013-14 results have been restated to take account of Machinery of Government changes (see Note 26 for details).

On 1 October 2014, Her Majesty's Passport Office (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2013-14 figures was made for this restructuring (see Note 25 for details).

The notes on pages 105 to 164 form part of these accounts.

Mark Sedwill
Accounting Officer
5 June 2015

Consolidated Statement of Cash Flows

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

for the year ended 31 March 2015

	Note	2014-15		Restated 2013-14	
		Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Cash flows from operating activities					
Net operating cost		(13,018,427)	(13,015,039)	(12,044,231)	(12,036,152)
Adjustments for non-cash transactions		835,782	848,424	477,017	476,005
(Increase)/decrease in trade and other receivables	14	(64,599)	(70,831)	28,125	23,591
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		377	377	(2,402)	(2,992)
(Increase)/decrease in inventories		(1,670)	(1,670)	1,300	1,300
Increase/(decrease) in trade payables	15	(73,027)	(63,603)	99,153	98,622
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>		58,799	58,797	(174,775)	(176,282)
Use of provisions	16	(84,745)	(86,570)	(49,603)	(49,774)
Increase/(Reduction) in pension liability		21	479	(17)	(156)
Net cash outflow from operating activities		(12,347,489)	(12,329,636)	(11,665,433)	(11,665,838)
Cash flows from investing activities					
Purchase of property, plant and equipment		(71,368)	(77,066)	(96,845)	(105,756)
Purchase of intangible assets		(111,076)	(117,712)	(57,157)	(62,802)
Proceeds of disposal of property, plant and equipment		24,863	25,004	193	4,204
Proceeds of disposal of intangibles		912	912	45	4,699
Loans to other bodies		–	–	(198,700)	(198,700)
(Repayments) from other bodies		–	–	198,700	198,700
Net cash outflow from investing activities		(156,669)	(168,862)	(153,764)	(159,655)
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		12,571,585	12,571,585	12,136,085	12,136,085
From the Consolidated Fund (Supply) – prior year		–	–	–	–
Advances from the Contingencies Fund		275,000	275,000	198,700	198,700
Repayments to the Contingencies Fund		(275,000)	(275,000)	(198,700)	(198,700)
Capital element of payments in respect of finance leases and on balance sheet (SoFP) PFI contracts		(35,042)	(35,040)	(49,813)	(49,123)
Net financing		12,536,543	12,536,545	12,086,272	12,086,962
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		32,385	38,047	267,075	261,469
Payments of amounts due to the Consolidated Fund		(97,587)	(97,587)	(107,085)	(107,101)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(65,202)	(59,540)	159,990	154,368
Cash and cash equivalents at the beginning of the period		206,173	225,317	46,183	70,949
Cash and cash equivalents at the end of the period		140,971	165,777	206,173	225,317

The 2013-14 results have been restated to take account of Machinery of Government changes (see Note 26 for details).

On 1 October 2014, Her Majesty's Passport Office (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2013-14 figures was made for this restructuring (see Note 25 for details).

The notes on pages 105 to 164 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity

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

for the year ended 31 March 2015

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2013		82,900	175,544	(5,392)	253,052
Opening balance adjustment		(7,834)	(1)	–	(7,835)
Restated balance at 1 April 2013		75,066	175,543	(5,392)	245,217
Net Parliamentary Funding – drawn down		12,136,085	–	–	12,136,085
Net Parliamentary Funding – deemed		13,454	–	–	13,454
Supply payable/(receivable) adjustment		(169,473)	–	–	(169,473)
Amounts payable to the Consolidated Fund		(125,119)	–	–	(125,119)
Comprehensive Net Expenditure for the year		(12,036,152)	–	–	(12,036,152)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	55,518	–	55,518
Net gain/(loss) on revaluation of intangible assets	9	–	429	–	429
Movements in Reserves:					
Non-cash charges – auditor's remuneration	4,5	701	–	–	701
Notional charges and income	4	944	–	–	944
External transfers		12,117	(14)	3,320	15,423
Transfers between reserves		28,661	(28,817)	156	–
Balance at 31 March 2014		(63,716)	202,659	(1,916)	137,027

	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2014		(63,716)	202,659	(1,916)	137,027
Opening balance adjustment		16	–	–	16
Restated balance at 1 April 2014		(63,700)	202,659	(1,916)	137,043
Net Parliamentary Funding – drawn down		12,571,585	–	–	12,571,585
Net Parliamentary Funding – deemed		169,473	–	–	169,473
Supply payable/(receivable) adjustment		(124,775)	–	–	(124,775)
Amounts payable to the Consolidated Fund		(86,400)	–	–	(86,400)
Comprehensive Net Expenditure for the year		(13,015,039)	–	–	(13,015,039)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	76,925	–	76,925
Net gain/(loss) on revaluation of intangible assets	9	–	1,757	–	1,757
Movements in Reserves:					
Non-cash charges – auditor's remuneration	4,5	505	–	–	505
Notional charges and income	4	–	–	–	–
External transfers		26	2	–	28
Actuarial gain/loss in year		–	–	(484)	(484)
Release of reserves to the Statement of Comprehensive Net Expenditure		42	–	–	42
Transfers between reserves		24,217	(24,222)	5	–
Balance at 31 March 2015		(524,066)	257,121	(2,395)	(269,340)
Of which:					
Core Department		(564,748)	254,529	(353)	(310,372)
Agencies		–	–	–	–
NDPBs		40,682	2,592	(2,042)	41,232
		(524,066)	257,121	(2,395)	(269,340)

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

for the year ended 31 March 2015

				Restated	
	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2013		45,323	175,247	–	220,570
Opening balance adjustment		(1,748)	(1)	–	(1,749)
Restated balance at 1 April 2013		43,575	175,246	–	218,821
Net Parliamentary Funding – drawn down		12,136,085	–	–	12,136,085
Net Parliamentary Funding – deemed		13,454	–	–	13,454
Supply payable/(receivable) adjustment		(169,473)	–	–	(169,473)
Amounts payable to the Consolidated Fund		(124,268)	–	–	(124,268)
Comprehensive Net Expenditure for the year		(12,044,231)	–	–	(12,044,231)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	55,176	–	55,176
Net gain/(loss) on revaluation of intangible assets	9	–	(1,989)	–	(1,989)
Movements in Reserves:					
Non-cash charges – auditor's remuneration	4,5	701	–	–	701
External transfers		14,379	(13)	(349)	14,017
Transfers between reserves		28,800	(28,817)	17	–
Balance at 31 March 2014		(100,978)	199,603	(332)	98,293
	Note	General Fund £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserves £000
Balance at 31 March 2014		(100,978)	199,603	(332)	98,293
Opening balance adjustment		–	–	–	–
Restated balance at 1 April 2014		(100,978)	199,603	(332)	98,293
Net Parliamentary Funding – drawn down		12,571,585	–	–	12,571,585
Net Parliamentary Funding – deemed		169,473	–	–	169,473
Supply payable/(receivable) adjustment		(124,775)	–	–	(124,775)
Amounts payable to the Consolidated Fund		(86,400)	–	–	(86,400)
Comprehensive Net Expenditure for the year		(13,018,427)	–	–	(13,018,427)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	8	–	77,128	–	77,128
Net gain/(loss) on revaluation of intangible assets	9	–	2,018	–	2,018
Movements in Reserves:					
Non-cash charges – auditor's remuneration	4,5	505	–	–	505
Notional charges and income	4	–	–	–	–
External transfers		26	2	–	28
Actuarial gain/loss in year		–	–	(42)	(42)
Release of reserves to the Statement of Comprehensive Net Expenditure		42	–	–	42
Transfers between reserves		24,201	(24,222)	21	–
Balance at 31 March 2015		(564,748)	254,529	(353)	(310,572)

The notes on pages 105 to 164 form part of these accounts.

Notes to the departmental accounts for the period ending 31 March 2015

1. Statement of accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare a *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000).

In common with other government departments, the future financing of the Department's liabilities is to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. It has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

The accounts have been prepared under the Government Resources and Accounts Act 2000.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.2 Restatement of 2013-14 Results

The results for 2013-14 have been restated to:

- a) exclude the financial data of the Disclosure and Barring Service (DBS), which has been reclassified as a Public Corporation by the Office for National Statistics; and
- b) include the financial data relating to the Gangmasters Licensing Authority, which transferred from the Department for Environment, Food and Rural Affairs to the Home Office on 1 April 2014.

1.3 Basis of consolidation

These accounts include the non-agency parts of the Department (the core Department) and its executive agency, Her Majesty's Passport Office (HMPO) up until 30 September 2014. On 1 October 2014, HM Passport Office functions transferred to the Home Office. In addition, the Executive Non-Departmental Public Bodies (NDPBs) of the Home Office are also consolidated in these accounts. The NDPBs consolidated within the departmental boundary are: Independent Police Complaints Commission (IPCC), Office of the Immigration Services Commissioner (OISC), Security Industry Authority (SIA) and the Gangmasters Licensing Authority (GLA). The College of Policing (CoP) is also consolidated as a *quasi*-NDPB.

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

Machinery of Government (MoG) changes which involve the transfer of functions or responsibilities between two or more government departments are accounted for using merger accounting rules in accordance with the FReM. See note 1.2 above. The Department had one Machinery of Government change: the move of the Gangmasters Licensing Authority from the Department for Environment, Food and Rural Affairs to the Home Office. In addition,

the Disclosure and Barring Service (DBS), which was previously consolidated into these accounts was reclassified as a Public Corporation by the Office for National Statistics (ONS) and has therefore been excluded. Although DBS, as a public corporation, is no longer consolidated within the departmental boundary, the Department continues to sponsor and oversee the activities of the DBS.

The impact of the Machinery of Government changes to the accounts is detailed in Note 26. In addition to this Her Majesty's Passport Office became part of the Core Home Office on 1 October 2014, and the residual elements of the National Fraud Authority transferred to the Core Home Office on 1 April 2014 (see Note 25 for details).

1.4 Judgments and key sources of estimation uncertainty

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

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

Provisions

A provision is recognised when the Department has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using the real rate set by HM Treasury. Among these provisions are the police pensions provision (see Note 16.4), together with those relating to the potential reparation costs related the riots that took place in August 2011, which were based on estimates provided by loss adjusters (see Note 16.3).

Police Pension Scheme provision

A provision of £767 million was calculated as an estimate of the total cost of redress expected to be made in respect of commutation lump sums paid from police pension scheme in England and Wales between 2001 and 2006. The Home Office's element of the total liability is £460 million.

a) Methodology

The cost estimate was produced by calculating the amount of redress payment owed in respect of retirements in each financial year from 2001-02 to 2006-07. Where redress payments only apply for a proportion of that year, the assumption was made that the underlying commutation lump sum amounts are paid uniformly over each year (e.g. the lump sums paid between 1 December 2001 and 31 March 2002 was calculated as 1/3rd of the total lump sums paid over 2001-02).

As per the Pensions Ombudsman's determination, the redress payments will include interest, calculated using the base rate of interest payable up to the end of 2014, and tax. The tax element is excluded from the Home Office's provision.

b) Data and assumptions

The key assumptions and data used for this cost estimate were:

- The multipliers (used to work out how much additional lump sum each officer should have been paid under commutation factors which would have applied if reviews were undertaken in 2001 and 2004);
- Partially projected amounts of commutation lump sums paid out between 1 December 2001 and 30 November 2006;
- The proportion of these which were paid to female retirees; and
- The pattern of retirement ages underpinning these lump sums.

Commutation lump sums

There was no full data for the commutation lump sum paid out over the period between December 2001 and 30 November 2006, so appropriate figures were generated using the available information.

Actual data for commutation lump sum payments paid out over 2001-02 and 2002-03 was used in the estimate. For the remaining period (1 April 2003 to 30 November 2006) the commutation lump sums in each financial year

were estimated assuming the total amount of lump sums moved in line with the number of retirements (full-time equivalents) in the year, using Home Office statistics (ADR data).

Proportion of lump sums which were paid to female retirees

The cost of redress is lower for female officers compared to male officers. The calculation makes an allowance for this using an assumed proportion of female retirees throughout the period. Two sources of data can be used to calculate this proportion.

The first is the ADR data, which implies that 6.9% of retirements between 1 December 2001 and 30 November 2006 were in respect of female officers. The estimate for the total cost of redress assuming that 6.9% of retirements were in respect of female officers is £767 million. Of this, £85 million arises out of interest and £307 million is in respect of tax. The Home Office provision is made up of £460 million, £375 million being the lump sum payout and £85 million interest.

Alternatively, separate data was supplied by the Metropolitan Police force and a single administrator with data covering 15 different forces. This covers retirement over the period affected by redress, but implies a female proportion of 11.5%. On this basis the estimated cost of redress would be £739 million. Of this, £82 million arises out of interest and £296 million in respect of tax.

The amount provided in the accounts is based on the higher of these valuations, as this better represented retirement data from all police forces across the period in question.

Police Pensions top-up grant accrual

The Department makes a grant to police forces to match the estimated deficit in their police pension schemes for the year (see note 1.17). The grant is based on estimates provided in-year by the police forces and adjusted for actual outturns from prior years. The Department recognises an accrual at the year-end for the element of the grant that has not been paid by the year-end. There are inherent uncertainties involved with the calculation of the pension grant, for example the number of retirees and amounts taken in lump sums, which means that the accrual is the best estimate of the liability at the year-end. The value of the accrual as at 31 March 2015 was £314 million.

Service concession arrangements

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

Development costs

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

1.5 Administration and programme expenditure

The Consolidated Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. Administration costs reflect the costs of running the Department. These include both the administration costs and associated operating income.

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service provision. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury.

1.6 Property, plant and equipment

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

Cost comprises the amount of cash paid to acquire the asset and includes any costs directly attributable to making the asset capable of operating as intended. The capitalisation threshold for expenditure on property, plant and equipment is £5,000.

Fair value of properties is based on professional valuations every five years and in the intervening years by the use of published indices appropriate to the type of property. Valuations are undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Evaluation Manual. These valuations are carried out by the Valuations Office Agency (VOA). The last valuation was performed by 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 2015.

Other operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. Published indices appropriate to the category of asset are normally used to estimate value.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the Consolidated Statement of Comprehensive Net Expenditure, in which case the increase is recognised in the Consolidated Statement of Comprehensive Net Expenditure. A revaluation deficit is recognised in the Consolidated Statement of Comprehensive Net Expenditure, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Depreciation is calculated to write down the costs of the assets to their estimated residual value on a straight-line basis over their expected useful lives as follows:

- Buildings – up to 60 years or life of lease
- Improvements to leasehold buildings – duration of lease or anticipated useful life
- Plant and equipment – 2 to 15 years
- Computers – 2 to 15 years
- Transport equipment – 3 to 20 years
- Furniture and fittings – 3 to 10 years

Assets in the course of construction are not depreciated until the point at which they are ready to be brought into use. No depreciation is provided on freehold land and non-current assets held for sale.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

1.7 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the period ending 31 March. Where no active market exists the Department uses published indices to assess the depreciated replacement cost. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Consolidated Statement of Comprehensive Net Expenditure in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

Software licences

Externally acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to fifteen years.

Internally developed software

This includes software that arises from internal or third party development for internal or external access. The direct costs associated with the development stage of internally developed software are included in the cost of

the asset. These assets are amortised over the useful economic life of three to ten years. Note 9 to the accounts refers to these assets as Information Technology (IT).

Assets under construction

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

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

1.8 Third party assets

The Department holds funds on behalf of third parties. Such funds include citizenship ceremony fees, proceeds of crime and bail bonds. These funds are not recognised in the financial statements as the Department has no beneficial interest in them. Details of the assets held on behalf third parties are given in Note 21 to the accounts.

1.9 Leases

Assets held under finance leases, which transfer to the Department substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Consolidated Statement of Comprehensive Net Expenditure so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and the rentals payable are charged to the Consolidated Statement of Comprehensive Net Expenditure on a straight line basis over the lease term.

1.10 Service concessions

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 1.9 Leases.

Where it is determined that arrangements are in scope of IFRIC 12, the Department recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IAS 17, with the service element and the interest charge recognised as incurred over the term of the concession arrangement. Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques.

In determining the interest rate implicit in the contract, the Department applies the risk-free market rate at the time the contract was signed. The rate is not changed unless the infrastructure element or the whole contract is renegotiated. The risk-free rate is determined by reference to the real rate set by HM Treasury, currently 3.5%.

The nominal rate is then calculated by adjusting this real term rate by the UK inflation rate.

The Department recognises a liability for the capital value of the contract. That liability does not include the interest charge and service elements, which are expensed annually to the Consolidated Statement of Comprehensive Net Expenditure.

On initial recognition of existing PPP arrangements or PFI contracts under IFRS, the Department measures the non-current asset in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the period end, which will normally be the outstanding liability in respect of the property (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment (section 1.6 above) and intangible assets (section 1.7 above). Liabilities are measured using the appropriate discount rate. Revenue received under any revenue sharing provision in the service concession arrangement is recognised when all the conditions laid down in IAS 18 Revenue have been satisfied.

1.11 Financial Instruments

Financial assets

Financial assets are recognised when the Department becomes party to the contracts that give rise to them and are classified as: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets as appropriate. The Department determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value. Fair value is determined as the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification. The following classifications are currently applicable:

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

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Loans and receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. Provision is made when there is objective evidence that the Department will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial assets are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Trade and other payables are recognised at cost, which is subsequently deemed to be materially the same as the fair value. Where the time value of money is material, payables are subsequently measured at amortised cost.

Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1.12 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.

1.13 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.

1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*. These comprise:

- items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement; and
- all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

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

1.15 Operating income

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

Rendering of services

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

Income for Her Majesty's Passport Office is recognised when services and goods are issued. Income from free passports issued for all British Nationals born on or before 2 September 1929 that was introduced on 18 October 2004 is financed by Parliamentary Supply drawn down by the Home Office.

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

Licence fee income for the Security Industry Authority (SIA) is recognised at the point when an application is accepted. At this point, the fee paid becomes non-refundable and the SIA is committed to paying the managed service provider for processing the application. Application fee income for SIA is recognised at the point when a decision is made on the status of that application. Annual registration is charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the period covered by the registration.

EU expenditure is recognised in the Consolidated Statement of Comprehensive Net Expenditure on a pro-rata basis as the projects progress, the income receivable from the EU is recognised to match this expenditure.

1.16 Pensions

Principal Civil Service Pension Scheme:

Past and present employees are ordinarily covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Partnership and Stakeholder Schemes:

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account). The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

Broadly By Analogy:

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

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

1.17 Home Office grants

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

Home Office Police Core Settlement

Police grants paid by the Department to Police and Crime Commissioners are based on funding levels agreed in the Police Grant Report (England and Wales) 2014-15.

Police Pensions top-up grant

The amount reported as the Police Pensions top-up grant is equal to the difference between outgoing pension expenditure and incoming pension contributions in a single year. An accrual is recognised in the Department's financial statement for the estimated amount of grant relating to the year, which has not been paid by year-end.

College of Policing funding

The amount of funding provided to the College of Policing through Grant in Aid in the 2014-15 financial year was calculated by taking an agreed percentage of the total Home Office funds available to provide for policing including grants to PCCs. This amount was taken (top-sliced) from the police grant and instead paid to the College.

1.18 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.

1.19 Segmental Reporting

IFRS 8 – *Operating Segments* has been applied in full without interpretation or adaption in line with HM Treasury guidance. Financial information for operating segments for a minimum of 75% of comprehensive net expenditure has been disclosed in a note to the accounts. Segmental information is included in Note 2 to these accounts.

1.20 Deferred Income

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

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

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

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

IFRS 13 – Fair Value Measurement was issued on 1 January 2013 and has been adopted by the EU. This will be effective from 2015-16. IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise). The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.

The Standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset or liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on. To ensure transparency over the differing quality of inputs used to determine fair value, the Standard has established a hierarchy for input quality.

- Level 1 inputs (highest quality) are published prices available in an active market;
- Level 2 inputs are observable data available in a non-active market; and
- Level 3 inputs (lowest quality) are all other inputs, which are mostly unobservable. Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.

IFRS 13 requires additional disclosures where level 3 inputs are used to assess fair value, to give readers an understanding of the sensitivity of the valuation to changes in those inputs.

IAS 36 – 'Impairment of assets' on recoverable amount disclosures (amendment) was issued on 1 January 2014 and has been adopted by the EU, with a view to include in the final version of the 2015-16 FReM (subject to review). This amendment, which seeks to address the implications of references to IFRS 13 'Fair Value Measurement', modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets. It clarifies the scope of certain disclosures and removes burdensome and unintended disclosure requirements without reducing the relevance and understandability of the financial information.

2. Statement of Operating Costs by Operating Segment

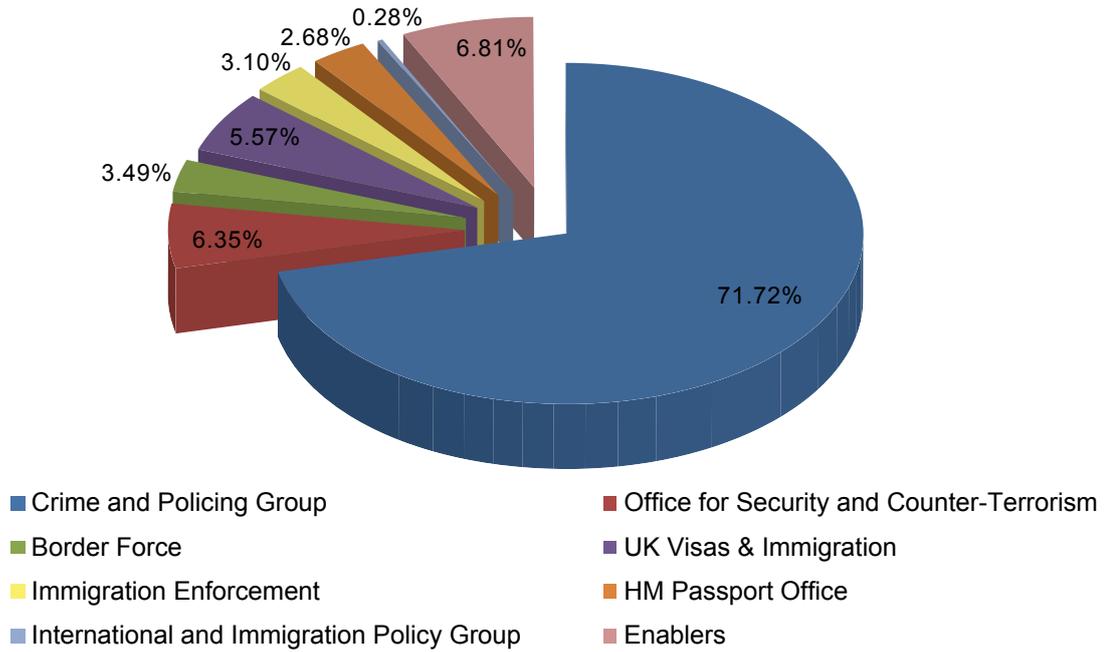
for the year ended 31 March 2015

Reportable Segment	2014-15				
	Administration Expenditure £000	Programme Expenditure £000	Gross Expenditure £000	Income £000	Net £000
Crime and Policing Group	58,678	10,717,175	10,775,853	(83,086)	10,692,767
Office for Security and Counter-Terrorism	47,980	906,137	954,117	(182,649)	771,468
Border Force	2,389	522,693	525,082	(7,775)	517,307
UK Visas & Immigration	29,588	807,658	837,246	(1,019,791)	(182,545)
Immigration Enforcement	8,581	457,411	465,992	(29,843)	436,149
HM Passport Office	45,004	357,989	402,993	(507,606)	(104,613)
International and Immigration Policy Group	21,378	20,020	41,398	(1,059)	40,339
Enablers	409,161	614,007	1,023,168	(179,001)	844,167
Net Expenditure	622,759	14,403,090	15,025,849	(2,010,810)	13,015,039

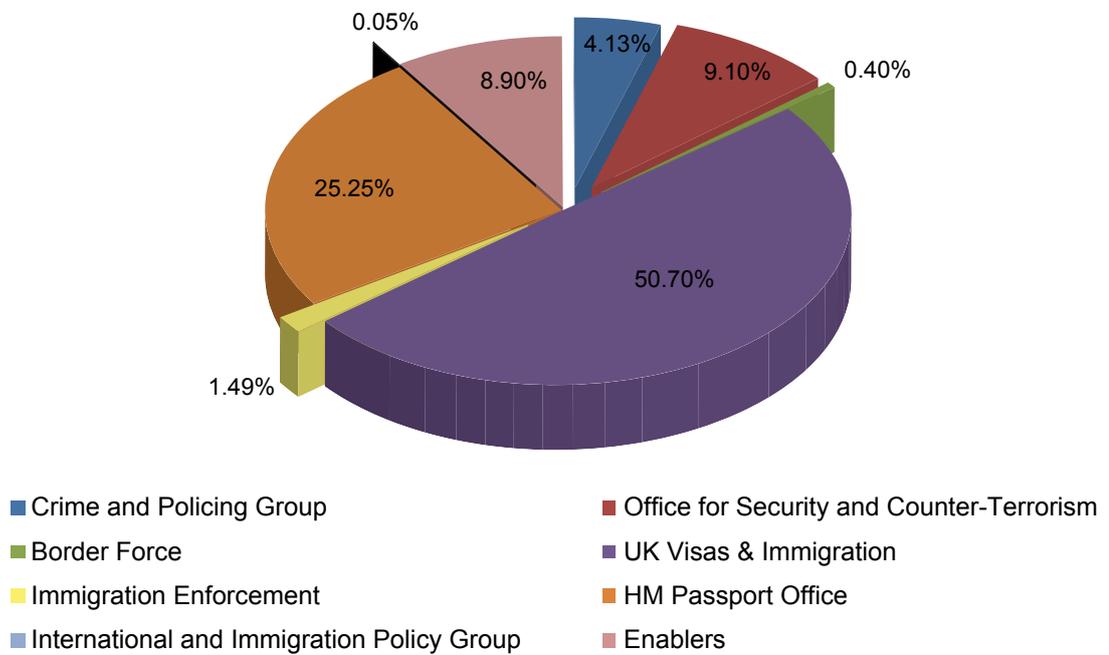
Reconciliation between Operating Segments and SOPS Note 2

Capital Grants	–	(215,920)	(215,920)	–	(215,920)
Capital Grant income	–	–	–	3,624	3,624
PFI adjustment	(26,427)	(40,873)	(67,300)	–	(67,300)
Consolidated Fund Extra Receipts	–	–	–	86,400	86,400
NDPB income (reported as net expenditure in SOPS Note 2)	(4,168)	(51,737)	(55,905)	55,905	–
Provisions utilised adjustment	(6,907)	6,907	–	–	–
EU Income (reported as net expenditure in SOPS Note 2)	–	(49,931)	(49,931)	49,931	–
Net Resource Outturn	585,257	14,051,536	14,636,793	(1,814,950)	12,821,843

2014-15 Gross expenditure by Operating Segment



2014-15 Income by Operating Segment



2.1 Departmental Net Assets by Operating Segment (as at 31 March 2015)

Reportable Segment	Total Assets £000	Total Liabilities £000	Net Assets £000
Crime and Policing Group	286,649	(1,182,588)	(895,939)
Office for Security and Counter-Terrorism	67,207	(186,559)	(119,352)
Border Force	236,337	(54,995)	181,342
UK Visas & Immigration	408,127	(340,820)	67,307
Immigration Enforcement	268,298	(39,445)	228,853
HM Passport Office	186,720	(75,124)	111,596
International and Immigration Policy Group	35,648	(8,993)	26,655
Enablers	648,626	(518,428)	130,198
Total balance	2,137,612	(2,406,952)	(269,340)

for the year ended 31 March 2014

Reportable Segment	Administration Expenditure £000	Programme Expenditure £000	Gross Expenditure £000	Income £000	Restated 2013-14 Net £000
Crime and Policing Group	72,705	9,878,426	9,951,131	(89,511)	9,861,620
Office for Security and Counter-Terrorism	52,210	876,652	928,862	(174,071)	754,791
Border Force	3,970	508,742	512,712	(12,916)	499,796
UK Visas & Immigration	14,730	796,961	811,691	(1,105,391)	(293,700)
Immigration Enforcement	9,080	434,408	443,488	(19,653)	423,835
HM Passport Office	41,217	280,742	321,959	(451,578)	(129,619)
National Fraud Authority	639	11,191	11,830	–	11,830
International and Immigration Policy Group	23,918	14,394	38,312	(190)	38,122
Enablers	295,994	679,908	975,902	(106,425)	869,477
Net Expenditure	514,463	13,481,424	13,995,887	(1,959,735)	12,036,152

Reconciliation between Operating Segments and SOPS Note 2

Capital Grants	–	(189,949)	(189,949)	–	(189,949)
PFI adjustment	(6,021)	(16,694)	(22,715)	–	(22,715)
Consolidated Fund Extra Receipts	–	–	–	124,293	124,293
NDPB income (reported as net expenditure in SOPS Note 2)	(14,593)	(167,457)	(182,050)	182,050	–
Provisions utilised adjustment	40,617	(40,617)	–	–	–
Machinery of Government changes	5,247	121,996	127,243	(125,464)	1,779
EU Income (reported as net expenditure in SOPS Note 2)	–	(32,131)	(32,131)	32,131	–
Net Resource Outturn	539,713	13,156,572	13,696,285	(1,746,725)	11,949,560

Reportable Segment	Total	Total	Restated
	Assets	Liabilities	Net
	£000	£000	Assets
			£000
Crime and Policing Group	257,340	(568,870)	(311,530)
Office for Security and Counter-Terrorism	55,115	(179,792)	(124,677)
Border Force	242,597	(63,407)	179,190
UK Visas & Immigration	210,607	(291,247)	(80,640)
Immigration Enforcement	249,657	(38,394)	211,263
HM Passport Office	182,469	(100,762)	81,707
National Fraud Authority	166	(1,567)	(1,401)
International and Immigration Policy Group	33,885	(8,849)	25,036
Enablers	970,186	(812,107)	158,079
Total balance	2,202,022	(2,064,995)	137,027

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

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

Home Office Business Segments

The Crime and Policing Group (CPG), and the services the group oversee, play vital roles in achieving the Home Office's core purpose of protecting the public. CPG are responsible for the implementation of crime and policing policy and sponsor the Independent Police Complaints Commission, the Security Industry Authority, the Gangmasters Licensing Authority and the College of Policing. In addition, CPG sponsor the Disclosure and Barring Service (DBS); however do not report DBS transactions and balances within this business segment because DBS is a Public Corporation and is outside of the departmental accounting boundary.

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

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

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

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

The International and Immigration Policy Group (IIPG) 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. IIPG sponsor the Office of the Immigration Services Commissioner.

Her Majesty's Passport Office, provides accurate and secure records of key events and has responsibility for producing passports. Her Majesty's Passport Office delivers the following services:

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

The National Fraud Authority (NFA) ceased operations on 31 March 2014, with assets transferred to the City of London Police on 1 April 2014. NFA was established following the government's fraud review and was responsible for increasing the UK economy's protection against the harm caused by fraud. Its functions were transferred to the National Crime Agency, City of London Police and Office for Security and Counter-Terrorism.

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

3. Staff numbers and related costs

Staff costs comprise:

	2014-15					Restated
	£000					2013-14
	Departmental Group					Departmental Group
	Total	Permanently employed staff	Others	Ministers	Special advisers	Total
Wages and salaries	1,080,734	945,736	134,502	262	234	1,058,764
Social security costs	73,842	73,679	114	23	26	71,303
Other pension costs	175,113	175,069	–	1	43	163,971
Sub Total*	1,329,689	1,194,484	134,616	286	303	1,294,038
Less recoveries in respect of outward secondments	(1,889)	(1,889)	–	–	–	(2,259)
Total net costs*	1,327,800	1,192,595	134,616	286	303	1,291,779
Of which:						
Core Department	1,176,222	1,069,142	106,491	286	303	1,109,525
Core Department and Agencies	1,234,616	1,126,880	107,147	286	303	1,212,357
Departmental Group	1,327,800	1,192,595	134,616	286	303	1,291,779
*Of which:						
Departmental Group -						
Charged to administration costs	265,174					279,339
Charged to programme costs	1,062,626					1,012,440
	<u>1,327,800</u>					<u>1,291,779</u>
Core Department & Agencies -						
Charged to administration costs	245,321					261,778
Charged to programme costs	989,295					950,579
	<u>1,234,616</u>					<u>1,212,357</u>
Core Department -						
Charged to administration costs	236,948					239,546
Charged to programme costs	939,274					869,979
	<u>1,176,222</u>					<u>1,109,525</u>

* The total amount of capitalised staff costs not included in the figures above is £1.2 million (£5.7 million in 2013-14).

Staff Costs by Business Segment

Business Segment	2014-15					Restated
	£000					2013-14
	Total	Permanently employed staff	Others	Ministers	Special advisers	Departmental Group
Crime and Policing Group	142,726	98,845	43,881	–	–	121,605
Office for Security and Counter-Terrorism	38,206	36,033	2,173	–	–	38,756
Border Force	368,325	366,373	1,952	–	–	367,088
UK Visas & Immigration	248,999	190,731	58,268	–	–	235,939
Immigration Enforcement	203,533	191,278	12,255	–	–	185,635
International and Immigration Policy	23,074	22,405	669	–	–	24,812
HM Passport Office	114,184	110,924	3,260	–	–	100,647
National Fraud Authority	–	–	–	–	–	2,185
Total	1,139,047	1,016,589	122,458	–	–	1,076,667
Enablers	188,753	176,006	12,158	286	303	215,112
Total Staff Costs	1,327,800	1,192,595	134,616	286	303	1,291,779

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in the agencies and other bodies included within the consolidated departmental resource accounts.

Business Segment	2014-15					Restated
	Total	Permanently employed staff	Others	Ministers	Special advisers	2013-14
Crime and Policing Group	2,510	2,106	404	–	–	2,087
Office for Security and Counter-Terrorism	753	661	92	–	–	930
Border Force	8,332	8,025	307	–	–	8,080
UK Visas & Immigration	6,787	5,051	1,736	–	–	6,315
Immigration Enforcement	5,351	4,824	527	–	–	4,811
International and Immigration Policy Group	494	473	21	–	–	381
HM Passport Office	3,664	3,474	190	–	–	3,352
National Fraud Authority	–	–	–	–	–	39
Enablers	4,906	4,046	851	6	3	4,555
Total	32,797	28,660	4,128	6	3	30,550
Of which:						
Core Department	29,005	25,332	3,664	6	3	25,651
Core Department and Agencies	30,974	27,115	3,850	6	3	29,042
Departmental Group	32,797	28,660	4,128	6	3	30,550

Included within the staff numbers above are 15 members of staff who were engaged in capital projects (49 in 2013-14).

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

Civil Service Compensation Scheme

Exit Package cost band	Core Department			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	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	– (–)	50 (–)	50 (–)	– (1)	51 (–)	51 (1)	– (1)	52 (1)	52 (2)
£10,000 – £25,000	– (–)	79 (3)	79 (3)	– (2)	79 (3)	79 (5)	2 (2)	88 (6)	90 (8)
£25,000 – £50,000	1 (2)	99 (6)	100 (8)	1 (4)	99 (6)	100 (10)	3 (4)	118 (9)	121 (13)
£50,000 – £100,000	1 (1)	71 (15)	72 (16)	1 (2)	72 (15)	73 (17)	3 (3)	81 (18)	84 (21)
£100,000 – £150,000	– (–)	14 (4)	14 (4)	– (–)	14 (5)	14 (5)	– (–)	14 (5)	14 (5)
£150,000 – £200,000	– (–)	– (2)	– (2)	– (–)	– (2)	– (2)	– (–)	– (2)	– (2)
£200,000 – £250,000	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
£250,000 – £300,000	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
£300,000 – £350,000	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Total number of exit packages by type	2 (3)	313 (30)	315 (33)	2 (9)	315 (31)	317 (40)	8 (10)	353 (41)	361 (51)
Total resource cost (£000)	109 (150)	11,828 (2,129)	11,937 (2,279)	109 (357)	11,895 (2,275)	12,004 (2,632)	374 (434)	13,382 (2,596)	13,756 (3,030)

Comparative figures for the prior year are shown in brackets. These comparative figures have been restated to take account of the Machinery of Government changes (see Note 26 for details).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972 and as amended by the Superannuation Act 2010. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

(a) Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Home Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2014-15, employers' contributions of £172.2 million were payable to the PCSPS (£163.1 million in 2013-14 (Restated)) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

(b) Partnership and Stakeholder Schemes

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £930.2k (£667.7k in 2013-14 (Restated)) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £21.4k (£12.1k in 2013-14 (Restated)), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2015 were £13.9 million (£13.2 million in 2013-14 (Restated)). Contributions prepaid were £nil (£nil in 2013-14).

23 persons (23 in 2013-14 (Restated)) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £51.9k (£62.1k in 2013-14 (Restated)).

(c) By Analogy Pension Scheme

The Home Office also operates a 'Broadly by Analogy' (BBA) Pension Scheme. This scheme is analogous with the Principal Civil Service Pension Scheme (PCSPS). The BBA pensions are unfunded, with benefits being paid as they fall due. Liabilities for the scheme rest with the Home Office and provision for these liabilities is reflected in the statement of financial position.

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

The size of this scheme is small and there are only a few former members of the Police Complaints Authority and the former Chairman of the National Policing Improvement Agency within the Home Office who are provided pensions under this arrangement. The exact value of the scheme is therefore not disclosed here.

4. Other Administration Costs

		2014-15 £000			Restated 2013-14 £000		
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Rentals under operating leases		2,459	2,459	3,126	1,159	1,159	2,305
PFI and other service concession arrangements service charges		72,080	72,080	72,080	51,274	51,274	51,854
Other IT and accommodation related service charges		29,240	35,244	35,244	36,017	39,913	39,913
Non-cash items							
Depreciation	8	21,519	21,519	21,672	16,543	18,968	19,086
Amortisation	9	1,329	1,329	1,762	1,458	1,992	2,608
Impairment	10	419	419	419	2,248	2,248	2,248
(Profit)/loss on disposal of property, plant and equipment		(5,113)	(5,113)	(5,130)	680	744	721
PFI Interest charges		24,183	24,183	24,183	23,675	23,675	23,673
Notional charges		–	–	–	–	–	944
Auditor's remuneration and expenses		400	505	505	495	701	701
Provision movements	16	6,907	6,907	6,907	9,096	9,153	9,138
Bad debt movement		(118)	(118)	(118)	(320)	(58)	(58)
Other							
Publication stationery & printing		1,295	1,343	1,578	1,287	1,437	1,585
Facilities management and staff services		34,502	37,259	45,388	30,268	35,674	36,590
Travel, subsistence and hospitality		13,956	14,787	15,991	13,961	16,297	17,621
Professional fees		8,359	12,202	13,644	8,994	10,853	11,040
e-Borders Settlement	24	100,138	100,138	100,138	–	–	–
Auditor's remuneration and expenses		–	–	181	–	–	154
Media and IT		3,037	3,080	6,296	4,222	4,303	9,610
Early retirement costs		6,616	6,616	6,616	3,089	3,089	3,089
Other administration expenditure		5,042	5,668	7,103	368	2,716	2,302
Total		326,250	340,507	357,585	204,514	224,138	235,124

On 1 October 2014, Her Majesty's Passport Office (an Executive Agency of the Home Office) became part of the Core Home Office. No restatement of the 2013-14 figures was made for this restructuring (see Note 25 for details). The 2013-14 results have been restated to take account of Machinery of Government changes (see Note 26 for details).

No remuneration has been paid to the National Audit Office for non-audit work (2013-14, £nil).

5. Programme Costs

		2014-15 £000			Restated 2013-14 £000		
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Rentals under operating leases (*)		48,343	48,343	50,263	2,763	2,763	4,965
PFI and other service concession arrangements service charges		240,639	240,639	245,730	272,762	302,257	306,367
Other IT and accommodation related service charges		356,154	380,197	380,197	263,028	267,151	267,151
Non-cash items							
Depreciation	8	102,562	107,619	111,355	92,255	101,294	104,398
Amortisation	9	161,198	166,820	167,700	141,318	150,438	152,315
Impairment	10	13,260	14,165	21,710	11,073	11,111	11,111
(Profit)/loss on disposal of property, plant and equipment		5,516	5,516	5,459	497	890	918
PFI Interest charges		729	729	729	812	812	812
Finance lease interest charge		7,216	7,216	7,217	6,541	6,541	6,525
Provision movements	16	484,027	484,347	484,743	131,078	128,009	129,561
Bad debt movement		(259)	(259)	(259)	2,596	2,460	3,050
Grants							
Grants – current							
Main Police Grants							
Home Office Police Core Settlement (1)		4,583,345	4,583,345	4,583,345	4,725,434	4,725,434	4,725,434
Department for Communities and Local Government (DCLG) Formula funding (2)		2,923,548	2,923,548	2,923,548	3,067,152	3,067,152	3,067,152
Legacy Council tax grants (3)		500,466	500,466	500,466	–	–	–
Other (4)		1,076,787	1,076,787	1,080,058	1,015,263	1,017,481	1,018,404
Grants – capital (5)		215,919	215,919	215,919	189,950	190,222	190,222
Grants – EU (6)		49,931	49,931	49,931	32,131	32,131	32,131
Police Pensions top-up Grant (7)		1,423,715	1,423,715	1,423,715	1,286,042	1,286,042	1,286,042
Other							
Publication stationery and printing		4,719	6,797	7,547	3,521	4,747	5,418
Passport printing and stationery		54,120	117,244	117,244	–	127,723	127,723
Facilities management and staff services		145,369	158,739	173,642	157,651	180,842	187,764
Travel, subsistence and hospitality		32,331	33,143	39,203	43,920	46,001	51,076
Professional fees		83,342	87,522	90,241	146,560	147,537	149,922
Auditor's remuneration and expenses		–	–	88	–	–	94
Media and IT		19,089	19,293	23,148	3,638	5,868	8,112
Early Retirement		5,577	5,577	5,577	2,511	3,229	3,229
Asylum costs		234,880	234,880	234,880	200,209	200,209	200,209
Detention costs		136,926	136,926	136,926	143,549	143,549	143,549
UK Visas & Immigration commercial partner costs		84,259	84,259	84,259	83,456	83,456	83,456
Asset recovery costs		84,949	84,949	84,949	80,148	80,148	80,148
FCO Management Charge		37,846	37,846	37,846	36,302	36,302	36,302
Other programme costs		57,785	60,816	53,088	71,101	72,795	85,426
Total		13,174,288	13,297,034	13,340,464	12,213,261	12,424,594	12,468,986

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 under Section 46 of the Police Act 1996.

Department for Communities and Local Government (DCLG) 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's 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 and 2013-14 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 in 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 grants 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)

- i) The European Return Fund supports the efforts of EU Member States to improve the management of return in all its dimensions through the use of the concept of integrated management.
- ii) The European Integration Fund supports the efforts of EU Member States in enabling third-country nationals of different economic, social, cultural, religious, linguistic and ethnic backgrounds to fulfil the conditions of residence and to facilitate their integration into European Societies.
- iii) The European Refugee Fund supports and encourages efforts made by the EU Member States in receiving, and in bearing the consequences of receiving refugees and displaced persons, taking account of Community legislation on those matters, by co-financing the actions provided for in the corresponding decision.

Police Pensions top-up Grant (7)

The amount reported as the Police Pensions top-up grant is equal to the difference between outgoing pension expenditure and incoming pension contributions in a single year. An accrual is recognised in the Department's financial statements for the estimated amount of grant relating to the year, which has not been paid by year-end.

On 1 October 2014, Her Majesty's Passport Office (an Executive Agency of the Home Office) became part of the Core Home Office (see Note 25 for details). No restatement of the 2013-14 figures was made for this internal restructure. The 2013-14 results have been restated to take account of Machinery of Government changes (see Note 26 for details).

No remuneration has been paid to the National Audit Office for non-audit work (2013-14, £nil).

(*) A review of operating leases carried out during the year identified new information relating to existing operating leases and the numbers have been adjusted as such. The 2013-14 amounts have not been restated.

6.1 Income

	2014-15 £000			Restated 2013-14 £000		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Retained Income						
Passport fees	175,437	395,424	395,424	–	357,734	357,734
Visa and Immigration income	1,014,768	1,014,768	1,014,768	1,052,613	1,052,613	1,052,613
Asset recovery income	169,632	169,632	169,632	162,973	162,973	162,973
Hendon data centre income	74,174	74,174	74,174	79,277	79,277	79,277
Airwave	20,426	20,426	20,426	16,466	16,466	16,466
Certificate Services	7,023	14,134	14,134	–	14,182	14,182
Other administration income	37,139	38,601	42,772	39,294	39,296	28,982
Other programme income	94,012	100,597	143,149	34,396	43,052	90,258
EU income	49,931	49,931	49,931	32,131	32,131	32,131
Total Retained Income	1,642,542	1,877,687	1,924,410	1,417,150	1,797,724	1,834,616
Payable to Consolidated Fund						
Passport fees	38,221	83,395	83,395	–	70,946	70,946
Excess visa and immigration income	–	–	–	41,699	41,699	41,699
Other excess receipts	–	–	–	200	200	200
Other administration income	48	48	48	355	355	371
Other programme income	2,957	2,957	2,957	11,010	11,068	11,903
Total payable to Consolidated Fund	41,226	86,400	86,400	53,264	124,268	125,119
Total	1,683,768	1,964,087	2,010,810	1,470,414	1,921,992	1,959,735
Of which						
Administration income	58,664	80,606	84,774	41,469	80,528	70,230
Programme income	1,625,104	1,883,481	1,926,036	1,428,945	1,841,464	1,889,505
	1,683,768	1,964,087	2,010,810	1,470,414	1,921,992	1,959,735

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

	2014-15 £000			2013-14 £000		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Africa	71,251	71,251	71,251	71,152	71,152	71,152
Americas	43,975	43,975	43,975	35,970	35,970	35,970
Euro-Med	70,023	70,023	70,023	110,690	110,690	110,690
Pacific	125,123	125,123	125,123	103,617	103,617	103,617
South Asia	112,212	112,212	112,212	83,055	83,055	83,055
The Gulf	101,039	101,039	101,039	96,054	96,054	96,054
	523,623	523,623	523,623	500,538	500,538	500,538

Home Office income includes:

- income for Her Majesty’s Passport Office from their continuing activities, representing the sale value of all services provided during the year;
- income receivable for fees charged in respect of applications for visas and immigration documents.

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

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

The Department receives European Union (EU) funding for a number of internal and external projects. This funding is used to provide assistance in the resettlement and integration of refugees and third country nationals, and the return of foreign nationals to their home country.

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

Segment	Note	Income £000	Full Cost £000	Surplus / (deficit) £000	2014-15		
					Fee recovery actual %	Fee recovery target %	
Crime and Policing Group	Animal Licences (scientific procedures)	1	4,244	4,092	152	104	100
Crime and Policing Group	College of Policing – People Development	2	12,391	25,918	(13,527)	48	100
Crime and Policing Group	SIA – Licensing Income	3	28,023	24,996	3,027	112	100
Crime and Policing Group	SIA – ACS Income	3	2,195	2,506	(311)	88	100
Crime and Policing Group	Drugs Licensing	4	1,449	957	492	151	100
Crime and Policing Group	GLA – Licensing Income	5	835	2,065	(1,230)	40	100
Border Force	Border Force	6	4,692	4,732	(40)	99	100
UK Visas & Immigration	International Group – Visas	7	585,500	393,216	192,284	149	148
UK Visas & Immigration	Immigration Group – In country	8	429,300	198,936	230,364	216	239
UK Visas & Immigration	OISC – Registration Fees	9	1,063	4,031	(2,968)	26	100
HM Passport Office	Passports	10	478,819	422,285	56,534	113	100
HM Passport Office	Certificate Services	11	14,482	21,914	(7,432)	66	100
Enablers	Information Services	12	97,318	335,419	(238,101)	29	100
Enablers	Centre for Applied Science and Technology	13	2,227	18,738	(16,511)	12	100
			1,662,538	1,459,805	202,733		

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 £1 million have been excluded from this analysis.

Notes:

- 1) Animal Licences relate to income generated from the licences required by organisations for the use of living animals in scientific procedures, which falls under the Animals (Scientific Procedures) Act 1986 (ASPA) in England, Scotland and Wales.
- 2) People Development includes exams and assessments, learning and development services and leadership development services.
- 3) The SIA Licensing Income is the application fee for an individual SIA Licence. Individuals working in specific sectors of the private security industry are required by law to hold 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.

- 4) Drugs Licensing relate to income generated from the licences required by organisations who handle controlled drugs and precursor chemicals; doctors prescribing certain drugs for the treatment of addiction, and individuals requiring personal import or export licences to travel with prescribed medication containing controlled drugs.
- 5) The GLA Licences are issued to businesses that provide workers to the fresh produce supply chain and horticulture industry, to make sure they meet the employment standards required by law. Fees are a combination of an initial application fee charged for new licence applicants and an annual inspection fee.
- 6) Border Force charges Airline Carriers for the costs of detaining passengers arriving in the UK without the required UK entry documentation and also for charges for the cost of providing fast track services. The cost recovery target is 100%.
- 7) UKVI International Group is responsible for issuing Visas. The Group's cost recovery target is 148%.
- 8) UKVI Immigration Group deals with UK based applications for permanent settlement and Nationality applications. The Group's cost recovery target is 239%, with the additional income from fees contributing to the overhead costs within the Department.
- 9) OISC charge is immigration advisers the registration fees on application to join or remain within the OISC scheme.
- 10) 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.
- 11) 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.
- 12) Information Services includes the Airwave radio service, fingerprint identification, the Police National Computer (Hendon Data Centre), police science and forensics as well as project support and IT systems.
- 13) CAST generates income from OGDs and overseas bodies – notably the Centre for the Protection of National Infrastructure, the Department for Transport and the Ministry of Justice. This income comes in two main forms: cost sharing to deliver projects and services of mutual benefit to CAST and its partner organisations; and contracted services where CAST carries out work on behalf of another organisation.

Segment		Note	Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	Restated 2013-14 Fee recovery target %
Crime and Policing Group	Animal Licences (scientific procedures)	1	3,978	4,866	(888)	82	100
Crime and Policing Group	College of Policing – People Development	2	15,912	41,571	(25,659)	38	100
Crime and Policing Group	SIA – Licensing Income	3	23,515	23,838	(323)	99	100
Crime and Policing Group	SIA – ACS Income	3	2,116	2,080	36	102	100
Crime and Policing Group	Drugs Licensing	4	1,147	899	248	128	100
Border Force	Border Force	6	3,893	3,962	(69)	98	100
UK Visas & Immigration	International Group – Visas	7	528,245	449,195	79,050	118	100
UK Visas & Immigration	Immigration Group – In country	8	524,300	208,428	315,872	252	189
UK Visas & Immigration	OISC – Registration Fees	9	1,090	4,041	(2,951)	27	100
HM Passport Office	Passports	10	435,982	371,277	64,705	117	100
HM Passport Office	Certificate Services	11	15,532	22,756	(7,224)	68	100
Enablers	Information Services	12	104,388	519,733	(415,345)	20	100
Enablers	Centre for Applied Science and Technology	13	1,100	1,099	1	100	100
			1,661,198	1,653,745	7,453		

7. Assets held for sale

	2014-15			2013-14		
	Core Department £000	Core Department & Agencies £000	Depart- mental Group £000	Core Department £000	Core Department & Agencies £000	Depart- mental Group £000
Land	5,974	5,974	5,974	3,120	3,120	3,120
Buildings	1,011	1,011	1,011	18,700	18,700	18,700
Plant and equipment	6	6	6	563	563	563
Furniture and fittings	–	–	–	578	578	578
	6,991	6,991	6,991	22,961	22,961	22,961

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

At 31 March 2015, two properties were held for sale having been identified as surplus to departmental requirements. These properties were expected to be sold in 2015-16.

8. Property, plant and equipment

2014-15
Departmental
Group

	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2014	46,465	851,627	54,484	371,596	491,838	59,802	125,315	2,001,127
Additions	1	4,546	2,032	4,389	3,564	3,882	58,652	77,066
Disposals	(670)	(10,857)	(1,658)	(71,909)	(885)	(3,294)	(122)	(89,395)
Impairment	–	(9,571)	(85)	(416)	(699)	(411)	(8,384)	(19,566)
External transfers	–	–	(432)	–	–	–	–	(432)
Transfers to assets held for sale	(4,500)	–	–	–	–	–	–	(4,500)
Reclassifications	402	23,576	1,975	19,056	11,367	3,457	(87,232)	(27,399)
Revaluations	1,463	94,458	315	1,659	8,576	16	1,129	107,616
At 31 March 2015	43,161	953,779	56,631	324,375	513,761	63,452	89,358	2,044,517
Depreciation								
At 1 April 2014	–	(271,571)	(36,493)	(249,087)	(277,441)	(45,116)	–	(879,708)
Charged in year	–	(29,274)	(5,403)	(47,741)	(43,792)	(6,817)	–	(133,027)
Disposals	–	10,758	1,552	68,351	878	2,993	–	84,532
Impairment	–	(638)	28	35	–	–	–	(575)
External transfers	–	–	403	–	–	–	–	403
Transfers to assets held for sale	–	–	–	–	–	–	–	–
Reclassifications	–	(661)	562	587	361	731	–	1,580
Revaluations	–	(25,343)	171	(1,041)	(4,275)	(2)	–	(30,490)
At 31 March 2015	–	(316,729)	(39,180)	(228,896)	(324,269)	(48,211)	–	(957,285)
Carrying amount at 31 March 2015	43,161	637,050	17,451	95,479	189,492	15,241	89,358	1,087,232
Carrying amount at 1 April 2014	46,465	580,056	17,991	122,509	214,397	14,686	125,315	1,121,419
Asset financing:								
Owned	43,161	339,590	17,451	71,169	176,277	13,562	86,493	747,703
Finance leased	–	32,638	–	–	–	–	–	32,638
On balance sheet PFI/other concession arrangements	–	264,822	–	24,310	13,215	1,679	2,865	306,891
Carrying amount at 31 March 2015	43,161	637,050	17,451	95,479	189,492	15,241	89,358	1,087,232

Analysis of property, plant and equipment at 31 March 2015

Of the total:

Core Department	42,288	621,512	16,996	89,683	189,319	9,948	88,180	1,057,926
Agencies	–	–	–	–	–	–	–	–
Non-Departmental Public Bodies	873	15,538	455	5,796	173	5,293	1,178	29,306
Carrying amount at 31 March 2015	43,161	637,050	17,451	95,479	189,492	15,241	89,358	1,087,232

Restated
2013-14
Departmental
Group

	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Construction £000	Total £000
Cost or valuation								
At 1 April 2013	46,105	946,899	47,901	358,185	482,125	59,204	177,030	2,117,449
Additions	1,235	10,365	6,986	4,773	4,752	4,223	93,782	126,116
Disposals	–	(16,794)	(2,046)	(27,000)	(7,062)	(3,341)	(1,085)	(57,328)
Impairment	–	(14,721)	–	(955)	–	–	(10,505)	(26,181)
External transfers	(1)	–	(725)	(2)	1,839	–	(8,577)	(7,466)
Transfers to assets held for sale	(3,120)	(33,045)	–	(11)	(1,887)	(664)	–	(38,727)
Reclassifications	–	15,136	1,694	39,026	2,342	175	(125,331)	(66,958)
Revaluations	2,246	(56,213)	674	(2,420)	9,729	205	1	(45,778)
At 31 March 2014	46,465	851,627	54,484	371,596	491,838	59,802	125,315	2,001,127
Depreciation								
At 1 April 2013	–	(397,153)	(32,814)	(226,423)	(233,961)	(41,637)	–	(931,988)
Charged in year	–	(24,351)	(4,783)	(45,025)	(42,996)	(6,327)	–	(123,482)
Disposals	–	15,781	1,722	25,657	5,436	2,889	–	51,485
Impairment	–	14,168	–	634	–	–	–	14,802
External transfers	–	(1,425)	327	(2,772)	(1,050)	(3)	–	(4,923)
Transfers to assets held for sale	–	14,345	–	11	1,324	86	–	15,766
Reclassifications	–	3	(945)	(2,768)	(1,254)	1	–	(4,963)
Revaluations	–	107,061	–	1,599	(4,940)	(125)	–	103,595
At 31 March 2014	–	(271,571)	(36,493)	(249,087)	(277,441)	(45,116)	–	(879,708)
Carrying amount at 31 March 2014	46,465	580,056	17,991	122,509	214,397	14,686	125,315	1,121,419
Carrying amount at 1 April 2013	46,105	549,746	15,087	131,762	248,164	17,567	177,030	1,185,461
Asset financing:								
Owned	46,465	296,968	17,991	90,095	203,375	11,153	125,315	791,362
Finance leased	–	42,425	–	–	–	–	–	42,425
On balance sheet PFI/other concession arrangements	–	240,663	–	32,414	11,022	3,533	–	287,632
Carrying amount at 31 March 2014	46,465	580,056	17,991	122,509	214,397	14,686	125,315	1,121,419
Analysis of property, plant and equipment at 31 March 2014								
Of the total:								
Core Department	44,306	541,777	17,422	89,973	208,521	9,048	111,657	1,022,704
Agencies	1,361	20,442	–	29,615	5,020	1,430	8,853	66,721
Non-Departmental Public Bodies	798	17,837	569	2,921	856	4,208	4,805	31,994
Carrying amount at 31 March 2014	46,465	580,056	17,991	122,509	214,397	14,686	125,315	1,121,419

Buildings comprise freehold, long leasehold (leases with 50+ years to run from the period ending 31 March 2015) and short leasehold buildings.

Other property, plant and equipment were revalued on the basis of the latest available indices.

Assets under construction comprise capital additions for projects that have not yet gone live. Once assets are ready for use they are reclassified to the appropriate asset category and are subject to depreciation.

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

9. Intangible assets

2014-15
Departmental
Group

	Information Technology £000	Software Licenses £000	Websites £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation					
At 1 April 2014	793,924	88,982	897	54,288	938,091
Additions	18,529	1,824	4	97,355	117,712
Disposals	(53,725)	(7,454)	–	(267)	(61,446)
Impairments	(3,201)	(61)	–	–	(3,262)
Reclassifications	70,762	7,196	(1)	(52,491)	25,466
Transfers	5	203	(379)	(64)	(235)
Revaluations	3,368	110	4	–	3,482
At 31 March 2015	829,662	90,800	525	98,821	1,019,808
Amortisation					
At 1 April 2014	(400,426)	(38,094)	(487)	–	(439,007)
Charged in year	(157,916)	(11,501)	(45)	–	(169,462)
Disposals	53,094	7,440	–	–	60,534
Impairments	1,212	61	–	–	1,273
Reclassifications	786	(264)	(169)	–	353
Transfers	(2)	(2)	302	–	298
Revaluations	(1,769)	(155)	(3)	–	(1,927)
At 31 March 2015	(505,021)	(42,515)	(402)	–	(547,938)
Carrying amount at 31 March 2015	324,641	48,285	123	98,821	471,870
Carrying amount at 1 April 2014	393,498	50,888	410	54,288	499,084
Asset financing:					
Owned	280,947	43,822	123	98,821	423,713
Finance leased	–	–	–	–	–
On balance sheet PFI/other concession arrangements	43,694	4,463	–	–	48,157
Carrying amount at 31 March 2015	324,641	48,285	123	98,821	471,870
Analysis of intangible assets at 31 March 2015					
Of the total:					
Core Department	324,523	40,794	123	93,139	458,579
Agencies	–	–	–	–	–
Non-Departmental Public Bodies	118	7,491	–	5,682	13,291
Carrying amount at 31 March 2015	324,641	48,285	123	98,821	471,870

				Restated 2013-14 Departmental Group	
	Information Technology £000	Software Licenses £000	Websites £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation					
At 1 April 2013	674,920	80,127	3,804	65,238	824,089
Additions	77,202	3,752	–	(18,152)	62,802
Disposals	(16,999)	(9,535)	–	(1,285)	(27,819)
Impairments	(1,709)	(252)	–	(293)	(2,254)
Reclassifications	63,720	15,036	(2,902)	75	75,929
Transfers	121	104	–	8,705	8,930
Revaluations	(3,331)	(250)	(5)	–	(3,586)
At 31 March 2014	793,924	88,982	897	54,288	938,091
Amortisation					
At 1 April 2013	(268,248)	(36,620)	(329)	–	(305,197)
Charged in year	(144,558)	(10,201)	(164)	–	(154,923)
Disposals	13,889	9,231	–	–	23,120
Impairments	208	29	–	–	237
Reclassifications	(3,208)	(803)	2	–	(4,009)
Transfers	(60)	111	–	–	51
Revaluations	1,551	159	4	–	1,714
At 31 March 2014	(400,426)	(38,094)	(487)	–	(439,007)
Carrying amount at 31 March 2014	393,498	50,888	410	54,288	499,084
Carrying amount at 1 April 2013	406,672	43,507	3,475	65,238	518,892
Asset financing:					
Owned	336,290	45,886	410	54,288	436,874
Finance leased	–	–	–	–	–
On balance sheet PFI/other concession arrangements	57,208	5,002	–	–	62,210
Carrying amount at 31 March 2014	393,498	50,888	410	54,288	499,084
Analysis of intangible assets at 31 March 2014					
Of the total:					
Core Department	323,091	27,887	333	50,043	401,354
Agencies	67,473	15,514	77	3,120	86,184
Non-Departmental Public Bodies	2,934	7,487	–	1,125	11,546
Carrying amount at 31 March 2014	393,498	50,888	410	54,288	499,084

10. Impairments

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

	Note	2014-15 £000	Restated 2013-14 £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	4,5	22,129	13,359
Charged to the Revaluation Reserve		(3)	37
		22,126	13,396

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

		2014-15 £000	Restated 2013-14 £000
Property, Plant and Equipment – Buildings	8	10,208	553
Property, Plant and Equipment – Vehicles	8	57	–
Property, Plant and Equipment – IT	8	378	321
Property, Plant and Equipment – Plant and Machinery	8	699	–
Property, Plant and Equipment – Furniture and Fittings	8	411	–
Property, Plant and Equipment – Assets under construction	8	8,384	10,505
Intangible assets – IT	9	1,989	1,501
Intangible assets – Software	9	–	223
Intangible assets – Assets under Construction	9	–	293
		22,126	13,396

Impairment of £7.5 million relate to assets transferred over to the College of Policing from the National Policing Improvement Agency, which were subsequently impaired.

An additional £6 million relates to the downward revaluation of a Home Office property.

11. Capital and other commitments

11.1. Capital Commitments

	2014-15			2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Contracted capital commitments of over £100,000 as at 31 March not otherwise included in these financial statements						
Property, Plant & Equipment	20,451	20,451	20,451	14,393	14,393	14,393
Intangible assets	7,982	7,982	14,782	16,556	21,034	21,034
	28,433	28,433	35,233	30,949	35,427	35,427

The Home Office is undertaking a project to provide the replacement hardware for the Police National Computer (PNC) mainframes and assistance to design and move to a new architecture. There is currently a capital commitment with Fujitsu Services Limited amounting £12.5 million over 3 years.

The SIA is building a brand new IT system to replace the existing licensing system. There are currently capital commitments of £6.8 million in relation to the delivery of this intangible asset.

11.2. Commitments under leases

11.2.1 Operating Leases

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

Obligations under operating leases for the following periods comprise:

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Land						
Not later than one year	882	882	1,139	1,214	1,214	1,232
Later than one year and not later than five years	3,527	3,527	4,902	4,857	4,857	4,857
Later than five years	92,978	92,978	93,749	96,798	96,798	96,798
	97,387	97,387	99,790	102,869	102,869	102,887
Buildings						
Not later than one year	43,319	43,319	48,891	34,276	46,574	49,894
Later than one year and not later than five years	136,820	136,820	146,074	114,533	146,561	155,469
Later than five years	211,987	211,987	211,987	224,841	240,955	241,551
	392,126	392,126	406,952	373,650	434,090	446,914
Other						
Not later than one year	324	324	421	595	595	687
Later than one year and not later than five years	279	279	518	779	779	972
Later than five years	–	–	–	–	–	–
	603	603	939	1,374	1,374	1,659
Total Commitment	490,116	490,116	507,681	477,893	538,333	551,460

A review of the operating leases carried out during the year identified new information relating to operating leases. The prior year figures have been restated accordingly.

The 2013-14 figures have also been restated to take the account of the Machinery of Government changes (see Note 26 for details).

11.2.2 Finance Leases

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

Obligations under finance leases for the following periods comprise:

	2014-15			2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Buildings						
Not later than one year	9,487	9,487	9,487	9,006	9,006	9,006
Later than one year and not later than five years	39,160	39,160	39,160	37,182	37,182	37,182
Later than five years	97,707	97,707	97,707	105,664	105,664	105,664
	146,354	146,354	146,354	151,852	151,852	151,852
Less interest element	73,768	73,768	73,768	76,732	76,732	76,732
Present value of obligations	72,586	72,586	72,586	75,120	75,120	75,120
Total Commitment	72,586	72,586	72,586	75,120	75,120	75,120

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

	2014-15			2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Buildings						
Not later than one year	9,487	9,487	9,487	9,006	9,006	9,006
Later than one year and not later than five years	30,551	30,551	30,551	29,952	29,952	29,952
Later than five years	32,548	32,548	32,548	36,162	36,162	36,162
Total present value of obligations	72,586	72,586	72,586	75,120	75,120	75,120

11.3. Commitments under PFI and other service concession arrangements

11.3.1 “Off balance sheet” (SoFP)

Airwave

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

The cost consists of a core service charge and a menu service charge. The core service charge was estimated to cost £1.2 billion over the entire 19 year life of the initiative with payments being made on a monthly basis. The menu service charge was estimated to cost £290 million over the 19 year life of the initiative and is paid by the Police Forces. The menu service charge has therefore been excluded from the “off balance sheet” table.

This is determined to be an “off balance sheet” deal under IFRIC12 Service Concession Arrangements as the Department does not control access to the service or use all but an insignificant amount of the output. Airwave is increasingly being used by the Fire and Ambulance Services as well as other public sector organisations.

The two former HM Passport Office PFIs, Computer Sciences Corporation and De La Rue, have been reclassified in 2014-15 as “on balance sheet” PFIs. Their total obligations have therefore been excluded from the “off balance sheet” table.

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Total obligations under “off balance sheet” PFI and other service concession agreements for the following periods comprises:						
Not later than one year	206,292	206,292	206,292	184,936	184,936	184,936
Later than one year and not later than five years	785,321	785,321	785,321	714,318	714,318	714,318
Later than five years	31,445	31,445	31,445	201,024	201,024	201,024
	1,023,058	1,023,058	1,023,058	1,100,278	1,100,278	1,100,278

11.3.2 “On balance sheet” (SoFP)

Home Office IT Systems

In October 2009, the Home Office signed extensions to its IT contracts with Fujitsu and ATOS Origin to January 2016. The services provided under these contracts remained unchanged (i.e. to provide the IT infrastructure and support for the Home Office).

There was an overlap between the services provided by both these suppliers, but renegotiations at Home Office level have ensured that both ATOS and Fujitsu are now delivering a common IT infrastructure, development and support service which is used by the Home Office.

Under IFRIC 12, this arrangement is deemed as an “on balance sheet” (SOFP) service concession, the assets being treated as the assets of the Home Office.

Computer Sciences Corporation

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

The total cost of this contract is £416.92 million, of which £103.57 million relates to capital.

De La Rue

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

The 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.

The total cost of this contract is £403.54 million, of which £38.96 million relates to capital.

Home Office Central London Accommodation

On 26 March 2002, a 29 year public private partnership contract was signed for the construction and maintenance of a new central London headquarters building at 2 Marsham Street. The new building houses the majority of staff in the Home Office based in Central London. Under IFRIC 12, 2 Marsham Street is recorded as an "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.

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

The Department for Environment, Food and Rural Affairs (Defra) has a contract with IBM for the provision of IT services and infrastructure assets, which is being used by the Gangmasters Licensing Authority (GLA). This contract was reframed on 1 February 2010. The contract involves the IT contractor (IBM) supplying an end-to-end outsourced IT service to Defra and its Network Bodies, including the provision of the physical IT equipment.

During the life of the contract, Defra has the right to use assets owned by IBM and IBM are obliged to provide a consistent level of performance as set out in the contract. This includes underlying IT product developments commissioned by the Department.

The assets are treated as assets of the GLA and the substance of the contract is a finance lease, comprising two elements – imputed finance charges and service charges.

Independent Police Complaints Commission (IPCC) IT and Telephony Service

On 25 August 2009, a 10 year fixed price contract was signed for the provision of IT and Telephony services to the IPCC from Steria Limited. The contract was effective from 20 December 2009, with a break point at seven years. The assets acquired under the contract are under the control of the IPCC.

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

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Total obligations under “on balance sheet” PFI and other service concession agreements for the following periods comprises:						
Not later than one year	188,967	188,967	190,060	120,343	200,034	200,793
Later than one year and not later than five years	418,452	418,452	419,497	239,929	495,893	497,373
Later than five years	589,315	589,315	589,315	604,997	616,947	617,014
	1,196,734	1,196,734	1,198,872	965,269	1,312,874	1,315,180
Less interest element	355,807	355,807	355,885	352,276	352,276	352,378
Present Value of Obligations	840,927	840,927	842,987	612,993	960,598	962,802

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Present value of obligations under “on balance sheet” PFI and other service concession agreements for the following periods comprises:						
Not later than one year	188,967	188,967	190,017	120,343	200,034	200,744
Later than one year and not later than five years	384,304	384,304	385,314	210,396	466,360	467,854
Later than five years	267,656	267,656	267,656	282,254	294,204	294,204
Total Present Value of Obligations	840,927	840,927	842,987	612,993	960,598	962,802

11.3.3 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of “off balance sheet” (SoFP) PFI and other service concession arrangement transactions and the service element of “on balance sheet” (SoFP) PFI and other service concession arrangement transactions was £317,810k (2013-14 £358,221k (Restated)) and the payments to which the Department is committed is as follows:

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	290,894	290,894	294,467	197,800	267,251	270,957
Later than one year and not later than five years	1,073,100	1,073,100	1,084,149	769,072	1,025,036	1,037,952
Later than five years	227,883	227,883	227,883	401,866	413,816	415,740
	1,591,877	1,591,877	1,606,499	1,368,738	1,706,103	1,724,649

11.4 Other financial commitments

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

The Home Office has entered into a number of contracts with various providers to manage and maintain several immigration removal centres and short term holding facilities. The total value of these contracts is £234.9 million. The most significant of these commitments is an eight-year contract with MITIE Care and Custody Ltd to manage and maintain the Colnbrook and Harmondsworth Immigration Removal Centres near Heathrow. This contract commenced on 1 September 2014 with an option to extend a further three years. The current commitment for the contract is £172.6 million.

The Home Office launched the COMPASS project in July 2009 to procure new accommodation and transport services contracts for asylum applicants. In 2012, the Home Office entered into six 5 year contracts with Clearel, G4S and Serco for the provision of accommodation, transport and associated services. The remaining commitments to the three providers are: Clearel £80.1 million, G4S £102.9 million and Serco £117 million.

In October 2014 the Home Office entered into a 7 year contract with Shared Services Connected Limited (SSCL) to provide the transactional processing services alongside the hosting of a cross government Enterprise Resource Planning system. The first year of the contract is at a fixed price, after which it will move to a volumetric pricing structure. At the end of the 7 years the Home Office has an option to extend the contract for a further 3 years. The estimated remaining value of the 7 year commitment is £60.7 million.

The Department entered into two 5 year contracts with VF Worldwide Holdings and Teleperformance Limited for the management of Visa applications globally. The contracts commenced on 1 April 2014, with an option to extend twice for a further two years each time. The fixed element of the commitment to the two suppliers are: VF Worldwide Holdings £52.9 million and Teleperformance Limited £38.3 million.

The Home Office entered into a contract with Serco on 4 October 2005 for the provision of technical support for the Fixed Radiation Detection Systems and Radionuclide Identification Systems. The remaining commitment is £18.4 million and the contract will complete on 31 March 2017.

The Home Office is undertaking a project to provide the replacement hardware for the Police National Computer (PNC) mainframes and assistance to design and move to a new architecture. The current commitment with Fujitsu Services Limited (excluding capital projects) is £25.8 million.

The Home Office has entered into non-cancellable contracts for the provision of contracted out services for telephone appointment booking services and passport back room services. The remaining commitment is £17 million.

The Home Office entered into a contract with Sodexo for cash subsistence payments to asylum seekers, which started on 28 May 2013 and ends 27 May 2016. The remaining commitment is £3.1 million, which is made up of £2.64 million fixed management fee and variable charges estimated to be £0.4 million for the remainder of the contract. The Department also has contracts with Tascor for provision of escorting services and Wagtail UK Ltd for provision of search dog teams at ports. These contracts are valued at £16.8 million and £11 million respectively.

The Home Office has a contract with IBM for the Border Systems Programme (BSP) which is responsible for IT systems at the UK borders. This contract has £7.9 million remaining and runs from 8 June 2012 to 30 April 2016.

The Home Office has a remaining commitment of £6.1 million for Airwave Licences.

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

	2014-15			2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	301,827	301,827	301,827	202,689	211,710	211,710
Later than one year and not later than five years	476,571	476,571	476,571	444,432	462,869	462,869
Later than five years	71,201	71,201	71,201	1,753	1,753	1,753
Total	849,599	849,599	849,599	648,874	676,332	676,332

12. 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.

13. Cash and cash equivalents

	2014-15			Restated 2013-14		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	206,173	206,173	225,317	32,962	46,183	70,949
Balance transferred on 1 April 2013 from UKBA	–	–	–	13,219	–	–
Net change in cash and cash equivalent balances	(65,202)	(65,202)	(59,540)	159,992	159,990	154,368
Balance at 31 March	140,971	140,971	165,777	206,173	206,173	225,317
The following balances at 31 March were held at:						
Government Banking Service (GBS)	140,931	140,931	147,923	206,132	206,132	210,736
Commercial banks and cash in hand	40	40	17,854	41	41	14,581
Balance at 31 March	140,971	140,971	165,777	206,173	206,173	225,317

The high year-end Core Department balances at the end of 2013-14 and 2014-15 largely reflect significant late receipts from another Government Department.

14. Trade receivables, financial and other assets

	31 March 2015			Restated 31 March 2014			Restated 31 March 2013		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due within one year:									
Trade receivables	136,660	136,660	143,003	100,718	112,036	111,067	62,537	79,564	69,638
VAT receivables net of payables	–	–	(585)	28,514	28,514	28,077	32,976	32,976	32,209
Staff receivables	3,408	3,408	3,523	1,442	1,624	1,695	7,694	11,913	11,981
Receivables – government departments	29,705	29,705	21,436	9,229	9,229	4,154	–	9,566	9,525
Other receivables	1,220	1,220	1,534	1,620	1,620	2,448	8,936	10,699	11,297
Prepayments and accrued income	214,891	214,891	221,775	155,937	168,220	172,565	137,262	203,643	207,244
Current part of PFI and other service concession arrangements prepayment	–	–	695	–	–	695	–	–	695
Amounts due from the Consolidated Fund in respect of supply	–	–	–	–	–	–	–	–	–
	385,884	385,884	391,381	297,460	321,243	320,701	249,405	348,361	342,589

	31 March 2015			31 March 2014			Restated 31 March 2013		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due after more than one year:									
Other receivables	–	–	193	42	42	42	–	1,049	1,049
Prepayments and accrued income	–	–	1,455	–	–	1,455	–	–	2,151
	–	–	1,648	42	42	1,497	–	1,049	3,200

14.1 Intra-Government balances

	31 March 2015			Restated 31 March 2014			Restated 31 March 2013		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due within one year:									
Balances with other central government bodies	78,344	78,344	74,340	27,892	31,852	23,100	125,930	134,774	123,812
Balances with local authorities	59,849	59,849	61,569	25,508	25,532	25,532	38,404	38,621	39,751
Balances with NHS Bodies	64	64	64	–	230	230	1	1	57
Balances with public corporations and trading funds	596	596	599	–	6,221	6,369	39	364	572
<i>Subtotal: intra-government balances</i>	138,853	138,853	136,572	53,400	63,835	55,231	164,374	173,760	164,192
Balances with bodies external to government	247,031	247,031	254,809	244,060	257,408	265,470	85,031	174,601	178,397
Total receivables at 31 March	385,884	385,884	391,381	297,460	321,243	320,701	249,405	348,361	342,589

	31 March 2015			31 March 2014			Restated 31 March 2013		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due after more than one year:									
Balances with other central government bodies	–	–	–	42	42	42	–	–	–
Balances with bodies external to government	–	–	1,648	–	–	1,455	–	1,049	3,200
Total receivables at 31 March	–	–	1,648	42	42	1,497	–	1,049	3,200

Included within receivables is £24.7 million (2013-14: £17.6 million) that will be due to the Consolidated Fund once debts are collected.

15. Trade payables and other current liabilities

	31 March 2015			Restated 31 March 2014			Restated 31 March 2013		
	Department £000	Core & Agencies £000	Departmental Group £000	Department £000	Core & Agencies £000	Departmental Group £000	Department £000	Core & Agencies £000	Departmental Group £000
Amounts falling due within one year:									
Other taxation and social security	12,716	12,716	14,234	(1,327)	(1,327)	862	(44)	(50)	1,980
Trade payables	46,982	46,982	49,158	30,196	41,049	36,961	17,567	31,658	20,763
Other payables	10	10	211	2,844	2,844	6,607	(3)	11,747	15,648
Staff payables	–	–	604	–	–	450	–	–	437
Accruals and deferred income	1,126,308	1,126,308	1,145,877	1,065,520	1,147,462	1,165,698	840,535	1,203,455	1,223,176
Unpaid pension contributions	–	–	792	–	–	–	–	–	–
Payables - government departments	61	61	61	9,604	9,604	4,529	1,482	10,904	12,731
Current part of finance leases	9,487	9,487	9,487	9,006	9,006	9,006	638	9,168	9,168
Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements	26,991	26,991	28,328	27,086	27,086	28,418	31,283	39,294	40,136
Amounts issued from the Consolidated Fund for supply but not spent at year end	124,775	124,775	124,775	169,473	169,473	169,473	13,454	13,454	13,454
Consolidated Fund extra receipts due to be paid to the Consolidated Fund									
– received	31,558	31,558	31,558	49,896	49,896	49,896	41,263	39,597	39,597
– receivable	24,736	24,736	24,736	17,585	17,585	17,585	10,694	10,694	10,694
	1,403,624	1,403,624	1,429,821	1,379,883	1,472,678	1,489,485	956,869	1,369,921	1,387,784

	31 March 2015			Restated 31 March 2014			Restated 31 March 2013		
	Department £000	Core & Agencies £000	Departmental Group £000	Department £000	Core & Agencies £000	Departmental Group £000	Department £000	Core & Agencies £000	Departmental Group £000
Amounts falling due after more than one year:									
Other payables, accruals and deferred income	2,138	2,138	2,602	–	2,811	3,238	–	–	84
Imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements	223,962	223,962	226,753	224,248	224,248	227,042	227,048	227,048	229,660
Finance leases	63,100	63,100	63,100	66,114	66,114	66,114	3,253	69,729	69,729
	289,200	289,200	292,455	290,362	293,173	296,394	230,301	296,777	299,473

15.1 Intra-Government balances

	31 March 2015			Restated 31 March 2014			Restated 31 March 2013		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due within one year:									
Balances with other central government bodies	366,579	366,579	373,015	334,605	339,891	335,942	169,118	167,093	169,141
Balances with local authorities	491,755	491,755	496,014	432,415	432,509	432,547	451,918	495,573	499,635
Balances with NHS Bodies	60	60	88	124	406	406	116	870	891
Balances with public corporations and trading funds	220	220	239	4,341	4,341	4,531	1,228	3,217	3,266
<i>Subtotal:</i> intra-government balances	858,614	858,614	869,356	771,485	777,147	773,426	622,380	666,753	672,933
Balances with bodies external to government	545,010	545,010	560,465	608,398	695,531	716,059	334,489	703,168	714,851
Total payables at 31 March	1,403,624	1,403,624	1,429,821	1,379,883	1,472,678	1,489,485	956,869	1,369,921	1,387,784

	31 March 2015			Restated 31 March 2014			Restated 31 March 2013		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Amounts falling due after more than one year:									
Balances with bodies external to government	289,200	289,200	292,455	290,362	293,173	296,394	230,301	296,777	299,473
Total payables at 31 March	289,200	289,200	292,455	290,362	293,173	296,394	230,301	296,777	299,473

16. Provisions for liabilities and charges

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Balance at 1 April	267,226	273,949	277,200	90,896	183,283	186,199
Balance transferred at 1 October 2014 from HMPO	6,705	–	–	–	–	–
Balance transferred at 1 April 2013 from UKBA	–	–	–	80,633	–	–
Provided in the year	89,976	90,367	92,561	201,787	202,333	202,886
Police Pension Provision provided in the year	460,000	460,000	460,000	–	–	–
Provisions not required written back	(58,835)	(58,973)	(60,773)	(62,922)	(66,453)	(66,543)
Provisions utilised in the year	(84,406)	(84,745)	(86,570)	(47,584)	(49,603)	(49,734)
Transfer of provisions	–	–	–	3,107	3,107	3,107
Borrowing costs (unwinding of discounts)	(207)	(139)	(137)	1,309	1,282	1,285
Balance at 31 March	680,459	680,459	682,281	267,226	273,949	277,200
Comprising:						
<u>Current liabilities</u>						
Not later than one year	504,808	504,808	505,370	135,580	136,829	138,859
<u>Non-current liabilities</u>						
Later than one year and not later than five years	157,431	157,431	158,571	113,246	115,440	116,603
Later than five years	18,220	18,220	18,340	18,400	21,680	21,738
Balance at 31 March	680,459	680,459	682,281	267,226	273,949	277,200

	Early Departure £000	Dilapidations £000	Legal Claims £000	Pensions and Other £000	Total £000
Balance at 1 April 2014	27,254	44,789	186,135	19,022	277,200
Provided in the year	65	2,337	40,114	50,045	92,561
Police Pension Provision provided in the year	–	–	–	460,000	460,000
Provisions not required written back	(2,203)	(5,930)	(40,153)	(12,487)	(60,773)
Provisions utilised in the year	(7,449)	(3,257)	(72,955)	(2,909)	(86,570)
Transfer of provisions	–	–	149	(149)	–
Borrowing costs (unwinding of discounts)	70	(207)	–	–	(137)
Balance at 31 March 2015	17,737	37,732	113,290	513,522	682,281
Comprising:					
<u>Current liabilities</u>					
Not later than one year	6,427	3,652	29,049	466,242	505,370
<u>Non-current liabilities</u>					
Later than one year and not later than five years	11,108	15,942	84,241	47,280	158,571
Later than five years	202	18,138	–	–	18,340
Balance at 31 March 2015	17,737	37,732	113,290	513,522	682,281
Of the total:					
Core Department	17,450	36,387	113,100	513,522	680,459
Core Department & Agencies	17,450	36,387	113,100	513,522	680,459
Departmental Group	17,737	37,732	113,290	513,522	682,281

	Early Departure £000	Dilapidations £000	Legal Claims £000	Pensions and Other £000	Restated Total £000
Balance at 1 April 2013	32,983	47,267	64,648	41,301	186,199
Provided in the year	1,011	6,285	192,993	2,597	202,886
Provisions not required written back	(766)	(6,623)	(38,829)	(20,325)	(66,543)
Provisions utilised in the year	(10,453)	(2,053)	(32,677)	(4,551)	(49,734)
Transfer of provisions	3,107	–	–	–	3,107
Borrowing costs (unwinding of discounts)	1,372	(87)	–	–	1,285
Balance at 31 March 2014	27,254	44,789	186,135	19,022	277,200
Comprising:					
<u>Current liabilities</u>					
Not later than one year	9,546	6,368	111,005	11,940	138,859
<u>Non-current liabilities</u>					
Later than one year and not later than five years	16,566	20,217	72,738	7,082	116,603
Later than five years	1,142	18,204	2,392	–	21,738
Balance at 31 March 2014	27,254	44,789	186,135	19,022	277,200
Of the total:					
Core Department	23,162	39,187	185,970	18,907	267,226
Core Department & Agencies	25,375	43,548	186,004	19,022	273,949
Departmental Group	27,254	44,789	186,135	19,022	277,200

16.1 Early Departure Costs

The Home Office meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amount to PCSPS to cover the period between early departure and normal retirement date. The Home Office provides for this in full when the early retirement programme becomes binding on the Home Office by establishing a provision or accrual for the estimated payments.

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

16.2 Dilapidations

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

16.3 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 18.

Riot Damages Act

A £162 million legal provision was established last year for the costs arising from the 2011 riots under the Riot Damages Act. The provision comprised of consequential losses arising from the riots and litigation in relation to the definition of a riot. On 9 December 2014 it was ruled that the Department cannot appeal against the previous ruling regarding the definition of a riot and the provision was adjusted accordingly. The provision remaining at the end of the year was £82.5 million, which will be reviewed as claims for consequential losses are assessed.

16.4 Pensions and Other Provisions

The Department has further provisions which do not fall into the above categories but which satisfy the criteria for provision creation. The following is a list of significant provisions making this figure:

Police Pensions provision

Following a complaint from a retired firefighter, Mr W Milne, the Pensions Ombudsman found GAD guilty of maladministration in failing to review commutation factors from 1998 to 2006 applicable to the lump sum Mr Milne was entitled to receive when he retired in November 2005. The full determination is available at <http://www.pensions-ombudsman.org.uk>. The case has knock-on consequences for a large number of retired police officers. The Home Office is liable for additional top up payments in relation to police pensions.

The Department has established a pension provision to reflect the estimated cost of probable revised lump sum pension payments for eligible retired police officers. Pension scheme administrators are identifying police officers who retired between 2001 and 2006 and may be affected by this ruling. The Home Office provision is £460 million, made up of £375 million lump sum payout and £85 million interest. The cost estimate does not include any additional tax cost, which is a liability for HM Treasury. These tax costs are estimated to be £307 million.

Forensic Science Service

The FSS provision increased by £46.1 million during the year, mainly reflecting an adverse movement in the pension liability. The £42 million pension liability provision is based on a December 2014 valuation carried out by Mercer. The full actuarial valuation is being undertaken by the Government Actuary's Department (GAD). The rest of the increase relates to further winding up costs being confirmed. As at 31 March 2015 the winding up provision stood at £4.6 million.

Confiscation Orders

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

17. Financial Guarantees, Indemnities and Letter of Comfort

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

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

	Restated 1 April 2014 £000	Increase in year £000	Liabilities crystallised in year £000	Obligation expired in year £000	31 March 2015 £000
<i>Indemnities</i>					
Indemnity provided to BAA in respect of damage or injury caused to third parties from Border Force in their use of vehicles operating airside while transporting immigration officers between airside locations.	50,000	–	–	–	50,000
Indemnity in respect of rolling out the Airwave contract in the London Underground (amount capped per incident). Minute dated 15 October 2009.	100,000	–	–	–	100,000
Claims arising from the Simplifying Passenger Travel Interest Group (SPT) not exceeding £5 million. Minute dated 8 July 2008.	5,000	–	–	–	5,000
Indemnities were given to various port and airport authorities during installation stage of Cyclamen. The maximum exposure is £115 million with no individual indemnity being above £10 million. Minute dated 29 May 2009.	115,000	–	–	–	115,000
	270,000	–	–	–	270,000

The opening balance of the BAA indemnity was refined to reflect more up to date information.

In addition to the above mentioned indemnities, there is a €10 million, £7.27 million indemnity relating to Cyclamen with Eurotunnel converted at the rate at 31 March 2015 from the European Central Bank website. This indemnity is 'live' until 31 March 2017 under the Hosting Agreement.

18. Contingent liabilities disclosed under IAS 37

Disclosed under IAS 37

The liabilities described below cover all known claims where legal advice indicated that the criteria for recognition of a provision have not been met.

There are a number of legal claims outstanding against the Department including unlawful detention claims, unlawful dismissal and personal injury claims. Contingent liabilities of £3.27 million relate to ongoing Home Office litigation.

Not disclosed under IAS 37

The Department has also entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. These are considered unquantifiable because either a potential liability cannot be estimated with a degree of certainty at the current time or because there is no stated maximum exposure. None of these is a contingent liability within the meaning of IAS 37 since the possibility of a transfer of economic benefit in settlement is too remote.

Indemnities

Home Office Central London Accommodation Strategy (HOCLAS) (Minute dated 23 January 2002)

The Home Office has indemnified the contractor for an unquantifiable amount against any financial loss arising from the Home Office providing defective information in respect of the contract.

Border Force New Detection Technology (NDT)

The following minutes have been used to notify Parliament of the contingent liability relating to the UKVI NDT, dated: 10 September 2003, 18 December 2003, 18 March 2004 and 2 July 2004

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

- i) **Calais:** Heartbeat equipment and building and Passive Millimetric Wave Imager ISO containers. Heartbeat equipment and two buildings in juxtaposed control zone commenced Spring 2004.
- ii) **Coquelles:** Heartbeat Detection Unit at the Euro tunnel operated in the juxtaposed control zone by the UKIS. Passive Millimetric Wave Imager ISO containers. Shelter for and Heartbeat detection equipment which is under control of, and operated by, the UKVI in the juxtaposed control zone.
- iii) **Dunkerque:** Heartbeat building commenced Summer 2005. Heartbeat equipment and building operated by the UKIS in the juxtaposed control zone and commenced operation in Spring 2004.
- iv) **Ostend:** Heartbeat shelters.
- v) **St. Malo:** CO2 probes to be operated by French operators.
- vi) **Vlissingen:** Heartbeat equipment and shelters.
- vii) **Zeebrugge:** Two further Heartbeat buildings and one Passive Millimetric Wave Imager ISO container.

The minutes also refer to the following:

Indemnity in respect of the deployment and/or demonstration of NDT by the UKVI in Europe. Within the scope of this indemnity "Europe" is defined as the member states of the Organisation for Security and Co-operation in Europe (OSCE); those North African and Middle Eastern countries with which the OSCE has special relationships (Algeria, Israel, Jordan, Morocco and Tunisia); and those countries which participate in Euro-Mediterranean dialogue with the Council of Europe (Libya, Syria, Lebanon and the Palestinian Authority).

Harmondsworth and Campsfield Inquiry Team (Minute laid 4 July 2007)

Indemnity provided to the Chairman and members of the team carrying out, in good faith and honesty, the inquiry into the disturbances at the Harmondsworth and Campsfield Immigration Removal Centres.

Credit Industry Fraud Avoidance Service (CIFAS) – Fraud Protection Service (Minute dated 23 November 2011)

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

The Home Office use of Foreign & Commonwealth Office premises

Commitment to conditional support provided to the FCO against all third party claims arising out of, or in connection with, the agency's occupation of the premises.

Police Pay and Conditions Review

A standard board indemnity was given to the Lead Reviewer for the Police Pay and Conditions Review.

19. Losses and special payments

19.1 Losses Statement

Losses are transactions of a type which Parliament could not have known when Supply funding for the Department was voted. The term loss includes loss of public monies, stores, stocks, cash and other property entrusted to the Home Office. Examples include: cash losses, bookkeeping losses, exchange rate fluctuations, losses of pay, allowance and superannuation benefits, losses arising from overpayments, losses arising from failure to make adequate charges, and losses arising from accountable stores.

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

	2014-15						Restated 2013-14					
	Core Department		Core Department & Agencies		Departmental Group		Core Department		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Losses under £300,000	1,137	1,345	3,212	1,547	3,212	1,547	948	2,866	1,366	2,898	1,366	2,899
Losses over £300,000	2	3,935	2	3,935	2	3,935	3	1,562	3	1,562	3	1,562
Total	1,139	5,280	3,214	5,482	3,214	5,482	951	4,428	1,369	4,460	1,369	4,461
Cases over £300,000 comprise:												
Overpayments	–	–	–	–	–	–	–	–	–	–	–	–
Fruitless Payments	–	–	–	–	–	–	–	–	–	–	–	–
Loss of Pay/Cash Payments	–	–	–	–	–	–	–	–	–	–	–	–
Constructive Losses	1	1,581	1	1,581	1	1,581	3	2,192	3	2,192	3	2,192
Claims Waived or Abandoned	–	–	–	–	–	–	–	–	–	–	–	–
Exchange rate fluctuations	1	2,354	1	2,354	1	2,354	1	301	1	301	1	301
Total	2	3,935	2	3,935	2	3,935	4	2,493	4	2,493	4	2,493

A review carried out during the year identified new information relating to losses. The prior year figures have been restated accordingly.

A constructive loss of £1.58 million was incurred by the Home Office as a result of the cancellations of scheduled flights intended to remove ineligible asylum seekers, which were subsequently cancelled due to asylum seekers being granted the right to appeal.

An exchange rate loss of £2.3 million was realised due to fluctuation in exchange rates from Euro denominated receipts from the European Commission and Sterling denominated grant payments made to beneficiaries of the Returns Fund.

19.2 Special Payments

Special Payments are transactions that Parliament could not have anticipated when passing legislation or approving Supply Estimates for the Department. Examples include: extra contractual payments to contractors, ex gratia payments to contractors, other ex gratia payments, compensation payments, and extra statutory and extra regulatory payments.

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

	2014-15						Restated 2013-14					
	Core Department		Core Department & Agencies		Departmental Group		Core Department		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Special payments under £300,000	5,503	30,527	5,503	30,527	5,503	30,527	2,124	28,605	4,124	28,731	4,125	28,736
Special payments over £300,000	5	151,764	5	151,764	6	152,154	1	11,108	1	11,108	1	11,108
Total	5,508	182,291	5,508	182,291	5,509	182,681	2,125	39,713	4,125	39,839	4,126	39,844

A review carried out during the year identified new information relating to special payments. The prior year figures have been restated accordingly.

Payments totalling £25.2 million were made by the Home Office in relation to 4,282 legal claims. These include: 3,766 adverse legal cost payments totalling £17.2 million, 448 ex-gratia cases totalling £7 million, 38 compensation payments totalling £802k, and 26 extra statutory cases totalling £52k.

An ex-gratia payment of £150 million was made to Raytheon Systems Limited as a full and final settlement for the termination of the e-Borders contract. (See note 24 for more details).

In 2012 the Home Office lost a challenge in the Immigration Tribunal, resulting in the Appeals Judge awarding the claimants up to the full amount of the appeals fees. The appeal fee refunds in 2014-15 totalled £1 million.

A payment totalling £427k comprising of legal costs and compensation over a three year period (2012-13 £42k, 2014-15 £385k) was made by the Home Office to a family for unlawful deportation.

An interim payment for adverse legal costs totalling £300k was made by the Department in relation to an asylum case of an unaccompanied minor.

The Department also made an interim payment for adverse legal costs in relation to an asylum case, totalling £500k over a two year period (2013-14 £73k 2014-15 £427k).

The Home Office paid an exemplary fine of £20k after securing retrospective approval from the Chief Secretary to the Treasury in relation to breaching the control process in negotiating the salary of the Director General of the National Crime Agency.

A compensation payment of £390k was paid by the College of Policing in respect of an employee who suffered from post traumatic stress disorder.

20. Related-party Transactions

The Home Office is the sponsor of the Non-Departmental Public Bodies listed in Note 22. These bodies are regarded as related parties, with which the Home Office has had various material transactions during the year. Until 30 September 2014 the Home Office was also the parent Department of Her Majesty's Passport Office (HMPO). On 30 September 2014 the HMPO ceased operating as an executive agency and was integrated in the core Department thereafter.

The Office for National Statistics ruled that the Disclosure and Barring Service (DBS) was a public corporation. It is therefore considered a related party operating under the control of the Home Secretary.

In addition, the Department has had transactions with other government departments and other central government bodies. In particular there have been transactions with:

- The Cabinet Office: Civil Superannuation relating to the employees' pension scheme. The employer's contribution to this pension scheme can be found in Note 3 to these accounts; and
- The Foreign and Commonwealth Office relating the overseas Visa income collection.

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

Ministers' interests are declared and maintained through the Register of 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.

Michael Charles Wells, the Chief Operating Officer in UKV&I, is married to Deirdre Wells, the CEO of UKInbound – a trade association promoting travel to the UK. No monetary transactions have been recorded between the Home Office and UKInbound, but the association has been involved in a Visa Steering Group with the Home Office.

Notes 14 and 15 provide details of intra-government balances. The Remuneration Report provides information on key management compensation.

Details of related party transactions during the time when HMPO remained an executive agency of the Department are disclosed in HMPO final accounts. Details of related party transactions of NDPBs are disclosed in their audited accounts.

21. Third-party assets

The Home Office receives applications from foreign nationals to obtain British nationality. The application money includes a ceremony fee of £80 (2013-14 £80), and the local authorities who carry out the ceremonies are entitled to the whole of the fee after the ceremony has been completed. To maintain control over these assets the Home Office holds the funds in its GBS account on behalf of the local authority until the ceremony has taken place.

Under the Proceeds of Crime Act 2002 and Section 24 of the UK Borders Act 2007 assets can be appropriated by the Home Office and other law enforcement bodies. The Home Office has the authority to seize cash linked to offences against the Immigration Acts. Any cash seized is held in a separate bank account until a judicial case decision is made. Upon decision the monies, including any interest earned, is either returned to the owner or transferred to the Home Office as a seized asset. Monies are held in separate bank accounts depending on currency to eliminate any exchange rate transactions.

Under the legal system in Scotland, the Home Office has to hold monies for people who are cautioned at court for immigration offences. A bail bond is collected and held in a separate bank account.

The assets held by the Home Office at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, listed securities, motor vehicles and other valuables. They are set out, including interest, in the table immediately below.

	2014-15	2013-14
	£000	£000
Citizenship Ceremony Fee	6,382	6,168
Proceeds of Crime (GBP)	1,951	3,274
Bail Bond Accounts	172	233
Total GBP	8,505	9,675

	2014-15	2013-14
	€000	€000
Proceeds of Crime (Euro)	938	1,349
Total Euro	938	1,349

	2014-15	2013-14
	\$000	\$000
Proceeds of Crime (US Dollar)	207	244
Total US Dollar	207	244

22. Entities within the departmental boundary

The entities within the departmental boundary during 2014-15 were as follows:

Entities consolidated

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

Executive Agency

Her Majesty's Passport Office (until 30 September 2014)

Non-Departmental Public Bodies (NDPBs)

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

Independent Police Complaints Commission
Office of the Immigration Services Commissioner
Security Industry Authority
Gangmasters Licensing Authority

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

Other Entities

College of Policing

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

Entities within the Core Department

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

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

Advisory Council on the Misuse of Drugs
Animals in Science Committee
Migration Advisory Committee
National DNA Database Ethics Group
Police Advisory Board for England and Wales
Police Negotiating Board (ceased operating in England and Wales on 1 September 2014)
Technical Advisory Board

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

Investigatory Powers Tribunal
Office of Surveillance Commissioners
Police Arbitration Tribunal (ceased operating in England and Wales on 1 September 2014)
Police Discipline Appeals Tribunal

Other

Anti-Slavery Commissioner
Biometrics Commissioner
Forensic Science Regulator
HM Inspectorate of Constabulary
Independent Chief Inspector of Borders and Immigration
Independent Family Returns Panel
Independent Monitor of the Disclosure and Barring Service
Independent Reviewer of Terrorism Legislation
Intelligence Services Commissioner
Interception of Communications Commissioner
National Crime Agency Remuneration Review Body
Police Remuneration Review Body
Police ICT Company
Surveillance Camera Commissioner
Wimbledon and Putney Conservator.

23. Organisational Change within the Departmental Boundary

The entities consolidated within the departmental boundary during 2014-15 are listed in Note 22. The Department continued to undergo re-organisation during the year. The financial impact of Machinery of Government (MoG) changes is explained in more detail in Note 26. The key organisational changes during the year are listed below:

- a On 9 April 2014, the Prime Minister announced that the Gangmasters Licensing Authority (GLA – formally a Non-Departmental Public Body of the Department for Environment, Food and Rural Affairs) transferred to the Home Office;
- b following a ruling from the Office for National Statistics (ONS), the Disclosure and Barring Service was reclassified as a Public Corporation, and hence it is no longer included within the Home Office departmental boundary;
- c Her Majesty's Passport Office (HMPO) ceased operating as an executive agency of the Department on 30 September, and was integrated within the core Department thereafter.

24. Termination of the e-Borders contract

In July 2010 the Home Office notified Raytheon Systems Limited (RSL), a subsidiary of Raytheon Company, that its e-Borders contract with UK Border Agency had been terminated. The termination occurred before the 2009-10 accounts had been concluded, and disclosure of this termination was made in the 2009-10 accounts as a post balance sheet event. Within the 2010-11 Home Office and UK Border Agency accounts, full disclosure of the impairment charges, capital commitments and contingent liabilities was made.

The e-Borders Programme started in 2003 and it developed a prototype which successfully tested the core concept of an intelligence led, multi agency integrated border control. The e-Borders contract with RSL was intended to enhance and replace this earlier prototype, in line with the business case agreed in October 2007.

Following a full external procurement, the e-Borders contract was signed in November 2007 with RSL as the prime contractor, heading the Trusted Borders consortium. Following contract termination, the e-Borders programme continued as part of the Border Systems Programme, with the development, enhancement and replacement of legacy systems.

RSL disputed the contract termination, and the Home Office initiated arbitration proceedings in August 2010. In August 2014 the Arbitration Tribunal found that the contract had been wrongfully terminated and awarded RSL £186 million plus significant additional legal and interest costs.

In September 2014, the Home Office challenged the arbitration award, pursuant to Section 68 of the Arbitration Act. In February 2015, the High Court, found significant flaws in the Tribunal award. The High Court ordered that the award should be set aside, but granted both parties permission to appeal.

To protect the best interests of the taxpayer, including from further litigation costs, the Department reached a negotiated resolution with RSL. The settlement was a full and final payment to RSL of £150 million. This settlement represented a significant reduction on the original award made by the Arbitration Tribunal in August 2014.

On contract termination, the Home Office called in Letters of Credit amounting to £49.9 million. These had been held on the Department's balance sheet as deferred income since termination, and have subsequently been realised as part of the overall £150 million settlement.

The settlement recognises no admission of liability on the part of the Government.

25. HM Passport Office Internal Restructure

On 30 September 2014, Her Majesty's Passport Office ceased to be an executive agency of the Home Office and was consolidated into the Core Home Office. This was an internal restructure and as such no restatement was made to the 2013-14 Core Home Office numbers to reflect the change. The analysis below shows the 2013-14 Core Home Office accounts Statement of Comprehensive Net Expenditure and Statement of Financial Position if a restatement had been required. In addition, no restatement was made to the 2014-15 numbers to reflect the first six months of the year. The analysis below shows the impact that a restatement would have had on the 2014-15 Core Home Office numbers.

	2013-14 Core Home Office (1)	2013-14 HM Passport Office (2)	2013-14 Combined Core Home Office (3)	2014-15 Core Home Office (4)	2014-15 HM Passport Office (5)	2014-15 Combined Core Home Office (6)
	£000	£000	£000	£000	£000	£000
Statement of Comprehensive Net Expenditure						
Administrative staff costs	239,546	21,739	261,285	235,915	8,373	244,288
Other Administrative costs	204,514	19,478	223,992	302,413	14,257	316,670
Administration income	(41,469)	(39,059)	(80,528)	(58,663)	(21,942)	(80,605)
Programme staff costs	869,979	78,908	948,887	940,954	50,021	990,975
Other Programme costs	12,213,261	201,834	12,415,095	13,421,607	125,162	13,546,769
Programme income	(1,428,945)	(412,519)	(1,841,464)	(1,624,511)	(258,377)	(1,882,888)
Grant-in-Aid	105,134	–	105,134	110,357	–	110,357
Total	12,162,020	(129,619)	12,032,401	13,328,072	(82,506)	13,245,566
Statement of Financial Position						
Property, plant and equipment	1,022,704	66,721	1,089,425	1,068,459	–	1,068,459
Intangible assets	401,354	86,042	487,396	457,497	–	457,497
Long term trade and other receivables	42	–	42	–	–	–
Assets classified as held for sale	22,961	–	22,961	2,491	–	2,491
Inventories	6,650	4,393	11,043	12,713	–	12,713
Trade and other receivables	297,460	25,313	322,773	380,209	–	380,209
Cash and cash equivalents	206,173	–	206,173	140,915	–	140,915
Trade and other payables	(1,379,883)	(92,782)	(1,472,665)	(1,399,193)	–	(1,399,193)
Provisions	(267,226)	(6,723)	(273,949)	(900,706)	–	(900,706)
Long term trade and other payables	(290,362)	(2,811)	(293,173)	(290,261)	–	(290,261)
Pensions Liability	(332)	–	(332)	(353)	–	(353)
Total Assets Less Liabilities	19,541	80,153	99,694	(528,229)	–	(528,229)
General fund	(170,781)	71,204	(99,577)	(786,592)	–	(786,592)
Revaluation reserve	190,654	8,949	199,603	258,716	–	258,716
Pensions reserve	(332)	–	(332)	(353)	–	(353)
Total	19,541	80,153	99,694	(528,229)	–	(528,229)

Notes

- (1) Core Home Office excludes HM Passport Office for 2013-14.
- (2) HM Passport Office results for 2013-14.
- (3) Combined total for Core Home Office and HM Passport Office for 2013-14.
- (4) Core Home Office, including HM Passport Office for the second half of 2014-15.
- (5) HM Passport Office results for the first six months of 2014-15.
- (6) Combined total for Core Home Office and HM Passport Office for 2014-15.

Balances transferred from HM Passport to the Home Office

On 1 October 2014, the following balances were transferred from HM Passport Office to the Core Home Office as a result of the internal restructure.

	£000
Statement of Financial Position	
Property, plant and equipment	59,133
Intangible assets	84,259
Inventories	3,337
Trade and other receivables	4,761
Trade and other payables	(68,445)
Provisions	(6,705)
Long term trade and other payables	(2,432)
Total Assets Less Liabilities	73,908
General fund	65,583
Revaluation reserve	8,325
Total	73,908

26. Machinery of Government and group designation changes

On 9 April 2014 the Prime Minister announced that the Gangmasters Licencing Authority (GLA), which had previously been part of the Department for Environment, Food and Rural Affairs, would become part of the Home Office.

In 2014-15, the Office for National Statistics (ONS) carried out a review of the designation of the Disclosure and Barring Service (DBS), a Non-Departmental Public Body of the Home Office. This review determined that DBS should instead be classified as a Public Corporation, and that this should be applied retrospectively to transactions made and balances held by DBS.

	2013-14	2013-14	2013-14	2013-14
	Impact on Core Department & Agencies	GLA	DBS	Impact on Departmental Group
	£000	£000	£000	£000
Operating costs:				
Administrative staff costs	–	574	(7,568)	(6,994)
Other Administrative costs	–	227	1,520	1,747
Administration income	–	–	6,048	6,048
Programme staff costs	–	2,259	(16,758)	(14,499)
Other Programme costs	–	1,259	(108,756)	(107,497)
Programme income	–	(3,734)	123,150	119,416
Grant-in-Aid (GLA)	1,270	(1,270)	–	–
Total	1,270	(685)	(2,364)	(1,779)

Statement of Financial Position

Property, plant and equipment	–	46	(1,713)	(1,667)
Intangible assets	–	620	(34,274)	(33,654)
Trade and other receivables	–	90	(13,563)	(13,473)
Cash and cash equivalents	–	709	(12,261)	(11,552)
Trade and other payables	–	(668)	17,197	16,529
Provisions	–	–	1,040	1,040
Long term trade and other payables	–	(39)	11,135	11,096
Total Assets Less Liabilities	–	758	(32,439)	(31,681)
General fund	–	468	(32,074)	(31,606)
Revaluation reserve	–	290	(365)	(75)
Total	–	758	(32,439)	(31,681)

	2012-13 Impact on Core Department & Agencies £000	2012-13 GLA £000	2012-13 DBS £000	2012-13 Impact on Departmental Group £000
Statement of Financial Position:				
Property, plant and equipment	–	81	(2,262)	(2,181)
Intangible assets	–	743	(24,633)	(23,890)
Trade and other receivables	–	79	(20,938)	(20,859)
Cash and cash equivalents	–	980	(16,141)	(15,161)
Trade and other payables	–	(927)	13,133	12,206
Provisions	–	–	1,137	1,137
Long term trade and other payables	–	(57)	–	(57)
Total Assets Less Liabilities	–	899	(49,704)	(48,805)
General fund	–	618	(48,627)	(48,009)
Revaluation reserve	–	281	(1,077)	(796)
Total	–	899	(49,704)	(48,805)

2013-14 Statement of Parliamentary Supply

The 2013-14 numbers reported in the Statement of Parliamentary Supply have not been restated to take account of the Machinery of Government and group designation changes mentioned above, as the amounts involved are not material. If the 2013-14 numbers had been restated, they would have had the following impact on the 2013-14 outturn:

	2013-14 GLA £000	2013-14 DBS £000	2013-14 Impact on Departmental Group £000
Resource DEL			
Administration costs	801	–	801
Programme costs	(216)	(2,364)	(2,580)
Total Resource DEL	585	(2,364)	(1,779)
Resource AME	–	(877)	(877)
Total Resource	585	(3,241)	(2,656)
Net cash requirement	1,270	–	1,270
Capital DEL	44	(8,166)	(8,122)
Capital AME	–	–	–
Total Capital	44	(8,166)	(8,122)

In addition to the changes mentioned above, the National Fraud Authority ceased operations on 31 March 2014 with assets transferred to the City of London Police on 1 April 2014. As the amounts involved with this transfer were immaterial, the results of the prior year have not been restated.

27. Events after the Reporting Period

The Police ICT Company was launched on 1 April 2015. The company will aim to support and enable policing and other associated bodies to make best use of technology to deliver effective and efficient policing and improve public safety.

John Hayes was appointed Minister of State for Security on Monday 11 May.

Lord Ahmad was appointed as Minister for Countering Extremism on 13 May 2015 (jointly with the Department for Transport).

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

ANNEX – Core Tables

HOME OFFICE

Total departmental spending 2009-10 to 2015-16⁴

Table 1 – Public Spending

£'000

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Resource DEL							
Crime and Policing Group	5,642,682	9,139,314	8,881,331	8,262,650	8,345,349	8,602,371	8,161,404
Office for Security and Counter Terrorism	814,501	807,786	880,553	970,908	695,834	701,265	718,634
UK Border Agency	1,713,561	1,704,436	1,311,786	608,651	-	-	-
Immigration Enforcement	-	-	-	-	437,606	437,487	432,103
UK Visas & Immigration	-	-	-	-	-253,235	-187,800	-448,262
International & Immigration Policy	-	-	-	-	35,744	34,793	32,040
Border Force	-	-	-	611,243	507,933	518,987	487,300
HM Passport Office	90,439	5,002	-43,245	-69,836	-54,868	-59,075	-130,478
Enablers	251,147	195,492	166,444	350,157	769,491	825,643	678,037
Arms Length Bodies (Net)	436,620	421,820	413,144	238,320	75,617	106,123	122,330
National Fraud Authority	3,943	4,021	5,995	8,809	11,830	-	-
Area Based Grants	80,925	71,243	66,909	28,751	-	-	-
European Solidarity Mechanism	-1	-	-	908	-	-	1
Criminal Records Bureau	-4,616	1,527	270	-14,783	-	-	-
Total Resource DEL	9,029,201	12,350,641	11,683,187	10,995,778	10,571,301	10,979,794	10,053,109
<i>Of which:</i>							
Staff costs	1,314,069	1,389,038	1,268,011	1,250,769	1,324,756	1,345,838	1,316,392
Purchase of goods and services	1,995,000	2,212,994	1,795,940	1,983,369	1,972,319	2,131,748	2,090,920
Income from sales of goods and services	-1,173,552	-1,369,732	-1,194,189	-1,209,861	-1,361,206	-1,214,943	-1,673,097
Current grants to local government (net)	6,414,746	9,903,879	9,537,501	9,044,789	8,670,253	8,901,629	8,469,606
Current grants to persons and non-profit bodies (net)	446,340	124,731	178,019	44,389	30,107	37,975	168,257
Current grants abroad (net)	-13,556	-18,730	-28,689	-42,895	-2,858	-42,823	-93,280
Subsidies to private sector companies	-	-	-	272,020	4,587	3,055	-
Rentals	308,680	-	278,027	100,417	66,678	110,805	27,200
Depreciation ¹	161,952	444,216	176,151	202,478	232,382	235,631	217,688
Take up of provisions	-	-	11,754	-	-	-	-

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Other resource	-424,478	-335,755	-339,338	-649,697	-365,717	-529,121	-468,487
Unallocated funds - resource	-	-	-	-	-	-	-2,090
Resource AME							
AME Charges	-102,713	179,006	1,424	2,935	95,998	-41,709	6,135
Police Superannuation	754,193	720,594	1,059,297	1,232,860	1,286,042	1,883,758	1,318,864
AME Charges Arms Length Bodies (Net)	28,138	14,708	7,454	-3,368	-	-	1
Total Resource AME	679,618	914,308	1,068,175	1,232,427	1,382,040	1,842,049	1,325,000
<i>Of which:</i>							
Current grants to local government (net)	763,262	728,336	1,066,899	1,239,647	1,284,844	1,429,975	1,324,999
Net public service pensions ²	-	-	-	-	-	42	-
Depreciation ¹	30,126	69,750	7,803	7	194	7,207	-
Take up of provisions	39,420	117,418	83,146	42,454	137,162	491,254	1
Release of provision	-152,839	-1,196	-90,126	-49,962	-49,603	-86,570	-
Other resource	-351	-	453	281	9,443	141	-
Total Resource Budget	9,708,819	13,264,949	12,751,362	12,228,205	11,953,341	12,821,843	11,378,109
<i>Of which:</i>							
Depreciation ¹	192,078	513,966	183,954	202,485	232,576	242,838	217,688
Capital DEL							
Crime and Policing Group	284,949	261,641	105,853	137,671	125,971	145,118	112,300
Office for Security and Counter Terrorism	206,824	153,103	92,103	77,124	64,292	78,375	86,420
UK Border Agency	182,750	163,333	173,188	86,970	-	-	-
Immigration Enforcement	-	-	-	-	4,482	2,685	500
UK Visas & Immigration	-	-	-	-	9,356	1,688	3,000
International & Immigration Policy	-	-	-	-	8,618	4,706	1,500
Border Force	-	-	-	53,430	54,719	43,562	50,200
HM Passport Office	111,382	67,295	23,272	19,341	11,441	24,715	15,000
Enablers	2,633	-2,497	34,003	22,020	57,878	59,568	80,300
Arms Length Bodies (Net)	151,270	56,943	28,450	17,889	25,972	12,334	14,100
National Fraud Authority	274	67	207	-	-	-	-
Area Based Grants	-	-	-	-	-	-	-
Criminal Records Bureau	354	4,054	1,931	-	-	-	-
Total Capital DEL	940,436	703,939	459,007	414,445	362,729	372,751	363,320

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
<i>Of which:</i>							
Capital support for local government (net)	317,455	285,971	173,640	174,462	150,013	191,742	133,300
Capital grants to persons & non-profit bodies (net)	-1,564	-10	-	1,108	-5	9	500
Capital grants to private sector companies (net)	46,168	22,950	28,236	18,132	19,951	24,169	29,200
Capital support for public corporations	-	28,700	-	-	-	-	-
Purchase of assets	527,717	301,862	243,988	199,170	174,845	194,778	217,166
Income from sales of assets	-4,181	-4,391	-4,507	-	-2,065	-29,553	-23,000
Other capital	54,841	68,857	17,650	21,573	19,990	-8,394	19,220

Capital AME*Of which:*

Total Capital Budget	940,436	703,939	459,007	414,445	362,729	372,751	363,320
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Total departmental spending³	10,457,177	13,454,922	13,026,415	12,440,165	12,083,494	12,951,756	11,523,741
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of which:

Total DEL	9,807,685	12,610,364	11,966,043	11,207,745	10,701,648	11,116,914	10,198,741
Total AME	649,492	844,558	1,060,372	1,232,420	1,381,846	1,834,842	1,325,000

1 Includes impairments

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

3 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

4 The numbers in this table cannot always be reconciled to the numbers in the accounts because they are taken at a different point in time from OSCAR, the HMT's database. We strive to ensure that they are taken as close to the date of the accounts as possible. These numbers were taken as at 22 May 2015.

HOME OFFICE

Table 2 – Public Spending Control, Outturn year, 2013-14

£'000

	2014-15		2014-15		2014-15		2014-15	
	Original Plans		Adjusted Plans [†]		Final Plans		OUTTURN	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
Spending in Departmental Expenditure Limits (DEL)								
Voted expenditure	10,729,811	420,382	10,729,811	420,382	11,136,331	390,575	10,979,794	372,751
<i>Of which:</i>								
Crime and Policing Group	8,496,997	127,500	8,496,997	127,500	8,630,053	146,274	8,711,548	145,118
Office for Security and Counter Terrorism	684,296	102,182	684,296	102,182	707,070	81,075	701,265	78,375
Immigration Enforcement	443,494	-	443,494	-	462,199	2,800	437,487	2,685
UK Visas & Immigration	-264,728	6,000	-264,728	6,000	-254,084	8,000	-187,800	1,688
International & Immigration Policy	37,264	6,000	37,264	6,000	36,980	6,000	38,720	4,706
Border Force	519,184	75,400	519,184	75,400	522,789	57,360	518,987	43,562
Her Majesty's Passport Office	3,000	18,450	3,000	18,450	-25,854	18,491	-59,075	24,715
Enablers	696,110	44,950	696,110	44,950	945,753	49,400	712,539	59,568
Arms Length Bodies (Net)	114,093	39,900	114,093	39,900	111,424	21,175	106,123	12,334
European Solidarity Mechanism (Net)	1	-	1	-	1	-	-	-
Departmental Unallocated Provision (DUP)	100	-	100	-	-	-	-	-
Total Spending in DEL	10,729,811	420,382	10,729,811	420,382	11,136,331	390,575	10,979,794	372,751
Spending in Annually Managed Expenditure (AME)								
Voted expenditure	1,378,222	-	1,378,222	-	2,117,222	-	2,062,049	-

	2014-15		2014-15		2014-15		2014-15	
	Original Plans		Adjusted Plans†		Final Plans		OUTTURN	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
<i>Of which:</i>								
AME Charges	3,682	-	3,682	-	-76,319	-	-41,709	-
Police Superannuation	1,374,540	-	1,374,540	-	2,193,540	-	2,103,758	-
AME Charges Arms Length Bodies (Net)	-	-	-	-	1	-	-	-
Total Spending in AME	1,378,222	-	1,378,222	-	2,117,222	-	2,062,049	-
Total	12,108,033	420,382	12,108,033	420,382	13,253,553	390,575	13,041,843	-
<i>Of which:</i>								
Voted expenditure	12,108,033	420,382	12,108,033	420,382	13,253,553	390,575	13,041,843	-

† Figures for Adjusted Plans have been adjusted for machinery of government changes effected during 2014 to reflect the Final Plans structure where applicable.

The numbers in this table cannot always be reconciled to the numbers in the accounts because they are taken at a different point in time from OSCAR, the HMT's database. We strive to ensure that they are taken as close to the date of the accounts as possible. These numbers were taken as at 22 May 2015.

Table 3 – Capital Employed

£'000

HOME OFFICE	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 plans
Assets and liabilities on the statement of financial position at end of year:							
Assets							
Non-current assets							
Intangible	108,803	223,051	283,437	398,451	487,538	458,579	435,650
Tangible	1,177,624	1,170,331	940,547	927,292	1,089,425	1,057,926	1,005,030
<i>of which:</i>							
Land and buildings	641,366	559,415	536,892	550,353	607,886	663,800	630,610
Plant and machinery	71,739	63,607	132,464	128,353	213,541	189,319	179,853
Vehicles	21,343	13,561	13,709	11,486	17,422	16,996	16,146
Information Technology	65,745	90,561	116,983	107,686	119,588	89,683	85,199
Furniture and Fittings	28,664	23,998	21,653	20,170	10,478	9,948	9,451
Payment on Account and Assets under Construction	348,767	419,189	118,846	109,244	120,510	88,180	83,771
Other	-	-	-	-	-	-	-
Investments	18,068	18,068	1	1	-	-	-
Current Assets	651,528	803,131	525,458	419,575	561,420	546,559	519,231
Liabilities							
Payables (<1 year)	-1,445,927	-1,431,338	-1,392,610	-1,434,247	-1,472,678	-1,403,624	-1,333,381
Payables (>1 year)	-307,456	-299,950	-301,171	-290,709	-293,173	-289,553	-274,740
Provisions	-234,803	-87,658	-190,381	-180,297	-273,949	-680,459	-855,771
Capital employed within core department	-32,163	395,635	-134,719	-159,934	98,293	-310,572	-503,982
ALB net assets	-30,077	-166,359	8,290	-24,122	38,734	41,232	39,170
Total capital employed in departmental group	-62,240	229,276	-126,429	-184,056	137,027	-269,340	-464,811

Table 4 – Administration Budgets

£'000

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Resource DEL							
Crime and Policing Group	32,143	39,576	34,191	38,546	42,928	16,354	41,209
Office for Security and Counter Terrorism	57,028	56,557	54,599	48,444	52,309	49,109	50,336
UK Border Agency	236,310	240,748	160,911	106,910	-	-	-
Immigration Enforcement	-	-	-	-	9,079	8,581	7,821
UK Visas & Immigration	-	-	-	-	14,726	29,588	16,072
International & Immigration Policy	-	-	-	-	23,917	21,378	22,411
Border Force	-	-	-	21,675	2,569	2,224	2,300
HM Passport Office	47,579	2,631	5,381	3,463	4,120	1,585	-9,721
Enablers	226,696	179,881	146,479	180,730	308,357	343,162	224,772
Arms Length Bodies (Net)	80,791	71,685	64,471	48,987	20,763	32,763	22,965
National Fraud Authority	3,943	-	861	583	639	-	-
Criminal Records Bureau	-4,616	6,269	6,472	-29	-	-	-
Total administration budget	679,874	597,347	473,365	449,309	479,407	504,744	378,165
<i>Of which:</i>							
Staff costs	231,637	239,263	278,194	293,676	288,186	271,056	245,069
Purchase of goods and services	428,724	479,399	166,387	135,439	136,672	202,806	177,437
Income from sales of goods and services	-156,484	-145,913	-85,024	-21,313	-21,879	-15,777	-23,559
Current grants to local government (net)	-	-	-	-	-26	1	-
Current grants to persons and non-profit bodies (net)	-	-	-	7	89	146	-
Current grants abroad (net)	-367	-	-865	-	20	-	-
Rentals	155,345	-	89,398	102,664	117,522	101,950	29,600
Depreciation	6,532	13,118	12,050	10,378	11,575	23,434	6,200
Take up of provisions	-	-	10,924	-	-	-	-
Other resource	14,487	11,480	2,301	-71,542	-52,752	-78,872	-54,492
Unallocated funds – resource	-	-	-	-	-	-	-2,090

The numbers in this table cannot always be reconciled to the numbers in the accounts because they are taken at a different point in time from OSCAR, the HMT's database. We strive to ensure that they are taken as close to the date of the accounts as possible. These numbers were taken as at 22 May 2015

Table 5 – Staff in Post

Home Office Staff Numbers – Headcount Full Time Equivalent 2012-13 to 2014-15^{1, 2, 3, 4, 5}

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	Key workforce changes during 2014-15:	
				30.5.2014 NFA ⁶	2014-15 Leavers
Home Office – Core					
Civil Servants Paid	11,152	22,246	27,825		-1,199
Civil Servants Unpaid	700	1,330	1,509		-673
Non Civil Servants	604	2,752	2,222		-
Total	12,456	26,328	31,556		-1,872
United Kingdom Border Agency⁷					
Civil Servants Paid	10,426	-	-		
Civil Servants Unpaid	469	-	-		
Non Civil Servants	1,372	-	-		
Total	12,267	-	-		
HM Passport Office⁷					
Civil Servants Paid	3,180	3,361	-		
Civil Servants Unpaid ⁸	99	108	-		
Non-Civil Servants	5		-		
Total	3,134	3,284	3,469		
National Fraud Authority					
Civil Servants Paid ⁹	46	**	-		-**
Civil Servants Unpaid	4	-	-		-
Non Civil Servants ⁹	0	**	-		-**
Total	50	9	-		-9

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	Key workforce changes during 2014-15:	
				30.5.2014 NFA ⁶	2014-15 Leavers
Total Home Office including Agencies					
Civil Servants Paid	24,804	25,609	27,825		-1,199
Civil Servants Unpaid	1,271	1,437	1,509		-673
Non Civil Servants	1,981	2,760	2,222		-
<i>Unknown¹⁰</i>	81	73	71		-
Total	28,137	29,879	31,627		-1,872
Non Departmental Public Bodies¹¹					
Paid Staff	5,293	1,457	1,818		
Unpaid Staff	82	17	14		
Agency/Contractors	167	62	92		
Total	5,542	1,537	1,924		
Total Home Office including Agencies and Non Departmental Public Bodies					
Grand Total	33,679	31,416	33,551		

Notes:

- (1) This information has been extracted from Data View, the Department's single source of Office for National Statistics (ONS) compliant monthly snapshot corporate Human Resources data.
- (2) Outturn figures are accurate as at 31 March of each year and include all current employees on that date.
- (3) Figures are subject to rounding +/- 1.
- (4) Staff numbers are National Statistics published on the ONS website and have been collated on a different basis to the staff numbers in note (7) in the main body of the annual accounts, which are based on average numbers for the financial year 2014-15.
- (5) Figures are reported using ONS Definitions:
- Civil Servants Paid includes permanent, temporary, fixed-term appointments (FTA), incoming loans paid (Other Government Departments (OGD)), outgoing loans paid (OGD) and outgoing secondments paid (Non-OGD).
 - Civil Servants Unpaid includes permanent unpaid, temporary unpaid, FTA unpaid, incoming loans unpaid (OGD) and outgoing loans unpaid (OGD).
 - Non-Civil Servants includes agency employees, incoming secondments unpaid (Non-OGD) and contractors non-paid.
- Key workforce changes in 2014-15 include:
- (6) National Fraud Authority closed on 31st March 2014, 9 (FTE) staff remained to facilitate the winding up of its business, moving on to other areas of the Home Office by 30th May 2014.
- (7) Home Office no longer has any Executive Agencies. United Kingdom Border Agency ceased Agency status on 1st April 2013 with 12,268 (FTE) staff moved in to core Home Office. 3,578 HM Passport Office staff moved in to core Home Office on 1st October 2014.
- (8) Figures for HM Passport Office for unpaid civil servants and non civil servants have been merged, as the FTE of non civil servants is less than 5.
- (9) Figures for the National Fraud Authority for paid civil servants and non civil servants and for paid and unpaid civil servant staff moving to other Home Office areas, have been redacted and replaced with ** to prevent the disclosure of figures less than 5.
- (10) Unknown: these employees were moving between businesses within the department at 31 March each year.
- (11) The Non Departmental Public Bodies (NDPBs) are:
- Disclosure and Barring Service (DBS);
 - Gangmaster Licencing Authority (GLA)
 - Independent Police Complaints Commission (IPCC)
 - Office of the Immigration Service Commissioner (OISC);
 - Security Industry Authority (SIA)

The DBS are included in this staff table as an NDPB but for the purposes of the accounts they are not included.

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

1. **Tables 6, 7 and 8** show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in the *November 2014 release*. The figures were largely taken from the **Online System for Central Accounting and Reporting (OSCAR)** during the summer of 2014 and the regional distributions were completed by the following autumn (taking on board any revisions to departmental totals). Please note that totals may not sum due to rounding.
2. The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.
3. TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of *PESA 2014*.
4. The data feature both identifiable and non-identifiable spending:
 - a. Identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions.
 - b. Expenditure that is incurred for the benefit of the UK as a whole and cannot be disseminated by individual country or region is considered to be non-identifiable.
5. Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.
6. The functional analyses of spending in **Table 8** are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in Chapter A of the CRA November 2014 release. These are not the same as the strategic priorities shown elsewhere in the report.

Table 6

Total identifiable expenditure on services by country and region, 2009-10 to 2013-14

£ million

Home Office	National Statistics				
	2009-10	2010-11	2011-12	2012-13	2013-14
North East	56	40	41	51	57
North West	156	113	112	138	154
Yorkshire and the Humber	110	80	81	101	110
East Midlands	85	62	64	82	87
West Midlands	118	86	86	107	120
East	109	79	81	104	110
London	264	194	184	211	262
South East	161	117	120	154	164
South West	98	71	74	95	100
Total England	1,157	841	842	1,044	1,164
Scotland	34	24	30	49	37
Wales	62	45	45	57	61
Northern Ireland	12	8	10	17	13
UK identifiable expenditure	1,265	918	928	1,167	1,275
Outside UK	-	-	-	-	-
Total identifiable expenditure	1,265	918	928	1,167	1,275
Non-identifiable expenditure	2,197	1,769	1,663	1,529	977
Total expenditure on services	3,462	2,687	2,591	2,695	2,252

Table 7

Total identifiable expenditure on services by country and region, per head 2009-10 to 2013-14

£ per head

Home Office	National Statistics				
	2009-10	2010-11	2011-12	2012-13	2013-14
North East	22	16	16	20	22
North West	22	16	16	19	22
Yorkshire and the Humber	21	15	15	19	21
East Midlands	19	14	14	18	19
West Midlands	21	15	15	19	21
East	19	14	14	18	19
London	33	24	22	25	31
South East	19	14	14	18	19
South West	19	13	14	18	19
England	22	16	16	20	22
Scotland	7	4	6	9	7
Wales	21	15	15	18	20
Northern Ireland	6	4	6	9	7
UK identifiable expenditure per head	20	15	15	18	20

Table 8

Expenditure on services by sub-function, 2013-14

£ million

Home Office	National Statistics													Grand Total		
	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland		Outside UK	Not Identifiable
3. Public order and safety																
3.1 Police services	25	68	49	39	53	49	117	73	44	517	16	27	6	-	977	1,543
<i>of which: immigration and citizenship</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	977	977
<i>of which: other police services</i>	25	68	49	39	53	49	117	73	44	517	16	27	6	-	-	566
3.2 Fire-protection services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Law courts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Prisons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.5 R&D public order and safety	1	4	3	2	3	3	7	4	3	30	1	2	0	-	-	33
3.6 Public order and safety not elsewhere classified.	30	81	58	46	63	58	138	87	53	614	20	32	7	-	-	673
Total public order and safety	56	153	110	87	119	110	262	164	100	1,161	37	61	13	-	977	2,249
TOTAL HOME OFFICE EXPENDITURE ON SERVICES	56	153	110	87	119	110	262	164	100	1,161	37	61	13	-	977	2,249

Glossary

ACMD	Advisory Council on the Misuse of Drugs
ACS	Approved Contractor Scheme
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
ARAC	Audit and Risk Assurance Committee
BME	Black and Minority Ethnic
CAESER	Corporate Assessment of Environmental, Social & Economic Responsibility
CBI	Confederation of British Industry
CCL	Consultancy & Contingent Labour
CETV	Cash Equivalent Transfer Value
CIA	Chief Internal Auditor
CJS	Criminal Justice System
CMIP	Contract Management Improvement Plan
CPS	Crown Prosecution Service
CS	Corporate Security
CSA	Chief Scientific Adviser
CSA	Child Sexual Abuse
CTRIU	Counter-Terrorism Internet referral Unit
DBS	The Disclosure and Barring Service
DCLG	Department for Communities and Local Government
DRD	Data Retention Directive
DRIPA	Data Retention and Investigatory Powers Act
DSAB	Digital Services at the Border'
DSB	Diversity Strategy Board
DUP	Departmental Unallocated Provision
DVLA	Driver and Vehicle Licensing Agency
EEA	European Economic Area
EMB	Executive Management Board
ETS	Educational Testing Service
FNOs	Foreign National Offenders
FOI	Freedom of Information (FOI)
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
GBS	Government Buying Standards
GGC	Greening Government Commitments
GLA	Gangmasters Licensing Authority
GRAA	Government Resources and Accounts Act 2000
HMPO	Her Majesty's Passport Office
HMRC	HM Revenue and Customs
HO	Home Office
HODS	Home Office Disability Support Network
IA	Information Assurance
IA	Internal Audit
IAOs	Information Asset Owners
IAU	Internal Audit Unit
ICIBI	Independent Chief Inspector of Borders & Immigration
ICT	Information Communications Technology
IE	Immigration Enforcement
IPCC	Independent Police Complaints Commission
ISC	Intelligence and Security Committee
ISIL	Islamic State in Iraq and the Levant
ITTs	Invitations To Tender
JESIP	Joint Emergency Services Interoperability Programme
LGBT	Lesbian, Gay, Bisexual and Transgender
MoG	Machinery of Government
NCA	The National Crime Agency

NDPBs	Non-Departmental Public Bodies
NED	Non-Executive Director
NGC	Nominations and Governance Committee
NGSVCV	National Group on Sexual Violence against Children and Vulnerable People
OCPA	Office of Commissioner for Public Appointments
OISC	Office of the Immigration Services Commissioner
ONS	Office for National Statistics
PAC	Public Accounts Committee
IPCC	Independent Police Complaints Commission
PCC	Police and Crime Commissioners
PCC	Police Complaints Commission
PCPF	Parliamentary Contributory Pension Fund
PHSO	Parliamentary and Health Service Ombudsman
PIC	Portfolio and Investment Committee
PIF	Police Innovation Fund
PIPU	Police Integrity and Powers Unit
PSRU	Police Strategy and Reform Unit
PSTU	Police Science and Technology Unit
QDS	Quarterly Data Summary
SB	Supervisory Board
SCS	Senior Civil Servant
SELT	Secure English Language Test
SIA	Security Industry Authority
SIO	Specified Information Order
SIRO	Senior Information Risk Owner
SLGRS	Senior Leadership Group on Risk and Safety
SMEs	Small and Medium Enterprises
SoPS	Statement of Parliamentary Supply
SPL	Shared Parental Leave
SR13	Spending Round 2013
SSRB	Senior Salaries Review Body
tCO ₂ e	tonnes of carbon dioxide
TPIMS	Terrorism Prevention and Investigation Measures
UKVI	UK Visas and Immigration
VFM	Value for Money

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