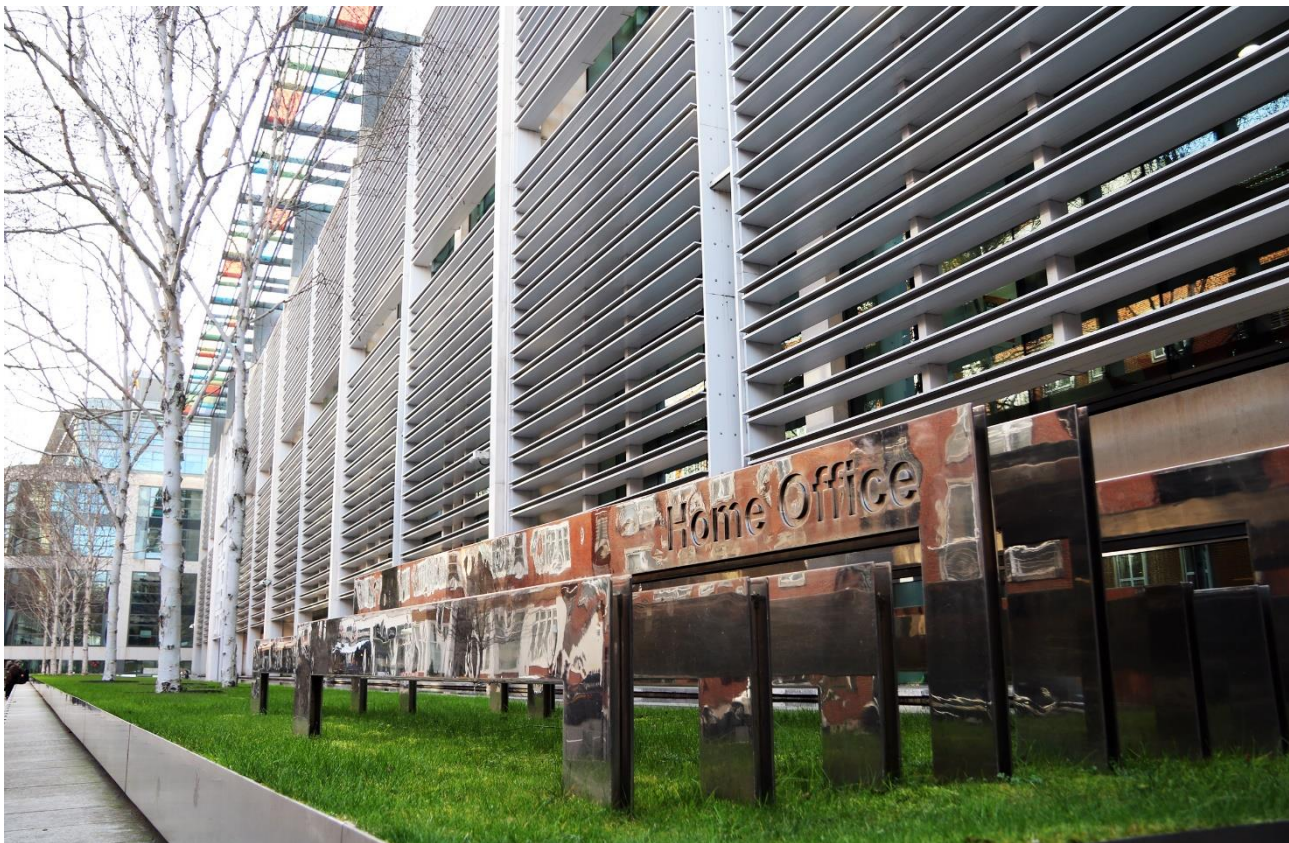




Home Office

# Annual Report and Accounts 2019-20

(for the year ended 31 March 2020)







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(for the year ended 31 March 2020)

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This is part of a series of departmental publications which along with the Main Estimates 2019-20 and the document Public Expenditure: Statistical Analyses 2019, present the Government's outturn for 2019-20 and planned expenditure for 2020-21



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# Home Secretary – Introduction

The work of the Home Office is of unparalleled importance, and it is a privilege to serve the people of Britain as Home Secretary.

This department is at the heart of the Government's mission to deliver on the people's priorities, and our Annual Report and Accounts demonstrate the breadth of work underway to deliver the safer streets, stronger borders, and enhanced homeland security the nation has asked for.

Since becoming Home Secretary, it has been an honour to work with the thousands of talented and devoted public servants in the Home Office, and on our operational frontline, to deliver real results. This report highlights the progress that has been made over the last year. We have empowered the police to cut crime, with the first 3,000 of 20,000 additional officers already recruited. We have paved the way for a new firm but fair points-based immigration system, to attract the brightest and best from anywhere in the world. And we have prioritised support for the vulnerable, re-introducing a strengthened Domestic Abuse Bill.

Whilst overall crime fell last year, serious violence continues to blight our families, towns and communities. This report sets out how the Home Office is driving cross-Government efforts to end knife crime and the scourge of county lines, to protect victims and ensure criminals face justice.

The Home Office also continues to do all we can to put right the terrible injustices suffered by the Windrush Generation under successive Governments. We will carefully consider the independent Windrush Lessons Learned Review and take any action necessary to ensure the mistakes of the past can never be repeated, and the Department is working tirelessly to ensure those affected get the support and compensation they deserve.

Since I became Home Secretary, a great deal has changed. We have a strong new Government and a bright new future outside of the European Union. But our nation also now faces an unprecedented challenge as we respond to Coronavirus.

The Home Office is at the centre of the extraordinary national effort to protect the NHS and save lives: empowering our police to enforce social distancing measures; supporting the most vulnerable; and responding to the evolving threat from crime. It is an immense team effort and my sincere thanks go to everyone working at pace to keep this country safe.

This report outlines the successes, challenges and achievements of the Home Office over the last year, and there will undoubtedly be more to come. As we battle Coronavirus there will be tough times ahead, but I have every confidence that the Home Office will continue to adapt and deliver for the people we serve.

**Rt. Hon Priti Patel MP**  
**Home Secretary**

# Permanent Secretary – Foreword

The Home Office has one of the most challenging remits in government. In the short months since I joined the Department, I have seen how our committed, passionate and expert staff deliver vital work to keep our citizens safe and our country secure, even in the most challenging circumstances.

I would like to thank my predecessor, Sir Philip Rutnam, for his leadership of and significant contribution he made to the Home Office during his time here.

This year the Department's work has been organised around the most important activity to deliver the Government's 'People's Priorities': restoring confidence in the criminal justice system; protecting homeland security; attracting talent and taking back control; and advancing Britain's place in the world.

There is progress to report in each of those four areas:

The Government launched its national campaign to recruit an additional 20,000 police officers by 2023. By the end of 2019-20 we had met the first key milestone of this programme by recruiting over 3,000 extra police officers.

We introduced the Counter-Terrorism Bill in March 2020 to ensure the worst terrorist offenders spend longer in prison and to strengthen supervision after release.

The Home Office delivered a significant amount of work to prepare for our departure from the EU. In 2020-21, EU Transition will again be a high priority as we prepare for the introduction of the new immigration system on 1 January 2021. The UK's new points-based system will attract the high-skilled workers we need to contribute to our economy, our communities and public services.

We also made significant progress on securing the rights of EU citizens in the UK. By the end of the financial year, we had processed over 3.1 million applications. The EU Settlement Scheme will remain open until June 2021 to allow all EU citizens who wish to remain in the UK to do so.

The publication of Wendy Williams' Windrush Lessons Learned Review was another important moment for the Department. We are taking forward the recommendations energetically. It contains important lessons on the culture of the Department, which we must act on.

The coronavirus pandemic has already changed the circumstances in which we deliver our work and the Home Office has already demonstrated its incredible ability to adapt in response. In addition to the short-term response, we must learn the longer-term lessons as we adapt both what we work on and how we do it. In doing so, I will continue to prioritise the wellbeing and safety of all our staff.

**Matthew Rycroft CBE**

Permanent Secretary

8 July 2020



# COVID-19 Statement

On 30 January 2020, the World Health Organisation declared the outbreak of COVID-19 a “Public Health Emergency of International Concern” (PHEIC). In response to the pandemic, the Government has taken a system-wide approach focused on ensuring the continuity of public and critical services and the stability of the economy, based on the best available scientific evidence and advice.

The Home Office’s focus has been to ensure that its critical services, including protecting the public, protecting the border and maintaining essential Passports, Visas and Immigration services could be continued whilst minimising any risk our staff. In order to do this effectively, the Home Office has:

- In line with Government guidance, instructed all staff who can perform their jobs from home to do so, and provided staff with appropriate IT to enable this. Only staff in front-line, critical roles have been required to come into the workplace, with appropriate Personal Protective Equipment (PPE) provided where necessary in line with Public Health regulations.
- Established a daily Response Working Group, consisting of senior officials from across the Department, to coordinate the Home Office response;
- Set up daily meetings between Home Office Gold commanders take place to review the strategic COVID-19 issues affecting the Department and its response to them;
- In addition, the Home Secretary holds daily phone calls with the Head of the National Crime Agency (NCA) and Police Chief Constables to understand the latest developments on public protection and crime;

To ensure the Home Office’s approach is fully aligned with wider Government and to actively support its response:

- Home Office ministers and senior officials have been fully integrated into the range of cross-Whitehall fora each week to contribute to the decision-making processes that direct HMG’s response to the pandemic;
- Home Office staff have been embedded in key cross-Whitehall departments to ensure coherence, including within the Department for Health and Social Care (DHSC) and the Foreign and Commonwealth Office (FCO);
- Border Force has been working closely with the FCO to assist with the repatriation of British nationals and their dependants from affected areas overseas.
- Where foreign nationals in the UK have been unable to return to affected areas, the Home Office has provided support enabling them to remain in the UK.
- Home Office immigration officers have been able to assist public health officers in directing and, if necessary, removing potentially infectious persons arriving into the UK to a suitable place for screening and assessment for the virus.



Given the exceptional and unprecedented demand placed on the Home Office and wider government during the response to the COVID-19 pandemic, we have produced a slimmer annual report and accounts this year. This has been to free up our staff and resources to focus on managing the pandemic. Nevertheless, the report complies with central government guidance on content and other reporting requirements and is a true and accurate reflection of the Department's performance, governance and accounts.

# 1. THE PERFORMANCE REPORT

# Overview

## Purpose and activities of the Home Office

Since 1782, the Home Office has led work to keep the country safe from those who seek to do it harm, making a core contribution to the government's plan for a stronger, fairer, outward-looking and united Britain.

Our vision is for a United Kingdom that is secure and prosperous, where citizens, residents and visitors are safe and feel safe to go about their lawful business and where institutions at all levels of society uphold rights, liberties and the rule of law.

The Home Office is a ministerial department, supported by 30 agencies and public bodies. The Home Office is the lead government department for immigration and passports, drugs policy, crime, fire, counter-terrorism and police.

This report focuses on the period 1 April 2019 to 31 March 2020 (and includes updates available before the document was printed). In some instances, due to the availability of data, other time periods are referenced.

Details of our future plans are available online in our Single Departmental Plan. It is available at:

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

Our objectives are to:

Improve public safety and security

- Reduce crime and the harm that it causes, including serious and organised crime
- Prevent fires or reduce their impact
- Manage civil emergencies within the remit of the Home Office
- Protect vulnerable people and communities
- Reduce extremism and the harm that it causes
- Reduce terrorism

Strengthen the border, immigration and citizenship system

- Secure the border against threats from people and goods
- Control migration
- Provide world-class customer services and contribute to prosperity
- Protect vulnerable people and communities

Maximise the benefits of the United Kingdom leaving the European Union

Improve corporate services

- Fulfil the statutory and constitutional duties of the Home Office

# Performance Analysis

## Our Performance in 2019-20

### Outturn and the Estimate

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

The Net Estimate for the Resource Departmental Expenditure Limit (DEL) stands at £11.42 billion and the Outturn is £11.38 billion. Strong financial management and active involvement from the Executive Committee throughout the year helped ensure that the Department managed performance close to budget.

The underspend in Capital DEL at £22.5 million represented 3% of the £740 million budget.

The £2.73 billion Estimate for Annually Managed Expenditure was underspent by £0.15 billion. The underspend relates to matters where budget cover had been agreed with HM Treasury but where the cases involved have not advanced to the point where the costs involved need to be recognised in these Accounts.

The Net Cash Requirement of £14.6 billion was breached by £118 million resulting in a qualified audit opinion and an Excess Vote. The breach occurred because the Department manages all cash through one bank account, irrespective of whether the cash relates to the Resource Account or the Trust Statement or whether it is available to fund departmental activities or is due to be paid over to the Exchequer. This made the effective management of the cash position more difficult and led to the Department not monitoring its position against the Net Cash Requirement control total. As a result, the Department failed to detect that funds which should have been set aside for payments to the Exchequer were used to fund supply activities. This unintentional breach was only recognised in May 2020, too late to take any action to correct the situation in 2019-20.

### Going Concern

The Consolidated Statement of Financial Position as at 31 March 2020 shows taxpayers' equity of £35 million, an increase in Net Assets of £437 million compared to the position as at 31 March 2019.

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

### Risk

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

## EU Transition

The UK left the EU on 31<sup>st</sup> January 2020. The Transition Period runs until 31<sup>st</sup> December 2020 and the UK and EU are currently negotiating what the future relationship will look like after this date.

The focus for Transition and EU Exit work in 2019-20 has included supporting the negotiations culminating in the new Withdrawal Agreement published in October 2019, developing contingency plans for a 'no deal' scenario across all affected areas of Home Office business, and continuing the cross-government work on future customs arrangements.

As with EU Exit, the Department has robust governance structures in place for Transition. This ensures the continued delivery of essential services for the public. The Department's Transition Executive Board, chaired by the Permanent Secretary, provides the necessary senior coordination and drive. It is supported by the Transition Portfolio Board, chaired by the Second Permanent Secretary. The Portfolio Board ensures project oversight, accountability and an escalation route to the Transition Executive Board. The Negotiations Board, chaired by the Director General for BICS Policy and International, provides oversight for the different areas of negotiations with which the Home Office has an interest in; these include UK-EU, EEA-EFTA and Rest of World such as US, Japan and Australia. Supporting project-level boards are also in place, with risks monitored and managed at the appropriate level.

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

On finance, £480 million was initially secured for 2019-20, and was subsequently complemented by a further £121.6 million for no deal preparation work. In addition to this £4.7 million was provided to the Home Office by other government departments for EU Exit and Transition activity. In total this meant £606.3 million of funding was provided to the Home Office in 2019-20. £695.2 million has been specifically allocated to the Home Office for Transition activity in 2020-21.

In respect of EU Exit and Transition the key expenditure was:

- £235 million on strengthening border controls and security.
- £84 million was spent on the further development and delivery of the EU Settlement Scheme.
- £190 million was additionally invested in IT costs supporting projects strengthening border controls and in developing the delivery of the EU Settlement Scheme;
- £77 million had been spent on a combination of legal, analytical, estates, communications and policy/strategy costs.
- £23m million on security, law enforcement and criminal justice preparations.
- £11m million on additional passport costs.

Despite all this effort and investment, it remains the case that, in the event of leaving the Transition Period with no further negotiated outcome, some of the Home Office's key capabilities will invariably be impacted. We are working to mitigate these impacts to the extent possible within the constraints of negotiations with the EU and the uncertainty about the terms of our future relationship with the EU. Leaving the EU also presents the UK with new opportunities such as the ability to strengthen our controls at the border by, for example, applying the same criminality threshold checks for EEA nationals arriving beyond the end of the Transition Period as we currently do for third country nationals.

## Performance Overview

### Reduce crime and the harm that it causes, including serious and organised crime

#### Headline Indicators

##### **Overall Levels of Crime:**

In the 12 months ended December 2019, the Crime Survey for England and Wales (CSEW) showed a 5% fall in total crime (including fraud and computer misuse) compared with the previous year, driven by a 9% decline in theft. Police recorded crime figures however showed an increase of 5% over the same period.

##### **Violent Crime:**

Police recorded 670 homicides in England and Wales (excluding Greater Manchester Police<sup>1</sup>) in the year ending December 2019. This is a 2% rise (from 655) compared with the previous year, although this changes to a 4% fall if the single Essex lorry tragedy, in which 39 people were killed, is excluded.

Figures for the 12 months ended December 2019 showed a 7% rise in offences involving knives or sharp instruments recorded by the police (to 45,627 offences). This is 49% higher than when comparable recording began (year ending March 2011) and the highest on record. However, hospital admissions for knife/sharps injury showed a 7% fall in the year to December 2019.

#### Performance during 2019-20

The Government recognises that policing requires additional capacity to effectively tackle more high harm complex crimes as well as rises in some volume crime types, such as vehicle crime, and to keep the public safe. An uplift in officer numbers will ensure policing has the resources it needs to tackle crime. In September 2019, the Government launched its national campaign to recruit an additional 20,000 police officers by 2023 (the Police Uplift Programme). This means that forces are to recruit 'uplift officers' in addition to baseline recruitment accounting for existing leavers

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<sup>1</sup> Due to reporting issues.

(approximately 7,500 nationally each year), as well as additional officers recruited through Police and Crime Commissioners precept increases.

We have also established the National Policing Board chaired by the Home Secretary, to set the strategic direction across the law enforcement system. It holds the sector to account for cutting down crime, as well on the additional police recruitment.

To support the areas disproportionately affected by acquisitive crimes, such as burglary and theft, the Home Secretary announced a £25 million Safer Streets Fund to implement well evidenced crime prevention measures. The fund launched on 26 January 2020 for bids from Police and Crime Commissioners (PCCs) across England and Wales and we expect that successful areas will be announced in May 2020. The Fund builds on the Modern Crime Prevention Strategy launched in 2016 by looking at innovative ways to reduce the opportunities to commit crime.

In the Spring Statement 2019, the Chancellor announced the £100 million Serious Violence Fund. We allocated £63.4 million to 18 police forces whose areas are worst affected by serious violence to pay for a surge in police operational activity, such as increased patrols in hotspot areas. £1.6 million has been deployed to help improve the quality of data, particularly on knife crime, to support planning and operations. The remaining £35 million has been invested into the establishment of Violence Reduction Units.

As part of the Government's Serious Violence Strategy (published April 2018), we launched a £22 million Early Intervention Youth Fund in November 2018 which ended in March 2020. Funding has been allocated to 40 projects supported by PCCs, which include work with children and young people at risk of criminal involvement; organisations safeguarding those at risk of gang exploitation and county lines; or those who have already offended to help divert them into positive life choices. An evaluation of the first 29 projects has been commissioned; process and impact evaluation reports are expected in spring and late 2020, respectively. This fund is complemented by the Youth Endowment Fund, a ten-year pre-funded programme of grants that will enable interventions targeted at children and young people who are most vulnerable to involvement in serious violence or crime; 23 projects ranging from intensive family therapy to street-based and school mentoring programmes will share £17.1 million over the first two years.

### **Serious and Organised Crime**

Serious and organised crime brings together the most harmful crimes that the UK experiences. It includes child sexual abuse, modern slavery and human trafficking, fraud, money laundering, cybercrime and the smuggling of drugs and firearms.

Serious and organised crime costs the UK at least £37 billion each year. The threat is growing and evolving as offenders are becoming more sophisticated. We are helping people protect themselves from criminal groups, making it harder for criminals to continue to offend after they've been caught, and investing in early intervention projects and working with local authorities, schools, businesses, charities and other partners to tackle the root causes of crime. We know that we need to do more and that is why we announced in 2019 a formal review of the response to serious and organised crime to make sure it is fit for the modern world.



## **Serious and Organised Crime Review**

The independent review of Serious and Organised Crime, was led by Sir Craig Mackey QPM, former deputy commissioner of the Metropolitan Police, with support from stakeholders and advisers from law enforcement and national security. The Review covered the status, roles and responsibilities of the National Crime Agency (NCA), regional organised crime units, and other national agencies pursuing serious criminality (along with local police forces in England and Wales), to ensure they have the right governance, support and legal powers they need to deliver on their missions. We are considering the Review's final recommendations.

### **Drugs Market**

Following Dame Carol Black's Review of Drugs, published in February 2019, work has commenced to develop an enhanced approach to restricting supply. In 2019-20 we also provided funding to five regions to support the delivery of Heroin and Crack Action Areas, which provided local partners and communities with the space to consider their response to problematic heroin and crack use. We have also announced £25 million of targeted investment to significantly increase our efforts to disrupt County Lines, which is a particularly violent and exploitative component of the drugs supply system. We have used this to drive increased action to close lines in the three major exporting force areas; expanded the National County Lines Co-ordination Centre; increased disruption on the rail networks by British Transport Police; invested in technology; and we are taking action against money laundering of illicit cash.

### **Tackling Economic Crime<sup>2</sup>**

In January 2019 a new Economic Crime Strategic Board, chaired by the Home Secretary and Chancellor and senior figures from the private sector, was set up to oversee and deliver a step-change in our response to the threat. The Economic Crime Plan (July 2019) sets out 52 actions which will be jointly delivered to better defend the UK against economic crime. The Asset Recovery Action Plan was published which seeks to ensure that there is no safe space for those seeking to use the proceeds of crime and corruption by ensuring legal powers are effective.

### **Fraud**

We have worked closely with City of London Police to fully discharge all but two of the 21 recommendations and areas for improvement set out in Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services report on fraud (published in April 2019). This included development of a national policing strategy together with other measures to improve the police response to fraud at local, regional and national levels, and support to victims of fraud. The Home Office has also worked with the National Economic Crime Centre, law enforcement partners, and parts of industry through a series of intelligence and investigative initiatives to step up the operational response to high harm frauds. By working with the banking sector, third sector, law enforcement, and other Whitehall departments, we have improved the transparency of the banks' approach to fraud: from March 2020 comparative data has been published at a single site at the Financial Conduct Authority. In addition, the Home Office contributed to the process leading to the launch of the

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<sup>2</sup> For the latest published statistics on Economic Crime please see <https://www.gov.uk/government/statistics/asset-recovery-statistical-bulletin-financial-years-ending-2013-to-2018>

Contingent Reimbursement Code in May 2019, which is designed to provide consistency and uniformity to the way in which signatory banks deal with victims of Authorised Push Payment Frauds.

## **Child Sexual Exploitation and Abuse**

The Government significantly increased resources to the National Crime Agency (NCA) and have further provided £24.5 million over three years to the Regional Organised Crime Units to significantly increase the undercover online capability. The Joint Operations Team, a collaborative venture between the NCA and GCHQ, is targeting the highest harm online offenders and all UK police forces and the NCA are now connected to the Child Abuse Image Database.

Work to tackle online harm remains a top Government Priority and the Queen's Speech in December 2019 included the commitment to develop legislation to improve internet safety for all. We have continued to drive industry efforts to tackle child sexual abuse including launching the Voluntary Principles to Counter Online Child Sexual Exploitation and Abuse on the 5th March at the U.S. Department of Justice. These are a set of 11 actions tech firms should take to ensure children are not sexually exploited on IT platforms.

In partnership with the African Union we welcomed over 400 delegates from governments, industry and civil society to the WePROTECT Global Alliance Summit in December 2019.

The independent Economist Intelligence Unit's Out of the Shadows Index on child sexual abuse and exploitation – published in May 2019 - gave the UK's response to this crime the highest score of all 60 countries assessed and we are now seeing up to 500 child sexual abuse related arrests made and 700 children safeguarded every month.

## **Prevent fires or reduce their impact**

### **Headline indicators<sup>3</sup>**

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

Around 564,000 incidents were attended by the FRS in the year ending December 2019, down 4% compared with the previous year. Of these, over a quarter almost one third (approximately 157,000) were to attend fires, of which around 69,000 (44%) were primary fires. This represented a 6% decrease in primary fires compared with the previous year. Primary fires are those that meet at least one of the following criteria: occurred in a non-derelict building, building, vehicle or outdoor structure; involved a fatality; or were attended by five or more pumping appliances. Other outdoor fires decreased by 18% (noting that the hot, dry summer of 2018 is in the comparator year).

#### **Fire-related fatalities**

There were 237 fire-related fatalities in the year ending December 2019, a 10% decrease from 262 the previous year.

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<sup>3</sup> For the latest published statistics for Fire and Rescue Services, please see:  
<https://www.gov.uk/government/collections/fire-statistics>

## **Fire safety audits**

In 2018-19 two thirds of fire safety audits were rated 'satisfactory', the same as the previous year. However, the proportion of 'satisfactory' fire safety audits on purpose-built flats of four storeys or more increased from 69% (2017-18) to 74% (2018-19).

### **Performance during 2019-20**

The tragedy of the Grenfell Tower fire in June 2017 significantly shaped the work of the Fire and Resilience Directorate, which was established during the year to bring together the Department's work on fire and rescue.

### **Grenfell Tower and Fire Safety**

The Government accepted in principle the findings of Sir Martin Moore-Bick's Phase One report, published in October 2019, and we have acted swiftly to consider the most effective actions that can be taken to address the report's recommendations. The Home Office response has centred on: developing rapid legislation plans on fire safety; establishing reporting arrangements for London Fire Brigade; convening experts to commission research on evacuation strategies; and working with sector leaders to help develop and put in place robust, integrated national improvement plans.

The Home Office has also put in place greater assurance and oversight of the fire sector to both support it and ensure that improvements are made. This includes setting up the independently chaired Fire Standards Board; the creation of Her Majesty's Inspectorate of the Constabulary and Fire & Rescue Services (HMICFRS); and the establishment of the Fire Protection Board.

The key pillar of our reform plans is the introduction of independent inspection by HMICFRS, and this year saw both the completion of the first full cycle of service inspections and the publication of the inspectorates first annual 'State of Fire' report<sup>4</sup>. The inspectorate's hard-hitting recommendations for the sector will shape the next phase of reform along with the Inquiry's reports.

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

### **Performance during 2019-20**

In December 2018, the Home Office established a new Departmental Operations Centre (DOC) to strengthen the arrangements for managing non-terrorism related critical incidents. The DOC's tasks in 2019 were centred on ensuring the Home Office had effective arrangements in place to support the cross-Government plans for managing the impacts of a departure from the EU Exit without a deal. A Home Office volunteer surge cadre was identified, trained and exercised in readiness for operation 24/7 if needed. The DOC employed command, control and coordination arrangements to ensure that the Department and its operational sectors:

- Would have a clear accurate situational understanding;

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<sup>4</sup> State of Fire report: <https://www.justiceinspectors.gov.uk/hmicfrs/publications/state-of-fire-and-rescue-annual-assessment-2019/>

- Could make the right decisions quickly at the right level;
- Could minimise the impact on the Department's resources;
- Could respond to a concurrent critical incident or event

Other events supported by the DOC through 2019 included the EU elections, the General Election, the NATO leaders' summit and the D-Day commemorations and state visit of the President of the United States. The Home Office also has a role to play in civil emergencies alongside police and fire sectors. 2019-20 has seen support provided to the response to flooding and other severe weather.

## Protect vulnerable people and communities

### Headline indicators

#### **Stalking**

In calendar year 2019, there was a 50% rise in police recorded crime figures for stalking compared to calendar year 2018. The increase in the number of recorded offences is likely to be due to improvements in police recording and increased use of the stalking offence by the police.

#### **Domestic abuse**

In the year ending March 2019, the Crime Survey for England and Wales showed that an estimated 2.4 million adults aged 16 to 74 years experienced domestic abuse (1.6 million women and 786,000 men).

Police recorded crime shows a volume increase of 146,670 (24%) domestic abuse-related crimes recorded by the police in England and Wales between the year ending March 2019 and the previous year. Some of this increase may be the result of general police improvements in offence-recording practices, as well as an increase in domestic abuse-related incidents coming to the attention of the police; the increase could also indicate an increased willingness of victims to come forward to report domestic abuse. Overall, the data shows that prosecutions and convictions for domestic abuse are both higher than 2010, by 6 per cent and 13 per cent respectively, with 76.5% of all prosecutions resulting in successful convictions, the highest proportion since 2010.

#### **Modern Slavery**

In 2019, 10,627 potential victims of modern slavery were referred to the National Referral Mechanism; a 52% increase from 2018. In 2019, the police recorded 7,283 offences of modern slavery in England and Wales (excluding Greater Manchester from where the statistics were not available). This is a 67% increase from 2018 (4,359 offences).

#### **Asylum**

In 2019, 20,790 initial decisions for asylum were made in the UK (main applicants only); one percent less than in 2018 (21,084). Of these initial decisions, 10,804 (52%) were grants of asylum or an alternative form of protection, an increase of 19% compared to 2018.

Of the initial decisions, 3,114 were for Unaccompanied Asylum-Seeking Children (UASCs), a 45% increase in this category when compared to 2018 and the highest output since 2007 when we started publishing the data. Of these, 69% were grants of asylum or humanitarian protection, and 10% were grants of temporary leave (such as UASC and discretionary leave), resulting in an overall grant rate of 79%, compared to 69% the previous year.

### **Vulnerable Persons Resettlement Scheme**

The UK Government committed to resettle 20,000 vulnerable refugees who have fled the Syrian conflict. By the end of December 2019, 19,353 refugees had found safety in the UK, through the Vulnerable Persons Resettlement scheme, and by the end of 2019-20 the Home Office remained on-track to deliver the full commitment during 2020, subject to international travel restrictions being lifted following the global COVID-19 response. This is in addition to the vulnerable refugees who have been resettled through the Vulnerable Children's Resettlement Scheme, Gateway Protection Programme and Mandate Scheme. In the year ending December 2019, the UK resettled over 5,600 vulnerable refugees through the four schemes, almost half of whom were children.

### **Performance During 2019-20**

#### **Stalking**

In January 2020, the Government brought Stalking Protection Orders into force. These are new civil orders for which the police can apply to the magistrates' court. If granted, the orders can impose both prohibitions and positive requirements on perpetrators of stalking. The aim is to provide early protection to victims before stalking behaviour becomes entrenched or worsens.

#### **Domestic abuse**

Following pre-legislative scrutiny of the draft Domestic Abuse Bill (published in January 2019) by a Joint Committee of both Houses of Parliament, the Government introduced the Bill in the House of Commons in July. This landmark Bill, which will help better protect and support victims of domestic abuse and bring perpetrators to justice, was given an unopposed Second Reading on 2 October. The Bill unavoidably fell on the dissolution of Parliament ahead of the general election but was re-introduced on 3 March 2020. The Bill as re-introduced includes a new duty on tier one local authorities in England to provide support for victims of domestic abuse and their children in refuges and other safe accommodation.

In September 2019, the Home Secretary appointed Nicole Jacobs as designate Domestic Abuse Commissioner to drive improvements in the response to domestic abuse; the Bill will place her office on a statutory footing and confer powers on the Commissioner to hold central and local government and other agencies to account.

#### **Honour based abuse**

Police and Border Force conducted Operation Limelight, a joint operation to raise awareness of female genital mutilation and forced marriage to safeguard potential victims at airports across the country and at Eurostar St Pancras.

The joint Home Office and Foreign and Commonwealth Office Forced Marriage Unit has continued to give advice and support to victims and potential victims of forced marriage and to the professionals helping them, as well as carrying out communications and outreach work.

## **Modern Slavery**

Work has continued implementing reforms to the National Referral Mechanism (NRM) to improve the way we identify and support victims of modern slavery. We established a new Single Competent Authority in April 2019 to provide high quality, timely decisions for victims, regardless of their nationality and launched a new digital NRM system to make it easier for frontline services to refer victims to support and enable more efficient case management.

A Recovery Needs Assessment was introduced in September 2019 to ensure we provide tailored and needs-based support to confirmed victims of modern slavery, through the Victim Care Contract and/or other appropriate services.

We consulted on potential changes to the Transparency in Supply Chains legislation and announced plans to create a free online central reporting service where organisations can publish their modern slavery statements. In March 2020 we published the first government modern slavery statement<sup>5</sup> setting out how we are preventing exploitation in central government supply chains.

## **Windrush Lessons learned review**

Since 2018, the Home Office has launched measures to put right the wrongs caused to individual members of the Windrush generation to give assistance to those who were affected. As at 31 March 2020, over 12,000 people have been granted a form of documentation that confirms their right to remain in the UK and guarantee their access to public services. Our Vulnerable Persons Team has provided support to nearly 1,400 people, with around 120 people still receiving support. The Team has supported over 360 people to secure access to benefits. 100 community engagement events have taken place so far. This includes more than 30 Compensation Scheme events across the country.

On 18th March the Home Secretary received the Windrush Lessons Learned Review from independent adviser Wendy Williams, updating Parliament and publishing the review at the earliest opportunity on 19th March.

The Windrush Lessons Learned Review makes 30 wide ranging recommendations. The publication of this Review is an essential part of the healing process and as the Independent Advisor suggests, the Home Secretary will now give the findings the careful consideration they deserve. The Home Secretary will bring forward a detailed formal response, in the next six months, as Wendy Williams has recommended, representing a new chapter for the Home Office.

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<sup>5</sup> <https://www.gov.uk/government/publications/uk-government-modern-slavery-statement>

## **Implementation of Stephen Shaw's report on immigration detention**

The two Stephen Shaw Reviews commissioned by the UK Government form an important part of our ongoing immigration detention reform programme. The Home Office has welcomed the findings and accepted the broad thrust of conclusions.

The Home Office is responding at pace to the recommendations to deliver a reduction in the numbers of those detained, reduce their length of stay before removal and improve the welfare of detainees. Good progress is being made with implementation, overseen by a cross-government programme board.

As at 31 December 2019, there were 1,637 people in immigration detention, 8% fewer than on 31 December 2018, and fewer than half the number as at 30 September 2017.

In 2019, 24,512 people left the detention estate (down 4% compared to 2018), a similar number to those entering. Almost two-fifths (39%) had been detained for 7 days or less, and three-quarters (74%) detained for 28 days or less. There has been an increase in the proportion of people leaving detention within 28 days, from 69% in 2018 to 74% in the current year.

Only two percent of detainees (517) leaving detention in 2019 had been detained for more than 6 months. The Home Office would usually only detain someone for more than 6 months if they are a foreign national offender, or if they have subsequently claimed asylum while in detention.

## **Strengthening asylum policy guidance**

We are updating our guidance on assessing the credibility of asylum applicants, including the guidance on assessing behaviour deemed damaging to their credibility under section 8(1) of the Asylum and Immigration (Treatment of Claimants) Act 2004. The intention is that the updated guidance will provide greater clarity to asylum decision makers on when to take such behaviour into account in their consideration of a claim, and the weight they should attach to it.

## **Reduce extremism and the harm that it causes**

### **Headline indicators**

In 2019-20, we allocated around £845,000 in grant funding to community organisations tackling extremism at the local level via the Building a Stronger Britain Together (BSBT) Programme. The first published evaluation showed a 27-percentage point increase in willingness to challenge negative views among the BSBT participants.

### **Performance During 2019-20**

#### **Hate Crime Action Plan**

Following attacks against places of worship in New Zealand, Sri Lanka and the USA, the Home Office continued to support places of worship to improve their security. This included doubling the Places of Worship Protective Security Funding Scheme to £1.6 million for 2019-20 and £3.2 million for 2020-21. In recognition of heightened anxieties, particularly within the Muslim community following the Christchurch attacks, in 2019 we also provided a Ramadan package of security training and information dissemination through the organisation Faith Associates. They delivered 22 security awareness workshops across England and Wales before and during Ramadan 2019,



reaching over 1,200 individuals and disseminating over 2,000 information packs to mosques, madrassahs and community centres. On the anniversary of the Christchurch attacks (15 March 2020) we published a consultation on what more can be done to protect places of worship.

On wider types of hate crime, we delivered a third wave of support to local hate crime projects under the Hate Crime Community Projects Fund, awarding grants to Barnardo's, Protection Approaches, East European Resource Centre, Nottingham Business Improvement District and The Proud Trust. These projects focused on encouraging reporting of hate crime, raising awareness of hate crime in disability and mainstream schools, and working with British Transport Police to make public transport safer for LGBT people.

### **Building a Stronger Britain Together Programme**

The 'Building a Stronger Britain Together Programme' (BSBT) is now in its fourth year. In 2019-20 we have maintained our network of over 240 Civil Society Organisations across England and Wales, who are currently or have previously undertaken projects to challenge extremism in their local communities and promote positive alternatives. This year the programme has also provided in-kind Communication Support to almost 33 Civil Society Organisations to build long-term capacity and amplify the voices of key organisations working to challenge extremism. BSBT has continued to support a network of 40 Counter Extremism Community Coordinator posts, which enable a joined-up approach at the local level to respond to extremism issues in each area.

The BSBT interim findings report for the programme was published in October 2019. The headline findings showed that 98% of grant funding recipients reported that their project would either not have gone ahead at all, as quickly, or in the same way without BSBT support. Feedback from participants of BSBT-funded projects also reported increased feelings of belonging, confidence to challenge negative views or behaviours and ability to contribute in their local area.

### **Commission for Counter Extremism**

The independent Commission for Countering Extremism was established in March 2018 to support society to challenge all forms of extremism and to provide impartial advice to the Government. In 2019-20, the Commission published the first ever public and open call for evidence on extremism which received nearly 3,000 responses. In 2019-20, the Commission published 19 papers on extremism to strengthen our understanding. In October 2019, the Commission published a major report setting out the state of extremism in England and Wales and proposing a new approach to tackling hateful extremism.

### **Counter Extremism Strategy**

In July 2019, the Home Secretary gave a major speech on extremism which set out a vision for the way forward. In 2019-20, in partnership with the Charity Commission, we have stopped extremists from using charities to spread their propaganda and seen extremist content removed 11 times from websites, as well as the successful removal of 19 individuals of concern from boards of trustees.

### **Counter Extremism Evidence base**

In 2019 Home Office analysts have continued to draw insights from the current state of the evidence base and prioritised key strategic and policy focused evidence needs. We have funded over £1.5 million of independent research to better understand the changing nature and scale of

extremism and hate crime, its impact, and assess what works in countering extremism and hate crime. Through 2019-20 we have delivered a range of evaluations, including the first published output from the evaluation of the Home Office's Building a Stronger Britain Together (BSBT) programme<sup>6</sup>. The evaluation found that for those who participated in BSBT activity, there are positive shifts in the attitudes which contribute towards individual resilience to extremism including a 27-percentage point increase in willingness to challenge negative views.

## **Reduce Terrorism**

### **Headline Indicators**

#### **Counter-Terrorism Policing Budget**

Funding for counter-terrorism policing in 2019-20 increased by £59 million to £816 million, which is £160 million more than we planned at the last Spending Review. The counter-terrorism policing funding total includes £24 million to boost the number of firearms officers, which is also part of the Police Transformation Fund.

#### **Arrests, charges and convictions**

In the 12 months ended 30 September 2019, there were 259 terrorism-related arrests, 87 terrorism-related charges and 75 terrorism-related convictions.

#### **Performance during 2019-20**

In November 2019, the Joint Terrorism Analysis Centre (JTAC) reduced the UK National Terrorism Threat Level from SEVERE to SUBSTANTIAL, meaning an attack is likely and might well occur without further warning. This is one of multiple ways we measure the overall terrorism risk to the UK and UK interests; other elements include the volume and range of counter-terrorism (CT) pressures on the CT system, the level and breadth of vulnerabilities, and the extent to which our capabilities match the risk picture. Therefore, while the overall threat level has reduced, terrorism remains one of the most direct and immediate risks to our National Security, and the CT System remains focused on the delivery of our Counter-Terrorism Strategy (CONTEST) objectives.

Our goal to reduce the risk from terrorism is delivered through the comprehensive four 'P' work strands of CONTEST (Prevent, Pursue, Protect, Prepare).

The purpose of our Prevent work is to safeguard and support those vulnerable to all forms of radicalisation and to stop them from becoming terrorists or supporting terrorism. The Desistance and Disengagement Programme focuses on rehabilitating individuals who have been involved in terrorism or terrorism-related activity, and the Channel programme provides support for vulnerable individuals who are at risk of engaging in extremism or terrorist-related activities. In the year ending 31 March 2019, 5,738 individuals were referred to Prevent. The number of individuals discussed at a Channel panel (1,320) and adopted as a Channel case (561) were the highest recorded compared with previous years.

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<sup>6</sup> <https://www.gov.uk/government/publications/building-a-stronger-britain-together-bsbt-progress-report-2019>

Our Protect work keeps the public safe by strengthening our protection against a terrorist attack in the UK or against our interests overseas. Following the terrorist attacks of 2017 (and, more recently, those in late 2019 and early 2020), we developed an ambitious new approach to improve the protection of people at a much wider range of public places to ensure owners and operators of public spaces and venues, and the public themselves, are better prepared for the risk of terrorist attack.

This year, we delivered a new national police capability to detect, track, identify and disrupt malicious drone activity. The new mobile police counter drone unit, which comprises a range of specialist equipment, vehicles and personnel, will help protect major events from malicious or criminal drone use and allow a rapid, flexible and effective response to hostile drone incidents across the UK. The upcoming Air Traffic Management and Unmanned Aircraft Bill will further strengthen our ability to tackle drone misuse by giving the police enhanced powers to enforce drone-related rules.

The purpose of our Prepare work is to save lives, reduce harm and aid recovery quickly in the event of a terrorist attack. The Victims of Terrorism Unit (VTU) responded swiftly to the Fishmongers' Hall attack in November 2019 and the Streatham attack in February 2020, as well as to UK nationals and residents affected by the Easter 2019 Sri Lanka bombings, signposting victims towards support. The VTU continues to support Family Liaison Officers, the City of London Corporation and the Home Secretary for meetings with bereaved families in relation to Fishmongers' Hall, and ongoing support remains in place through the MOPAC-funded London Victim and Witness Service for anyone who needs it.

We allocated £143 million over a five-year period to provide an uplift in armed policing capability, to ensure we can respond more quickly and effectively to a full range of complex terrorist attacks. The first phase of the armed uplift is complete with an additional 41-Armed Response Vehicles. Phase 2 is ongoing and by the end of 2019-20 had already delivered a significant increase in Counter-Terrorist Specialist Firearms Officers.

The UK continues to maintain an effective response to any Chemical, Biological, Radiological and Nuclear event, constantly reviewing how we would address such an incident. This included a cross-government review of the lessons identified from the attempted murder of Sergei and Yulia Skripal in Salisbury, and the creation of a programme of work to address these.

The purpose of our Pursue work is to stop terrorist attacks happening in the UK and against UK interests overseas, and to tackle other threats to the UK homeland. This year, we developed proposals for new counter-hostile state activity legislation to modernise existing offences and deal more effectively with state-based threats. We also secured a world-first data access agreement with the United States to facilitate investigations into serious crime and terrorism. And throughout 2019-20, we successfully defended the UK's investigatory powers regime from legal challenge, ensuring the operational community has the capabilities it requires to protect national security.

The Fishmongers' Hall and Streatham attacks were a shocking reminder of the threat we continue to face from terrorism. We want to give the public greater confidence that the sentences served by terrorists reflect the severity of their offending and the risk they present. In March 2020, we introduced the Counter-Terrorism (Sentencing and Release) Bill to toughen our response to terrorism. The Bill will ensure the worst terrorist offenders spend longer in prison and strengthen their licence supervision after release. In addition, on 3 February 2020, the Justice Secretary

announced that the Government will go further by introducing emergency legislation to end the automatic release of terrorist offenders before the end of their custodial term.

## **Secure the border against threats from people and goods**

### **Headline indicators**

#### **Passenger arrivals**

Border Force facilitated the arrival of 146.3 million passengers in 2019.

#### **Revenue loss prevented**

In 2019 Border Force prevented the loss of £341m in government tax revenues

### **Performance During 2019-20**

Border Force is continually improving its capability to respond to changing threats, to detect, deter and disrupt harm by working with law enforcement partners in the UK and abroad. Border controls are operational in France and Belgium, allowing officers to operate immigration controls and check passengers and goods destined for the UK.

#### **Passenger arrivals**

All passengers arriving in the UK at passport control are checked against police, security and immigration watch lists. The majority of these are checked against several systems before they travel, through the collection of advance passenger information (API). API helps protect the UK against terrorist attacks, serious cross-border crime and abuses of the immigration system. Protecting the public from security threats remains our priority. April 2019, September 2019 (half-year review) saw our counter-terrorism referrals rise by 11%, compared to the same period the previous year,

Border Force aims to perform checks on 100% of passengers. In the last quarter of 2019-20, they processed 98.2% of scheduled passengers within our Service Level Agreement, compared to 96.2% during the same period the previous year.

#### **Handling of goods**

In 2019 Border Force prevented the loss of £341 million in government tax revenues by detecting goods where excise duty has not been paid. This included:

- £211 million revenue on cigarettes (= 568 million cigarettes), down 1% compared to same period the previous year.
- £37 million revenue on Hand Rolled Tobacco (=123 tonnes), down 24% compared to same period the previous year.
- £93 million on alcohol, up 132% compared to the previous year.

Further, in 2019 Border Force seized over 19,000 firearms and offensive weapons, and in the year to March 2019 made almost over 11,000 drug seizures<sup>7</sup>.

## **Migrant crossings**

Following the tragic incident in Purfleet in October 2019, where 39 people lost their lives, the Home Secretary directed the development of a new Illegal Migration Strategy. The new strategy takes an end-to-end approach, from upstream source and transit countries, through to work at the near border (in neighbouring states) and the UK border. It focusses on the organised crime groups that facilitate illegal migration, exploiting vulnerable people and showing disregard for human life by their use of high-risk methodologies in attempts to cross the border illegally. The strategy also addresses the consequences of illegal migration and encompasses the work of several government departments, operational and law enforcement agencies.

## **Foreign National Offenders**

By the end of 2019-20, we had removed over 53,000 Foreign National Offenders (FNOs) since 2010. This includes persistent offenders as well as those convicted of more serious offences.

Since records began in 2009, the share of FNOs being returned from the UK, including those who are known to have an overseas criminal record, have risen significantly for EU nationals, from 14% to 68% in 2019. This reflects an increase in people being returned for not exercising or abusing Treaty rights or deported on public policy grounds such as criminality.

## **Control migration**

### **Headline indicators**

#### **Skilled work visas granted:**

There were 193,517 work-related visas granted in 2019 (including dependants), 10% higher than 2018, and the highest level since 2007, before the 'points-based system' was introduced. Most of the rise was through increases in grants of Skilled (Tier 2) work visas, which increased by 11% to 113,958.

In the year to September 2019, over 15,000 certificate of sponsorship applications were made for skilled work in the Human Health and Social Work Activities sector (up 72%), resulting from the removal of doctors and nurses from the Tier 2 visa cap.

#### **Sponsored study visas granted:**

In 2019, there were 285,508 Sponsored study (Tier 4) visas granted (including dependants), a 19% increase on 2018, and the highest level since the year ending June 2011.

In the year to September 2019, university sponsored applications (by non-EU citizens) increased by one percent compared to the equivalent period the previous year, to over 222,000, and was

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<sup>7</sup> Drug seizure statistics lag behind alcohol, tobacco, and firearms. For the latest Border Force statistics please see: <https://www.gov.uk/government/publications/border-force-transparency-data-february-2020>

44% higher than the year ending September 2011. Over this period the Higher Education sector accounted for 86% of all sponsored student visa applications.

### **Performance during 2019-20**

In 2019 the seasonal increase of intake into the Tier 4 (student) route began earlier than in previous years. A total of around 431k Tier 4 applications were received from Q2 through to Q4, made up of around 390k Tier 4 Visa applications and around 41k Tier 4 Leave to Remain applications received.

Overall Tier 4 maintained Service Standard on standard cases throughout this period (Q2-Q3), achieving above the 98.5% target.

### **Refusal of Leave to enter:**

In the year ending December 2019 there were 21,704 refusals of Leave to enter the UK of which 2,832 were EU nationals. Of the total, 8,691 refusals were made at the Juxtaposed Controls.

### **Organised Immigration Crime:**

Immigration Enforcement has a comprehensive strategic approach to tackling organised immigration crime comprising of a robust criminal investigation capability that is supported by a broad-ranging and dedicated intelligence function in the UK and overseas through Immigration Enforcement International.

From January 2019 to the end of 2019-20, 155 people who entered the UK illegally on small boats were returned to Europe.

In the 2019/20 reporting year, IE carried out 727 disruptions against individuals and organised crime groups. An increase of 23% compared to the previous year.

As well as action in the UK, the National Crime Agency, Immigration Enforcement and Border Force have worked closely with French police. Border Force has a total fleet of five cutters and six Coastal Patrol Vessels (CPVs). Two CPVs and three cutters are available for deployment to migrant operations in the Channel.

In January 2020, the Home Office established a Joint Action Plan with French authorities which included:

- Over £6 million (€7 million) investment in new security equipment
- Increased CCTV coverage of beaches and ports, air surveillance and shared intelligence; and
- A mutual commitment to conduct returns as quickly as possible under international and domestic laws.

## Provide world class customer services and contribute to prosperity

### Headline indicators

#### **Visa numbers:**

There were 3.2 million visas granted in 2019, a 10% increase compared with the previous year, continuing the upward trend seen over the last decade. Of these, over three-quarters (76%) were to visit, 9% were to study (excluding Short-term study), six percent were to work and two percent were for family reasons.

In 2019, the number of sponsored study (Tier 4) visas granted increased by 19% to 285,508, the highest level since 2011.

In the year to September 2019 the number of university-sponsored study visa applications (main applicants) rose by 14% to 222,047. Over this period there was a 13% increase for the Russell Group universities to 109,113.

#### **Passenger arrivals**

61.3 million e-Gate transactions were completed for the 12 months to the end of November 2019, rising from one million transactions in 2009.

### Performance during 2019-20

The Home Office ambition remains to attract talent and advance Britain's place in the world. By providing a world class customer service, we encourage the brightest and best to visit, study, work and invest in the UK, supporting growth and enhancing prosperity.

The Department is committed to improving how it meets the differing needs of the public we serve, including by ensuring our systems and processes become as simple and straightforward as possible. In 2019, there were approximately 3.7 million decisions made by UK Visa and Immigration for main applicants, excluding EU settled status scheme.

The UK Visas and Immigration system is complemented by the success of eGates. At the end of 2019-20, there were 264 operational eGates at 23 air and rail terminals.

The number of eGate passenger transactions has seen an increase from one million in 2009, to 61.3 million for the 12 months to the end of November 2019.

#### **Windrush Generation – Compensation Scheme and Taskforce**

We are determined to right the wrongs faced by the Windrush Generation who sought to establish their right to live and work in the UK as rightful UK Citizens. To achieve this, the Commonwealth Citizens Taskforce has continued to provide individuals documentation confirming their status in 2019-20 and the Windrush Compensation Scheme was launched in April 2019.

The compensation scheme, which launched in April 2019, enables anyone who suffered a loss because they could not demonstrate their lawful right to live in the UK, to apply for compensation. In some circumstances certain family members are also eligible to apply. There is also the provision of a claim's assistance service through the Citizens Advice Bureau. Up to the end of 2019-20, 1,275 compensation claims had been received.



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

### **Headline indicators:**

#### **EU Settlement Scheme:**

As of the end of March 2020 just under 3.5 million applications had been received for the EU Settlement Scheme, with over 3.1 million applications processed.

### **Performance during 2019-20:**

The Home Office prepared extensively throughout 2019-20 across a range of EU Exit scenarios. On 31 January 2020, the UK left the European Union and entered into the Transition Period and the formal start of the UK-EU free trade agreement and security relationship talks.

#### **The EU Settlement Scheme**

The EU Settlement Scheme is performing well. Since April 2019 monthly statistics have been published providing high level information on the scheme. A more detailed quarterly statistical report on the scheme has also been published since June 2019<sup>8</sup>.

Since November 2019 the innovative ID Document Check app has been available to use on Apple as well as Android devices. The app is one of several ways people can verify their identity, including by post and in person. The current processing time for complete applications where no further information is required is around five working days, but other more complex cases may take longer than a month.

£9 million has been awarded to 57 voluntary and community sector organisations in the UK, to help reach the estimated 200,000 vulnerable or at-risk EEA and Swiss citizens. 300 locations across the UK also provide further assisted digital support if required. We have established the Settlement Resolution Centre, a helpline providing help and assistance to individuals applying to the scheme.

#### **Future points-based immigration system**

On 19 February 2020 the Home Office published a policy statement which set out the biggest shake-up of the UK's immigration system in a generation. Through the introduction of an Immigration Bill, we will end the free movement of people on 1 January 2021. The UK's new system will attract the high-skilled workers we need to contribute to our economy, our communities and public services. This will prioritise the skills people have to offer and how they will contribute to the UK's economy, not where they come from.

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<sup>8</sup> <https://www.gov.uk/government/statistics/eu-settle> <https://www.gov.uk/government/statistics/eu-settlement-scheme-statistics-march-2020>

## Border preparedness

The UK has left the EU and at the end of the Transition Period we will take back control of our border. During the Transition Period and beyond the continued safety and security of our citizens remains the top priority.

To support this opportunity, Border Force have delivered a largescale recruitment and training exercise over the past year. This increase in operational capacity will facilitate the flow of legitimate passengers and goods into the country and allow Border Force to effectively intervene against illegitimate movements, to boost wider operational resilience and continue to build a pipeline of resource to respond to future requirements flexibly. Border Force continue to review these plans and prepare for a range of scenarios in January 2021.

The UK's withdrawal from the EU also provides a once in a generation opportunity to strengthen the security of the UK border. In December 2019, the Government announced a plan to strengthen our border security. This included: enhanced powers to stop criminals at the border; the collection of pre-arrival goods data to stop smuggling and reduce revenue leakage; the phasing out the use of European ID cards; and the introduction of Electronic Travel Authorisation to provide an enhanced ability to screen arrivals and block threats from entering the UK.

## UK-EU negotiations

### Northern Ireland Protocol

The Department worked with partners across government to renegotiate the Northern Ireland and Ireland Protocol to the EU Withdrawal Agreement. The Agreement will take effect at the end of the Transition Period, with the Joint Committee on the Withdrawal Agreement due to consider and take decisions on a small number of outstanding issues before that deadline. The Withdrawal Agreement Joint Committee first met on 30 March 2020 to set up the specialised sub-Committees, one of which will manage the implementation of the Northern Ireland Protocol.

### UK-EU free trade area and security relationship negotiations

On 27 February 2020, the UK published its approach<sup>9</sup> to the negotiations with the UK. This approach – a relationship based on friendly cooperation between sovereign equals, respecting one another's legal autonomy – covers a range of Home Office interests including, but not limited to, law enforcement and judicial cooperation in criminal matters, and asylum and illegal migration. The Home Office is leading on the first of these under the overall control of Task Force Europe and the Prime Minister's Chief Negotiator. The first round of negotiations took place in Brussels 2-5 March 2020.

## Data

The exit of the UK from the EU provides an opportunity to form new international relationships that increase the secure movement of data between the UK and our international partners. The Home

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<sup>9</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/868874/The\\_Future\\_Relationship\\_with\\_the\\_EU.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/868874/The_Future_Relationship_with_the_EU.pdf)

Office worked closely with the Department for Digital, Culture, Media and Sport (DCMS) and the wider law enforcement community to prepare for the risk of disruption to international data flows following the UK's departure from the European Union. The Home Office are leading on the Law Enforcement Directive element of this. Work includes preparing for adequacy assessments to underpin the EU's future data sharing arrangements with the UK.

## **Fulfil the statutory and constitutional duties of the Home Office**

### **Performance During 2019-20**

#### **Project Management Capability**

We are committed to enabling our people to have the right skills to deliver our complex and challenging portfolio. During 2019/20, over 800 Government Online Skills Tools accounts were created for project delivery professionals who work on our major projects' portfolio. Using this tool, we have identified skill gaps in order to pilot an external online learning offer with professional accredited certification, for a variety of project delivery courses. We have also delivered a series of successful professional development events to our ever-growing project delivery community. All events have received positive feedback that indicates we are creating and developing an inclusive network of professionals. The Home Office Project Delivery Profession is now four years into deploying Fast Stream talent. We have 23 Project Delivery Fast Streamers working within our portfolio and we are committed to growing the successful competent project delivery professionals of the future. Since 2016, we have also successfully deployed in excess of 20 Fast Track Apprentices- half of whom have graduated with their project management qualifications and gone on to secure promotions.

#### **Home Office Project Delivery Framework**

We have developed an interactive Home Office Project Delivery Framework providing new and existing members of the Project Delivery community a clear understanding of what they need to do to manage projects in Home Office. The Framework was released in February 2019 and by the end of the year had more than 700 downloads; it sets out the mandated standards for Project Delivery in the Department. Specifically, the framework provides integrated guidance, tools and templates to help drive consistency and quality in project management disciplines within the Home Office. Key benefits include:

- Easier access and availability of industry standard processes and tools
- Compliance with Government Project Delivery Standards
- Better understanding of assurance and approval processes
- Increased capability, confidence of delivery and consistency in project delivery across the Home Office

#### **Digital, Data and Technology**

The Digital, Data and Technology (DDaT) Strategic Operating Model is fully established and has taken significant steps towards strengthening our technology and data provision, and ensuring our digital services offer the best experience for the public.

All technology decisions are aligned to the Home Office Business Design Authority requirements, overseen by our Technical Design Authority, providing technical strategic direction to develop consistent ways of working and convergent technology solutions across the Department. We have also implemented more transparent governance and decision-making processes internally to support the Technical Design Authority – helping colleagues understand how and why decisions are made.

The new Home Office Technology Strategy sets our direction, led by the Chief Technology Officer, and supported by our technology portfolios. We have defined our technology professions, while delivery centres in Manchester and Sheffield will bring together more than 700 technology, data and digital experts to share ideas and knowledge, creating better products and improved services aligned to the strategy.

While contractors and suppliers will continue to form a core aspect of our resourcing strategy, bringing in specialist skills and surge capability as needed, we are continuing to drive increased value with our contractor and managed services relationships. The operating model has already achieved £17 million of savings by reviewing our supplier landscape.

The Shared Application Services function is taking shape; it will provide a consistent, product-centric approach to solution delivery, owned by DDaT. We aim to reduce and simplify tooling we use to deliver solutions, allowing our people to collaborate on projects and enabling transfer of skills, creating further opportunities.

## **People Strategy**

During the first quarter of 2019-20, the HR transformation programme was set up to effectively manage the strategic shift of HR services as described in the People Strategy, focusing on: Resourcing, Growth (Learning) and Employee Experience.

Furthermore, in 2019 we established a Diversity and Inclusion Steering Group chaired by the Second Permanent Secretary to ensure we have strategic oversight to deliver the Home Office's 2018 diversity and inclusion strategy "Inclusive by Instinct". We worked with Ernst & Young to develop a bespoke workshop for our Senior Civil Service (SCS), to create inclusive leadership at the most senior levels of the Home Office. We have jointly piloted with two other government departments a Black, Asian and Minority Ethnic (BAME) Leadership Summit, to support developing our pipeline of talented BAME females for future opportunities. Amongst the initiatives to improve representation rates, we introduced independent panel members with protected characteristics from amongst our mid-level leadership grades to our SCS selection panels. We also initiated a pilot with our SCS team to identify BAME staff on SCS reserve lists and are socialising them with vacancy holders and HR Directors. In support of our ambition to build an inclusive culture, we are facilitating training sessions on 'Let's talk about Race', to support business areas in starting the conversation within their teams. We have launched a Career Watch sponsorship scheme for our BAME staff and those with a disability at more junior grades who have the potential to progress, to help us become more diverse at senior levels.

## **Commercial Strategy**

During 2019-20, Home Office Commercial delivered agreements to support the full range of strategic departmental objectives, monitoring annual third party spend of circa £2.7 billion.

Concurrently we delivered improvements across several themes delivering savings of over £125 million.

We have collaborated to deliver high-profile procurements for new requirements such as the EU Exit Settlement Scheme and supported the successful transition to the new Asylum Accommodation and Support Contracts; Biometrics programme; and the recovery of the Emergency Services Mobile Communications Programme. In addition, we have transformed the operating model for police procurement with the creation of BlueLight Commercial Ltd, which will buy over £1 billion of equipment on behalf of all forces in England and Wales.

### **Sustainable Procurement**

The Commercial Directorate has a dedicated Social Value (SV) Lead, who is responsible for ensuring projects embed SV within their procurement processes and procedures through the implementation of the Commercial SV Strategy.

The SV Strategy is applied to all relevant procurements. (existing frameworks dictate the evaluation criteria used). Commercial has also developed a specific SV Schedule to support the Model Services Contract. The Schedule requires suppliers to provide an SV Policy or equivalent and SV Plan of implementation within 3 months of contract commencement, where suppliers set targets to deliver SV commitments throughout the lifecycle of the contract. This schedule has been used in several high-profile procurements including Disposal, Immigration Removal Centres and Modern Slavery Victims of Care.

Increasingly rigorous planning for Modern Slavery, EU Exit and COVID-19 have required detailed knowledge of entire supply chains. The Department has adopted Cabinet Office Contract Management training and is expecting all contract managers of Gold contracts (those classified the highest based on value, complexity and level of risk) to be accredited to expert level.

### **Small to medium sized Enterprises (SME)**

In October 2018, Government pledged to pay 90% of undisputed invoices from SMEs within five days. The Department aims to pay all invoices that are not on hold within this period. At the end of 2019-20, performance was 89.5%.

The Department continues to support the previous Government's aspiration to spend £1 in every £3 with SMEs by the end of 2021-2. The Department's objective is to spend 28% with SMEs by April 2022 (comprised of direct and indirect SME spend).

### **Official Development Assistance**

The Home Office provided £452 million of Official Development Assistance (ODA) in 2019, an increase of £115 million, or 34.0 per cent, on 2018. This was due to a rise in spending to support asylum seekers in the UK, primarily reflecting an increase in Asylum Support volumes in 2019, in comparison to 2018.

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

- In-donor spend on support to asylum seekers and the resettlement of vulnerable people from ODA recipient countries. This is linked to food and shelter for up to 12 months.

- Work upstream in ODA countries to build capacity and capability in recipient countries in order to improve security, protect children and tackle modern slavery.







## Sustainability Report

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

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

### United Nations Sustainable Development Goals

The UK's work on the [Sustainable Development Goals \(SDGs\)](#) is co-ordinated jointly by the Department for International Development and the Cabinet Office. The Home Office contributes to the delivery of several Goals outlined below:

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

## Environmental sustainability: Sustainable Operations

The Home Office subscribes to the Greening Government Commitments<sup>10</sup> (GGC) for reducing carbon, water, and paper use, reducing travel and managing waste. GGC also requires us to report on several other sustainability commitments including sustainable procurement.

### Scope and data

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

[Government financial reporting manual 2019 to 2020 - GOV.UK](#)

The Departmental data below shows our present position for the financial year 2019-20 against a 2009-10 baseline, unless otherwise stated. 2019-20 environmental data is estimated using a 12-month period from January 2019 to December 2019. The environmental data for 2018-19 has been restated to show the full financial year up to March 2019.

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

We are unable to report data from locations where landlords do not provide data.

The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business.<sup>11</sup>

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

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<sup>10</sup> <https://www.gov.uk/government/collections/greening-government-commitments>

<sup>11</sup> <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019>



## Summary of performance against the Greening Government Commitments

### Overall GGC Performance 2019-20

Requirement by 2020	2019-20 performance	Achievement against target	Explanation where target not achieved
Reduce greenhouse gas (GHG) emissions by 41 %	-55%		
Reduce domestic business flights by 30%	-7%		Organisational changes in front line operational teams have resulted in an increase in domestic flights
Continue to reduce overall waste beyond 43%	-42%		Narrowly missed the target due to change of waste service providers and improved data coverage
Reduce paper use by 50%	-60%		
Continue to reduce total estate water consumption beyond 43%	-43%		

## Greenhouse gases

Greenhouse Gas Emissions (GHG)		2009-10	2015-16	2016-17	2017-18	2018-19 <sup>12</sup>	2019-20
Non-Financial Indicators (tonnes CO <sub>2</sub> e)	Scope 1 (Direct) GHG emissions <sup>13</sup>	22,088	16,573	15,225	13,844	12,149	12,435
	Scope 2 (Energy indirect) GHG emissions	49,533	33,043	28,385	23,657	18,249	16,294
	Scope 3 (Official business travel) GHG emissions	9,811	5,253	8,439	8,506	9,243	8,245
	<b>Total GHG Emissions - Scope 1, 2 &amp; 3</b>	<b>81,432</b>	<b>54,869</b>	<b>52,049</b>	<b>46,008</b>	<b>39,642</b>	<b>36,974</b>
Related Energy Consumption (MWh)	Electricity: Non-Renewable	49,214	26,299	24,431	21,953	21,496	21,406
	Electricity: Renewable	51,094	45,000	44,457	45,339	42,971	42,314
	Gas	71,394	51,807	51,460	47,792	43,747	45,565
	Gas Oil	11,940	4,742	1,754	1,069	966	1,883
	LPG	1,482	171	4,887	3,573	1,794	1,009
	Burning oil	4,047	49	5,762	4,833	3,160	3,074
	<b>Total Energy Consumption</b>	<b>189,172</b>	<b>128,067</b>	<b>132,752</b>	<b>124,560</b>	<b>114,134</b>	<b>115,251</b>
Financial Indicators (£000)	<b>Total expenditure on energy - including energy expenditure from Immigration Removal Centres from 2016-17</b>	<b>10,190</b>	<b>8,126</b>	<b>13,726</b>	<b>11,982</b>	<b>10,780</b>	<b>7,006</b>
	CRC Licence Expenditure	2.2	1.3	1.3	1.3	1.3	1.3
	Expenditure on official business travel (incl. domestic air travel)	13,277	12,921	16,111	26,568	49,405	46,020
	Expenditure on domestic air travel	1,329	760	1,215	5,275	6,702	5,984
	<b>Total expenditure on energy and business travel</b>	<b>23,467</b>	<b>21,047</b>	<b>29,837</b>	<b>38,550</b>	<b>60,185</b>	<b>53,026</b>

The Home Office has achieved a 55% reduction in carbon emissions from buildings and business-related travel, meeting its 41% GGC 2020 target. This has been achieved through its Smarter Working programme, building consolidations and investment in energy efficiency measures. In 2019-20 we invested in carbon saving equipment such as LED lights and boiler optimisation control units to make our gas boilers run more efficiently. We are taking measures to make our operational fleet more environmentally friendly with the purchase of electric vehicles to meet the new Government Buying Standard for fleet vehicles.

The Department is currently working with BEIS to set more challenging carbon reduction targets under the new 2020-25 GGC framework. That framework aligns with the Clean Growth Strategy, sets the Home Office on the pathway to net zero by 2050 and reduces our non-traded emissions (excludes emissions from travel and the power sector) by 50% by 2032. During 2020-21 a study

<sup>12</sup> 2018-19 non-financial data has been restated to reflect the position at the end of the financial year

<sup>13</sup> Definitions for Scope 1-3 emissions can be found at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/69282/pb13309-ghg-guidance-0909011.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69282/pb13309-ghg-guidance-0909011.pdf)

will be commissioned to understand how Home Office will meet the Government’s net zero by 2050 target whilst working to make the estate more sustainable including opportunities to adopt renewable energy.

### Domestic Flights

2009-10	2014-15	2015-16	2016-17	2017-18	2018-19 <sup>14</sup>	2019-20
15,241	13,963	10,724	13,072	13,474	14,495	14,114

The number of business and operational flights taken decreased slightly in 2019-20 but overall the Department only reduced domestic flights by 7% compared to the 2009-10 baseline, missing the 30% GGC 2020 target. As previous years, the Department has continued to invest in better IT provision. Reducing the demand for travelling longer distances. The Departmental Travel Manual sets out clear options that should be considered when booking travel. This includes the use of IT, with associated benefits of reducing stress and fatigue and thus improving staff wellbeing. Further, when booking travel, staff are provided a cost and CO<sub>2</sub> comparator to help choose the most appropriate mode of travel.

### International Business Travel (Tonnes CO<sub>2</sub>e)

	2009-10	2014-15	2015-16	2016-17	2017-18	2018-19 <sup>15</sup>	2019-20
Flights	2,079	1,554	1,618	1,941	3,338	3,917	3,120
Rail	10	6	14	10	11	10	3
Total	2,089	1,560	1,633	1,951	3,348	3,927	5,211

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

### Paper consumption

Paper Reams Procured (A4 equivalents)

2009-10	2014-15	2015-16	2016-17	2017-18	2018-19 <sup>16</sup>	2019-20
398,001	322,182	290,763	275,496	250,010	186,267	162,917

The Department has continued to reduce its paper consumption, recording a 59% drop since 2009-10, meeting the 50% paper GGC 2020 target. This has been achieved through a revised print strategy and a continuing programme of IT improvements and digitalisation, such as the HM Passport Office online passport renewal process, which is helping to decrease our reliance on paper.

<sup>14</sup> 2018-19 non-financial data has been restated to reflect the position at the end of the financial year

<sup>15</sup> 2018-19 non-financial data has been restated to reflect the position at the end of the financial year

<sup>16</sup> 2018-19 non-financial data has been restated to reflect the position at the end of the financial year

## Water

		2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Water consumption (m <sup>3</sup> )	Office estate	260,800	125,739	133,755	155,215	133,175	136,502	120,342
	Office estate water use per person	17	8	9	9	9	18	8
	Whole estate	310,338	174,976	163,201	180,968	152,127	176,047	177,332
Water supply and sewage costs (£000s)		557	389	386	1,325	1,293	1,073	947

The Department has reduced water consumption by 44% against 2009-10 baseline, meeting the 2020 GGC target.

## Waste

Waste			2009-10	2014-15	2015-16	2016-17	2017-18	2018-19 <sup>17</sup>	2019-20
Non-Financial Indicators (tonnes)	Total waste		5,685	3,909	3,219	2,724	2,747	2,838	3,326
	Non-hazardous waste	Landfill	1,240	10	805	357	423	249	136
		Reused/ Recycled	4,445	1,951	2,326	2,057	2,247	2,345	2,877
	Incinerated with energy from waste		Not collected	70	62	238	75	244	313
	Incinerated without energy recovery			21	2	2	2	1	0

The Department has achieved an overall waste reduction of 42%, narrowly missing the 43% total waste reduction GGC target for 2020. Recycling levels in 2019-20 were 86% and only 4% of our waste was sent to landfill meeting the recycling and landfill GGC targets for 2020. We are working closely with our Facilities Management suppliers to improve the accuracy of our waste data through waste audits and other means. This follows a change in waste providers and the methodology used to calculate waste figures. Financial data for waste disposal is not available due to these costs being combined within service charges for many buildings.

<sup>17</sup> 2018-19 non-financial data has not been restated as waste data for Home Office is under review due to a change in waste providers.

### **Case Study – Eliminating single-use plastics**

The Department has taken steps to reduce single-use plastics in its catering outlets, for example in our headquarters building:

- Take-away cutlery, take-away boxes and plates, water cups, coffee cups and stirrers have been replaced with compostable or reusable alternatives.
- Plastic straws and sauce sachets have been removed.
- Plastic drinks bottles have been replaced with cans.

## Other sustainability commitments

Climate Change Adaption	Climate resilient designs are incorporated in relevant projects and new builds. In addition, robust business continuity plans are in place to manage occurrences of extreme weather events.
Rural Proofing and embedding sustainability in policy making	The Department is committed to mainstreaming sustainable development in the policy making process. A check list of specific impact tests now forms part of the policy impact assessment guide, giving greater assurance that due consideration will be given to sustainability and rural proofing.
Biodiversity & Natural Environment	The Home Office continues to implement the MoJ Biodiversity Policy across its estate and especially seeks opportunities to support planting for pollinators and retrofitting bird and bat boxes. The Home Office and the MoJ Sustainability Team work closely with FM providers to encourage gardens, woodlands and other habitats to be managed for a diversity of native species and would support any green space or pond creation that also add to health and wellbeing benefits. The MoJ ecologists continue to implement staff or contractor training where required and offer a micro funding scheme for local site-specific wildlife improvements. The ecologists are also involved in design for some proposed construction.
Procurement of food and catering	<p>Food provided in our catering outlets is local and in season, where possible, to minimise energy used in food production, transport and storage. Food is bought from farming systems that minimise harm to the environment, such as produce certified by LEAF, the Soil Association or Marine Stewardship Council. The outlets also offer fairly traded and ethically sourced products. They are reducing the amount of foods of animal origin (meat, dairy products and eggs) eaten, as livestock farming is one of the most significant contributors to climate change, and ensure that meat, dairy products and eggs are produced to high environmental and animal welfare standards. They are also reducing the amount of palm oil used and ensure that what is used is sustainably sourced.</p> <p>Bouygues Energies &amp; Services who provides the catering in our headquarters building was awarded a 3 Star Sustainable Food Association rating (top rating) in August 2019.</p>
Sustainable Construction	The Department is committed to the Building Research Establishment's BREEAM standard of "excellence" for new builds and "very good" for refurbishments where applicable. All project mandates now contain specific sustainability requirements.
Transparency - Energy Use	Energy usage for several Home Office sites can be viewed online. <sup>18</sup>

## Matthew Rycroft CBE

### Accounting Officer

8 July 2020

<sup>18</sup> <http://webview2.ecodriver.net/justiceshared/>

## 2. THE ACCOUNTABILITY REPORT

# Corporate Governance Report

## Director's Report

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

#### *Composition of the board*

Membership of the Departmental Board changed during 2019-20; it is chaired by the Secretary of State for the Home Department, Rt Hon Priti Patel MP, who took up post in July 2019. The remainder of the board membership is made up of Home Office Ministers of State, Non-Executive Directors (NEDs), Permanent Secretaries, and the Director General of Capabilities & Resources. Parliamentary Under Secretaries of State and the Department's other Directors General are invited to attend as the agenda requires.

The Department welcomed a new Permanent Secretary, Matthew Rycroft in March 2020 and a new NED, James Cooper in January 2020. We also thanked Adrian Joseph for his four years of service to the Department, particularly in relation to his work and contributions to the Data, Digital and Diversity portfolios.

#### *Board Activity*

The Board, which met twice in 2019-20, provided strategic leadership across the Home Office and focused strategy, capabilities and performance. Significant topics discussed included implications of EU Exit including border security, resettlement scheme, Home Office contingency planning. Consideration was given to strategic planning and prioritisation to achieve the government's manifesto commitments along with review of management information on financial budgets, forecasts and action being taken to strengthen resilience and capability across the workforce.

The Board meetings were well attended, supported by papers of a high quality and respectful challenge encouraged. The papers were sufficiently comprehensive to allow members to make informed contributions to discussions.

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

Non-Executive board members continue to be a valuable resource for the Home Office and have provided independent expertise, challenge and input throughout the year, focusing on how the Department was developing priorities, managing risk, and ensuring delivery. The NEDs are active members on several boards across the Department (including Executive Committee (ExCo), Audit Risk and Assurance Committee and the ExCo subcommittees – including People Committee, Performance and Risk Committee, Portfolio and Investment Committee and Data Board) which offer an avenue for them to provide the Department with insight and challenge.

The NEDs have been actively engaged in a wide range of departmental activity, including:

- restructuring the Departmental Board;
- providing independent assurance of no-deal preparations;



- supporting of the design and implementation of key departmental priorities such as a future skills-based immigration system;
- reviewing data protection policies and processes;
- advising on portfolio prioritisation and actions the Department could take to improve delivery confidence;
- supporting the department's work to improve internal capability that will address gaps in race, diversity and inclusion; and
- providing input and advice through regular bilateral meetings with the Home Secretary.

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

The Departmental Board was reconfigured during the year, following a review instigated by the Home Secretary that drew on NED private sector insight and experience of best practice to develop proposals to strengthen the board. A full evaluation of Board effectiveness will be completed once the Board has met under its new form to better inform the evaluation.

The Board continued to build on the outcome of the previous year's evaluation and the Government Internal Audit Agency report on the Department's governance by updating the board induction programme and providing relevant departmental communications to the NEDs on a regular basis.

### ***Sue Langley***

**Home Office Lead Non-Executive**

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Home Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored Non-Departmental Public Bodies designated by order made under the GRAA by Statutory Instrument 2017 No.1256. These bodies together are known as the 'Departmental group' consisting of the Department and sponsored bodies listed at note 17 to the accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the Departmental group and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows of the Departmental group for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by Non- Departmental Public Bodies;
- confirm that the annual report and accounts is fair, balanced and understandable and that he or she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable;
- state whether applicable accounting standards, as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

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

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

As far as the Accounting Officer is aware, there is no relevant audit information of which the auditor is unaware. The Accounting Officer has taken all the steps that he ought to have taken to make

himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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

**Matthew Rycroft CBE**

**Accounting Officer**

## Our Ministers March 2020

Minister	Role
<b>Rt Hon Priti Patel MP</b>	Secretary of State for the Home Department
<b>Kit Malthouse MP</b>	Minister of State, Minister for Crime and Policing (jointly with Ministry of Justice)
<b>Rt Hon James Brokenshire MP</b>	Minister of State, Minister for Security
<b>Stephen Greenhalgh</b>	Minister of State (jointly with Ministry of Housing, Communities and Local Government)
<b>Baroness Williams of Trafford</b>	Lords Minister
<b>Chris Philp MP</b>	Parliamentary Under Secretary of State, Minister for Immigration Compliance and the Courts (jointly with Ministry of Justice)
<b>Victoria Atkins MP</b>	Parliamentary Under Secretary of State, Minister for Safeguarding
<b>Kevin Foster MP</b>	Parliamentary Under Secretary of State, Minister for Future Borders and Immigration

## Previous Ministers

Rt Hon Sajid Javid MP

Secretary of State for the Home Department: 30 April 2018-24 July 2019

Rt Hon Caroline Nokes MP

Minister of State for Immigration: 8 January 2018-26 July 2019

Rt Hon Nick Hurd MP

Minister of State for Policing and the Fire Service: 12 June 2017-25 July 2019

Rt Hon Ben Wallace MP

Minster of State for Security: 17 July 2016-24 July 2019

Seema Kennedy MP

Minister of State for Immigration: 26 July 2019-15 December 2019

Rt Hon Brandon Lewis MP

Minister of State for Security: 24 July 2019-13 February 2020

***Home Office Executive Committee – Current Membership***

<b>Executive Director</b>	<b>Role</b>
<b>Matthew Rycroft CBE</b>	Permanent Secretary
<b>Shona Dunn</b>	Second Permanent Secretary
<b>John Aston</b>	Chief Scientific Advisor
<b>Simon Baugh</b>	Director of Communications
<b>Joanna Davinson</b>	Chief Digital, Data and Technology Officer
<b>Peter Fish</b>	Director General, Legal
<b>Charu Gorasia</b>	Director General, Capabilities and Resources
<b>Jill Hatcher</b>	Chief People Officer
<b>Patricia Hayes CB</b>	Director General, Crime Policing and Fire Group
<b>Tyson Hepple CB</b>	Director General, Immigration Enforcement
<b>Tom Hurd</b>	Director General, Office for Security and Counter-Terrorism
<b>Julia Kinniburgh</b>	Director General, Serious and Organised Crime Group
<b>Paul Lincoln OBE</b>	Director General, Border Force
<b>Abi Tierney</b>	Director General, Her Majesty's Passport Office; Director General, UK Visas and Immigration

Executive Director	Role
<b>Glyn Williams CB</b>	Director General, Borders, Immigration and Citizenship System Policy and International

### *Appointment of Senior Officials*

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

### *Public Appointments*

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

### *Non-Executive Directors*

Non-Executive Director	Main Boards
<b>Sue Langley OBE</b> <b>Lead NED</b>	Nominations and Governance Committee (Chair) Departmental Board
<b>John Studzinski CBE</b>	Audit and Risk Assurance Committee (Chair) Departmental Board
<b>James Cooper</b>	Departmental Board
<b>Mark Florman</b>	Departmental Board
<b>Suzy Levy</b>	Nominations and Governance Committee Departmental Board
<b>Nicholas Shott</b>	Audit and Risk Assurance Committee Departmental Board

## Other Independent Members – Audit and Risk Assurance Committee

### Claire Cook

Independent Member, Audit and Risk Assurance Committee

### Karina McTeague

Independent Member, Audit and Risk Assurance Committee

### Sarah Pickup

Independent Member, Audit and Risk Assurance Committee

### Terry Price

Independent member, Audit and Risk Assurance Committee

## Non-Executive Directors - Appointment and Terms

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

The start and end dates of the Non-Executive Directors are set out below.

Sue Langley was appointed Lead NED from 1 May 2014.

Non-Executive Director	Start Date	End Date
Sue Langley	1 December 2013	30 November 2020
John Studzinski	25 April 2016	30 June 2020
James Cooper	30 January 2020	29 January 2023
Mark Florman	5 November 2018	4 November 2021
Suzy Levy	1 September 2015	31 August 2021

Nicholas Shott	9 March 2017	30 June 2020
<b>Former Non-Executive Director</b>		
Adrian Joseph	1 September 2015	31 January 2020



## Governance Statement

### How we are governed

The Home Office operates and follows the principles of good governance in accordance with HM Treasury and Cabinet Office guidance. We continue to evaluate our governance and board structure and introduce changes to support more effective management of the Department, enhance collective decision making and improve the effectiveness of our systems of internal control, risk management and accountability.

This Governance Statement sets out how our Executive Committee and its supporting governance structures work and how they have performed for the year 1 April 2019 to 31 March 2020 and up to the date of approval of the Annual Report and Accounts.

### Our Boards

The role and membership of the Departmental Board and the Executive Committee can be found in the Governance Statement.

## Corporate governance, management and controls

### Governance

#### System of Control

We are governed by:

- The Secretary of State's overall responsibility for governance of the Home Office and its arm's length bodies.
- The Permanent Secretary's responsibility both to the Secretary of State and directly to Parliament as the Principal Accounting Officer both for management and expenditure.
- The Departmental Board's collective responsibility for advice on strategic and operational issues and overseeing the work of the Department. Its sub-committees provide layers of control, scrutiny and assurance to ensure that the Department has been achieving its aims and objectives.

The following table sets out the structure of the top-level committees that operate in the Department and the chair of each committee.

## Home Office Committee Structure as at 31 March 2020



## Our Boards and Committees

### Departmental Board

Chair: Home Secretary

As per the Cabinet Office Code of Corporate Governance Guidance, the Home Office Departmental Board forms the collective strategic and operational leadership of the Department. It is chaired by the Home Secretary and brings together the ministerial team, senior civil service leaders and Non-Executive directors from outside government. Its remit is to advise on, and challenge, the Department's performance and delivery, and to provide the strategic leadership of the Department. It has met on two occasions between 1 April 2019 and 31 March 2020. The Board underwent a significant review and refresh during the year to improve its effectiveness. This was driven by the Home Secretary with NED input and resulted in a more streamlined structure with a clearly articulated role for board members to scrutinise delivery of the Government's manifesto commitments and priorities. Detailed attendance for 2019-20 can be found in the annex.

### Board Effectiveness Review

Each year we conduct an annual effectiveness review of the Departmental Board. The Government Internal Audit Agency conducted a review of our governance arrangements in November 2019. Following the General Election in December 2019, the Board was reconfigured to provide a focus on delivery of the people's priorities and new Home Office objectives. We therefore intend to conduct a further review, led by an independent Non-Executive Director in summer 2020.

### Audit and Risk Assurance Committee (ARAC)

Chair: John Studzinski, Non-Executive Director

ARAC provides independent advice to the Accounting Officer and Departmental Board members on the adequacy of arrangements for corporate governance, internal control and risk management. ARAC comprises two Non-Executive Home Office Departmental Board members, together with independent external members.

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

### **Nominations and Governance Committee**

Chair: Sue Langley, Lead Non-Executive Director

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

### **Executive Committee (ExCo)**

Chair: Permanent Secretary

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

### **Sub-Committees of the Executive Committee**

#### **People Committee**

Chair: DG Capabilities and Resources

This Board is responsible for the strategic oversight and implementation of the people agenda across the Home Office and for all decisions related to that, including all people management and leadership issues. It has responsibility for corporate management of Home Office workforce planning and is responsible for the 'golden thread' elements of the People Capability Strategy: diversity and inclusion; employee engagement; and wellbeing. The Board is also responsible for the Professions agenda and has oversight of the departmental talent agenda (up to and including Senior Civil Servant Pay band 1 level) through Profession-led Talent Committees.

#### **Portfolio and Investment Committee (PIC)**

Chair: DG Capabilities & Resources and Chief DDaT Officer

PIC considers and makes investment approval decisions on programme and project business cases, reviews the overall Home Office portfolio, and regularly scrutinises individual programmes and projects during their lifecycle. Drawing from the Strategic Business Plan, PIC proposes to

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

### **Performance and Risk Committee**

Chair: DG CPFG

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

### **Data Board**

Chair: Chief DDaT Officer

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

## Our approach to managing risks and issues

Risk management is part of everything we do, from how we manage our programmes and our money, to how we develop our policy and work with our arm's length bodies. The nature of the Department's business means that it has to manage a range of risks and live issues. In addition, we welcome the input and insight from both our internal audit function and the oversight of other regulators as a key component in identifying and managing risks. Additionally, the National Audit Office delivered several value-for-money studies and investigations, which have been a helpful source of knowledge and information that has enabled us to improve our management controls and oversight.

### Top level risks and issues in 2019-20

Issue	Our Response
<p>Ensuring that the UK Border is secure and that threats to the UK's border security are well-managed</p>	<p>Following the tragic incident in Purfleet in October 2019, where 39 people lost their lives, the Home Secretary directed the development of a new Illegal Migration Strategy. Our overall approach encompasses the work of several government departments, operational and law enforcement agencies. Funding has been allocated from HM Treasury to strengthen our response, including developing policy to reduce the risk of increased attempts/arrivals.</p> <p>Current mitigations include deployment of United Kingdom-France resources to the French coasts to prevent launching small boats; law enforcement cooperation to tackle Organised Immigration Crime and facilitators; and longer-term work to address pull factors.</p>

Issue	Our Response
<p>Threat of terrorist activity and giving the public confidence that sentences served by terrorists reflect the severity of their offending</p>	<p>We have increased the counter-terrorism policing budget in 2019-20 by £59 million to £816 million (£160 million more than planned at the last Spending Review). This includes boosting firearms officers. In November 2019, the Joint Terrorism Analysis Centre (JTAC) lowered the UK National Terrorism Threat Level from SEVERE to SUBSTANTIAL, meaning an attack is likely and might well occur without further warning. Although the overall threat of terrorism has reduced, it remains one of the most direct and immediate risks to our National Security. Our goal to reduce the risk from terrorism is delivered through the comprehensive four 'P' work strands of CONTEST (Prevent, Pursue, Protect, Prepare).</p> <p>The Fishmongers' Hall and Streatham attacks were a shocking reminder of the threat we continue to face from terrorism.</p> <p>In March 2020, we introduced the Counter-Terrorism (Sentencing and Release) Bill to toughen our response to terrorism. The Bill will ensure the worst terrorist offenders spend longer in prison and strengthen their licence supervision after release. In addition, on 3 February 2020, the Justice Secretary announced that the Government will go further by introducing emergency legislation to end the automatic release of terrorist offenders before the end of their custodial term.</p>
<p>Tackling serious violence</p>	<p>We have continued to increase funding for enforcement through surge funding for police forces (£41.5 million) and in whole system Violence Reduction Units (£35 million). Long-term prevention is funded through the £200 million Youth Endowment Fund. The Serious Violence Bill will strengthen local accountability and give police stronger tools, but at the time of printing was delayed because of the impact of COVID-19.</p> <p>The Home Office is also leading a cross-Whitehall reprioritisation exercise and targeted action plan to deliver reductions in Serious Violence via the Crime and Justice Taskforce, alongside a renewed focus on homicide.</p>

Issue	Our Response
Windrush Lessons Learned Review	<p>The Windrush Lessons Learned Review makes 30 wide ranging recommendations. The publication of the Review is an essential part of the healing process. The Home Office is carefully considering the recommendations and will formally respond to the report – we anticipate this will take six months from the date of publication.</p>
Grenfell Tower and Fire Safety	<p>The Government has accepted in principle the findings of Sir Martin Moore-Bick’s Phase One report, published in October 2019. We have acted swiftly to consider the most effective actions that can be taken to address the report's recommendations. Our response has centred on: developing rapid legislation plans on fire safety; establishing reporting arrangements for London Fire Brigade; convening experts to commission research on evacuation strategies; and working with sector leaders to help develop and put in place robust, integrated national improvement plans.</p> <p>We have also put in place greater assurance and oversight of the fire sector to both support it and ensure that improvements are made. This includes setting up the independently chaired Fire Standards Board; the creation of Her Majesty’s Inspectorate of the Constabulary and Fire &amp; Rescue Services (HMICFRS); and the establishment of the Fire Protection Board.</p>
Risks to delivering the Home Office portfolio of programmes and projects, in particular ensuring change plans are deliverable in terms of cost, timeline and benefits.	<p>A Project Delivery Improvement Programme has been set up to increase the overall delivery confidence of our portfolio.</p> <p>It will improve the chances of success for priority projects by:</p> <ul style="list-style-type: none"> <li>• prioritising the portfolio and pipeline;</li> <li>• embedding standardised best practice portfolio management (including Project Delivery tools);</li> <li>• setting strategic direction for the portfolio;</li> <li>• tackling behaviours and performance that prevent the successful delivery of the portfolio; and</li> <li>• ensuring that capability and capacity align to business requirements for delivering change.</li> </ul>

Issue	Our Response
<p>The 2019-20 Net Cash Requirement of £14.560 million was breached by £118 million.</p>	<p>The Net Cash Requirement breach occurred because the Department manages all cash through one bank account, irrespective of whether the cash relates to the Resource Account or the Trust Statement or whether it is available to fund Departmental activities or is due to be paid over to the Exchequer. This made the effective management of the cash position more difficult and led to the Department not monitoring its position against the Net Cash Requirement control total. As a result, the Department failed to detect that funds which should have been set aside for payments to the Exchequer were used to fund supply activities.</p> <p>This unintentional breach was only recognised in May 2020, too late to take any action to correct the situation.</p> <p>As a result of the breach, the Department instigated a comprehensive review of why the breach occurred and has put in place measures that immediately address the specific cause of the breach and is now working on an action plan to strengthen the monitoring process of all key financial metrics, including by reporting on all voted control totals within the monthly Finance reports to Management Board.</p>



Issue	Our Response
<p data-bbox="86 203 277 237">EU transition</p> <p data-bbox="86 277 485 819">The uncertainty over what the relationship between the UK and EU will look like after the end of Transition Period means that we need to continue to plan and prepare for a number of different scenarios. This impacts all future planning and budgeting across the Department and increases the workload for strategy and planning teams.</p> <p data-bbox="86 853 485 1312">Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is disclosed. In accordance with accounting standards, no contingent assets can be recognised.</p>	<p data-bbox="513 203 1401 416">The Department has robust governance structures in place for Transition. This ensures the continued delivery of essential services for the public. The Department's Transition Executive Board, chaired by the Permanent Secretary, provides the necessary senior coordination and drive.</p> <p data-bbox="513 456 1452 707">Despite this it remains the case that, in the event of leaving the Transition Period with no further negotiated outcome, some of the Home Office's key capabilities will invariably be impacted. We are working to mitigate these impacts to the extent possible within the constraints of negotiations with the EU and the uncertainty about the terms of our future relationship with the EU.</p>
<p data-bbox="86 1384 485 1563">Coronavirus disease COVID-19 and severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)</p>	<p data-bbox="513 1384 1465 1682">On 30 January 2020, the World Health Organization declared the outbreak of COVID-19 a "Public Health Emergency of International Concern" (PHEIC). In response to the pandemic, the Government has taken a system-wide approach focused on ensuring the continuity of public and critical services and the stability of the economy, based on the best available scientific evidence and advice.</p>

## Personal Data Related Incidents

The following table details the 25 Personal Data related incidents notified by the Department to the Information Commissioner's Office during the 2019-20 reporting period.

Category	Nature of Incident	2019-20 Total	2018-19 Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	1	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	10	4
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	0
IV	Unauthorised disclosure	11	26
V	Other	3	5

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

The following table details incidents reported to Home Office Security and deemed by the data controller not to fall within the criteria for notifying the Information Commissioner's Office but recorded centrally within the Department.

Category	Nature of Incident	2019-20 total	2018-19 total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	946	145
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	2,404	702
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	0

Category	Nature of Incident	2019-20 total	2018-19 total
IV	Unauthorised disclosure	728	1,023
V	Other	126	25

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

### Data Losses/Information Assurance

Information Assurance and managing information risk continues to be a priority for the Home Office in 2019-20.

Management of Data Incidents has been reviewed in line with the EU General Data Protection Regulation (GDPR) and Data Protection Act 2018 that came into force in May 2018, to ensure that processes and policies are compliant with the requirements set by the legislation. The Department has also integrated Information Assurance into the Home Office Assurance Framework with all Directors responsible for confirming assurance in their relevant business areas.

The rising trend in data incidents reported is largely due to increased awareness across business areas, reflecting the effort that has been delivered into data protection practitioner training over the year. This is particularly true in relation to Her Majesty's Passport Office (HMPO) and United Kingdom Visas and Immigration (UKVI) where a strong reporting culture has returned higher volumes of reports connected with data/postal misdirection's. Enhanced awareness has enabled more accurate reporting of incidents, when they do occur, ensuring that only incidents of appropriate significance are escalated to the Information Commissioner's Office.

It is anticipated that overall data incident volumes may increase further as we continue to strengthen awareness and our incident reporting culture across the Department. In parallel, we are encouraging the business to better articulate its approach to risk for data incidents, to help measure our longer-term efforts to reduce overall incident volumes.

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

## Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) received a total of 861 complaints against the Home Office during 2019.

Organisation	Enquiries received	Complaints assessed	Complaints resolved through intervention	Complaints accepted for investigation	Investigations fully upheld	Investigations partly upheld	Investigations not upheld	Investigations resolved without a finding*	Investigations discontinued	Uphold rate (upheld or partly upheld)
<b>Home Office - Total</b>	<b>861</b>	<b>288</b>	<b>9</b>	<b>21</b>	<b>2</b>	<b>11</b>	<b>12</b>	<b>3</b>	<b>6</b>	<b>38.24</b>
Border Agency	20	6	0	1	0	0	0	0	1	0.00%
Border Force	61	33	2	2	1	1	0	0	0	100%
General Register Office	2	0	0	0	0	0	0	0	0	N/A
HM Passport Office	72	25	1	2	0	0	1	1	1	0.00%
Home Office	193	30	2	0	0	0	0	0	1	0.00%
Office of the Immigration Services Commissioner	2	0	0	0	0	0	0	0	0	N/A
Police	17	2	0	1	0	0	0	0	0	N/A
Security Industry Authority	19	8	0	0	0	0	0	0	0	N/A
The Disclosure and Barring Service	27	1	0	0	0	0	0	0	0	N/A
UK Immigration Enforcement	3	1	0	0	0	0	0	0	0	N/A
UK Visas and Immigration	445	182	4	15	1	10	11	2	3	40.74%

The Home Office is committed to providing a high-quality service to both internal and external customers. The Home Office is committed to take any complaints made seriously. Every complaint is investigated thoroughly by a specially trained officer at the appropriate level of authority.

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

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

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

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

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

For more information on the Ombudsman complaints process, classification of complaints and where to find recent reports and consultations refer to: <http://www.ombudsman.org.uk/home>

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

In 2019-20, Home Office Headquarters received 6,534 letters and emails from the public which required our response. We replied to 87% of this correspondence within the target of 20 working days.

## **Machinery of Government Changes**

Ten civil servants were transferred to the Home Office from the Department for Exiting the European Union, there were no associated transfer of assets nor of activities. In view of the low financial implications of this move, the transaction has not been treated as a Machinery of Government change. There were no other Machinery of Government changes during this financial year.

## **External Auditor**

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

The total National Audit Office (NAO) notional audit fee for the core Department and its agencies was £493,000 (2018-19, £480,000), of which that for the core Department alone was £493,000 (2018-19, £480,000). The audit fee for the Department's non-departmental public bodies was not notional and totalled £316,000 (2018-19, £295,000). No remuneration has been paid to the NAO during 2019-20 for non-audit work (2018-19, £nil).

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

## **Political and Charitable Donations**

The Home Office has not made any political or charitable donations during 2019-20.

## **Financial governance, management and controls**

### ***Financial governance***

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

The Department commissioned Internal Audit to conduct an immediate review of control processes around the management of the net cash requirement in response to a breach of that control total and has put in place measures that immediately address the specific cause of the breach and is now working on an action plan to strengthen the monitoring process of all key financial metrics, including by reporting on all voted control totals within the monthly Finance reports to Management Board.

### ***Ministerial Direction***

There was one Ministerial Direction in July 2019 for the establishment of the Windrush Compensation Scheme, and for payments to be made from that scheme ahead of legislation receiving Royal Assent.

### ***Financial and corporate planning***

This year's Business Planning process confirmed budgets for 2019-20, aimed at aligning both people and financial resources to the Department's objectives and Ministers' priorities. Forecasts were made for each system to enable prioritisation decisions to be taken against a backdrop of increased capital investment and tighter resource budgets. The budget allocation for 2019-20 was then recommended for approval by Ministers at the Department's Executive Committee on 19 March 2020.

### ***Fraud, bribery and whistleblowing***

#### **Whistleblowing**

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

The Home Office policy allows staff to raise legitimate issues of public interest via their manager, a confidential central reporting hotline and email address and through a network of Nominated

Officers embedded within Director General commands. This is complimented by a Board-level Senior Responsible Officer.

The Home Office Professional Standards Unit provides an independent team of investigators, separate from business areas, to investigate thoroughly concerns that are raised. Their role is also to consider and, where deemed necessary, recommend improvements in Departmental procedures and new safeguards and monitor that any such agreed improvements are implemented.

### **Fraud and bribery**

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

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

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

Fraud risk is covered in the normal Home Office risk assessment process. The Home Office also carries out fraud risk assessments as part of the introduction of new policies and programmes. In addition, action plans regarding insider threat are included in business level control strategies and in a central control strategy. Regarding countering fraud at a local, national and global level, key actions are included in a wide range of corporate and business level business plans and in operational control strategies.

### **Assurance**

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

- Front-line and business operational areas: The Department has established assurance arrangements over how well objectives are being met and risks managed. These include monthly management reporting, risk registers, reports on the routine system controls, the Director assurance returns and other management information;
- Management oversight and expert review: separate from the work of those responsible for delivery, this includes assurance reviews undertaken by departmental second line assurance functions, investment approval work undertaken by the Department's Portfolio Investment Committee, analytical assurance, as well as work undertaken by other enablers functions (e.g. Human Resources) and the departmental security teams;
- Independent and objective assurance: this includes the work of the Government Internal Audit Agency (GIAA), Independent Chief Inspector of Borders and Immigration, other external auditors, independent specialists; and



- External reviews: this covers external and independent assurance commissioned by bodies outside the organisation. These include reviews by the National Audit Office and parliamentary select committees. These reviews are usually conducted after a project or event and are a particularly valuable source of learning for the organisation.

The Assurance and Governance Unit (AGU) oversees assurance and risk across the Department. AGU further developed the simplified management assurance framework, which was launched in June 2018. The framework clarifies and structures the Department's approach to management assurance. It sets out the common principles and standard assurance activities that the Department expects to be in place, and how these should be assessed and reported. Assurance reporting, which was previously completed at Director-General level, is now completed at Director level with the aim of embedding good assurance practice, and to facilitate organisational learning. Subject experts provide enhanced moderation and challenge to director returns.

The AGU has rolled out a programme to build assurance and risk capability across the Department, working with the Chartered Institute of Internal Auditors to build a bespoke accredited assurance course with a focus on the first and second lines of defence

The AGU has sought to improve risk management by supporting a programme of mapping assurance coverage of the Department's strategic risks. This provides the AGU and Directors with oversight of assurance activities, the management of risks, and the identification of gaps in assurance. AGU has been working closely with GIAA on this effort and reports regularly to ARAC.

### **Executive Assurance**

The Permanent Secretary is satisfied that Directors General have effective control over governance, risk, internal control and assurance processes within their areas of operations. A number of challenges have been identified which are being managed. These include:

- EU Transition preparations, contingency planning and close working with other government organisations;
- Implementation of lessons learned from the Windrush review;
- Emergency Services Mobile Communications Programme (ESMCP)
- Data breaches

External scrutiny by the Independent Chief Inspector of Borders and Immigration (ICIBI) plays an important role in holding the Department to account on the efficiency and effectiveness of its border, immigration and customs function. During this reporting year, 13 inspection reports were published, including two inspections relating to the EU Settlement Scheme. In addition, most recommendations made by the ICIBI since 2015 have been either fully or partially accepted by the Department. This amounts to 97% of recommendations.

### **Analytical Assurance**

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



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

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

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

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

An iterative process is in place to regularly review and update the models classed as business-critical. All existing business-critical models have now been reviewed by the Board, with new models developed scheduled for review once complete. Whilst a robust mechanism is now in place, further work will focus on ensuring this is a matter of routine, and that the processes are adopted into the culture of Home Office.

### ***Project assurance***

Home Office programmes and projects continue to be delivered in accordance with Infrastructure and Projects Authority (IPA) best practice and the Government Functional Project Delivery Standard. In line with both, the Portfolio and Project Delivery Directorate (PPD) is responsible for leading, managing and co-ordinating assurance across the Home Office change portfolio.

All major projects (Tier 1) within the portfolio are expected to have integrated assurance and approval plans and PPD promotes their use by mission critical (Tier 2) and other projects in business area transformation portfolios (Tier 3) as well. These plans help to ensure that assurance interventions are aligned to the major approval points of individual projects.

The Tier 1 projects are also included in the Government Major Projects Portfolio (GMPP). Assurance for these projects is overseen by IPA. In the first three quarters of 2019-20, the IPA carried out 9 assurance reviews on these projects, whilst 24 assurance reviews were organised by PPD for mission critical projects and those within business area portfolios. PPD collates, tracks and analyses the recommendations arising from these assurance interventions both to ensure that they are addressed and to help identify recurring topics for the Project Delivery Community Learning Events that PPD runs and for future Government Internal Audit Agency thematic reviews. PPD also provides advice to projects through its Portfolio Business Partner Team, including on the action needed to address recommendations arising from assurance and audit reviews.

The IPA is due to publish its next annual report in mid-2020. In parallel with this, the Home Office will publish its 2019-20 Quarter 2 GMPP project data, including the IPA delivery confidence rating

for each of its GMPP projects, whilst PPD provides monthly and quarterly reports on portfolio delivery to the Home Office Portfolio and Investment Committee and Executive Committee.

### ***Better Regulation***

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

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

### ***Localism***

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

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

Grant funding allocated to Police and Crime Commissioners (PCCs) contributes to the delivery of the Home Office Vision Statement and aligns with the Government's priorities, as outlined in the Home Office Business Plan. PCCs are accountable for the grant funding, which should be directed towards enhancing their policing and crime prevention capabilities and operational policing activities to comply with the Police Act 1996.

PCCs are subject to external audit and auditors are required to express an opinion on the arrangements made by each PCC to secure economy, efficiency and effectiveness in its use of the grant funding. Through the checks on arrangements to secure efficiency, it provides some assurance on value for money.

### ***Independent assurance***

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

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

- Feedback from the Major Projects Review Group.
- Government Internal Audit Agency

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

The opinion for 2019-20 is that there is limited assurance on the arrangements currently in place and a number of areas for improvement have been identified. These include a need to improve: controls of the Home Office change portfolio both at a strategic level and within some of the individual programmes; controls relating to grants and other disbursements; access to up to date policies and easily accessible guidance; and risk management in operations. The Department is also working to reduce the number of outstanding internal audit recommendations.

There have been improvements in a number of areas including development of second line assurance functions. The Simplified Management Assurance Framework continues to be embedded and the Data Protection Office commenced assurance reviews this year, and the Department undertook an Assurance Mapping Exercise to enable all second- and third-line activities to be documented and understood. The effectiveness of two key committees, the Portfolio and Investment Committee and Performance and Risk Committee has also improved. There was also effective control over significant issues for example decision making with respect to Windrush and the EU Exit Programme.

### *Year-end governance assurance process*

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

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

This includes:

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

### *Conclusion and compliance with Code of Good Practice*

Government policy on departmental governance is outlined in Corporate Governance in Central Departments: Code of Good Practice. This Code operates on a 'comply or explain' basis, whereby departments are asked to disclose any element of the Code with which they are not fully compliant, explaining their rationale and any alternative measures which have been put in place to meet the objectives of the Code. The Home Office meets the provisions outlined in the Code through the operation of its Departmental Board and sub-committees. The Departmental Board met twice during 2019-20, this was due to changes in the ministerial team that impacted the normal

scheduling of meetings. A board effectiveness evaluation has been delayed and we hope to reschedule that later in 2020. We also asked the Government Internal Audit Agency to audit our governance arrangements and we are addressing their report, which provided the Department with a moderate rating.

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

An organisation of the Home Office's size and complexity will always have multiple risks to manage at any one time, and I am determined to ensure that the Department increases the degree of overall assurance that can be provided by internal audit. Reviewing the last year, I am satisfied that the governance arrangements that were in place throughout 2019-20 have been sufficient to continue managing key risks effectively.

We continue to make good progress in improving our control frameworks and in introducing further measures to ensure effective controls operate consistently across the Home Office. Over the year ahead, we will continue to focus on efficiency and strengthening governance.

**Matthew Rycroft CBE**

**Accounting Officer**

8 July 2020

## Annex to Governance Statement

### Board and Committee attendance during 2019–20

Meeting attendance per board member of meetings eligible to attend

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Ministers</b>			
<b>Rt Hon Priti Patel MP</b> Home Secretary From 24 July 2019	2/2	n/a	n/a
<b>Kit Malthouse MP</b> Minster of State (Minster of State for Crime and Policing) From 25 July 2019	2/2	n/a	n/a
<b>Rt Hon James Brokenshire</b> Minister of State (Minister for Security) From 13 February 2020	0/0	n/a	n/a
<b>Stephen Greenhalgh</b> Minister of State From 18 March 2020	0/0	n/a	n/a
<b>Baroness Williams of Trafford</b> Lords Minister	0/2	n/a	n/a
<b>Chris Philp MP</b> Parliamentary Under Secretary of State (Minister for Immigration Compliance and the Courts) From 13 February 2020	0/0	n/a	n/a
<b>Victoria Atkins MP</b> Parliamentary Under Secretary of State (Minister for Safeguarding)	1/2	n/a	n/a
<b>Kevin Foster MP</b> Parliamentary Under Secretary of State (Minister for Future Borders and Immigration) From 16 December 2019	0/1	n/a	n/a
<b>Former Ministers</b>			
<b>Rt Hon Sajid Javid MP</b> Home Secretary Until 24 July 2019	n/a	n/a	n/a

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Rt Hon Brandon Lewis MP</b> Minister of State for Security and Deputy for EU Exit and Deputy for EU Planning and No Deal Preparation Until 24 July 2019	1/2	n/a	n/a
<b>Rt Hon Ben Wallace MP</b> Minister of State for Security Until 24 July 2019	n/a	n/a	n/a
<b>Rt Hon Nick Hurd MP</b> Minister of State for Policing and the Fire Service Until 25 July 2019	n/a	n/a	n/a
<b>Rt Hon Caroline Nokes MP</b> Minister of State for Immigration Until 24 July 2019	n/a	n/a	n/a
<b>Seema Kennedy MP</b> Minister of State for Immigration Until 16 December 2019	1/1	n/a	n/a

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Executive Directors</b>			
<b>Matthew Rycroft</b> Permanent Secretary	0/0	2/2	n/a
<b>Shona Dunn</b> Second Permanent Secretary	1/2	39/48	1/4
<b>John Aston</b> Chief Scientific Officer from 19 November 2019	n/a	16/18	n/a
<b>Simon Baugh</b> Director, Communications From 10 February 2020	n/a	7/8	n/a
<b>Joanna Davinson</b> Chief Digital, Data and Technology Officer	n/a	44/48	n/a
<b>Peter Fish</b> DG, Legal	1/1	39/48	n/a
<b>Charu Gorasia</b> DG, Capabilities and Resources	1/2	36/48	4/5

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Jill Hatcher</b> Chief People Officer	1/1	44/48	n/a
<b>Patricia Hayes</b> DG, Crime Policing and Fire Group From 24 February 2020	0/0	6/6	n/a
<b>Tyson Hepple</b> DG, Immigration Enforcement	1/1	33/48	n/a
<b>Tom Hurd</b> DG, Office of Security and Counter-Terrorism	0/1	26/48	n/a
<b>Julia Kinniburgh</b> DG, Serious and Organised Crime	1/1	38/48	n/a
<b>Paul Lincoln</b> DG, Border Force	0/1	36/48	n/a
<b>Abi Tierney</b> DG, UKVI and HMPO From 9 March 2020	n/a	4/4	n/a
<b>Glyn Williams</b> DG, BICS Policy and International	1/1	38/48	n/a
<b>Former Executive Directors</b>			
<b>Sir Philip Rutnam</b> Permanent Secretary Until 28 February 2020	2/2	38/43	1/4
<b>Scott McPherson</b> DG, Crime Policing and Fire Group Until 24 February 2020	1/1	31/42	n/a
<b>Mark Thomson</b> DG UKVI and HMPO Until 23 March 2020	1/1	38/48	n/a
<b>Andy Tighe</b> Director, Communications Until 10 February 2020	1/1	34/40	n/a

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Non-Executive Directors</b>			
<b>Sue Langley</b> Lead Non-Executive Director	1/2	3/11	n/a
<b>John Studzinski</b> Non-Executive Director, Chair Audit & Risk Assurance Committee	0/2	1/11	4/5
<b>James Cooper</b> Non-Executive Director From 30 January 2020	1/1	3/3	n/a
<b>Mark Florman</b> Non-Executive Director	1/2	0/11	n/a
<b>Suzy Levy</b> Non-Executive Director	2/2	10/11	n/a
<b>Nicholas Shott</b> Non-Executive Director	2/2	10/11	4/5
<b>Former Non-Executive Directors</b>			
<b>Adrian Joseph</b> Non-Executive Director Until 31 January 2020	0/1	7/11	n/a

Name of Board member	Departmental Board	Executive Committee	Audit and Risk Assurance Committee
<b>Independent ARAC Members</b>			
<b>Claire Cook</b> Independent member Audit & Risk Assurance Committee	n/a	n/a	4/5
<b>Karina McTeague</b> Independent member Audit & Risk Assurance Committee	n/a	n/a	3/5
<b>Sarah Pickup</b> Independent member Audit & Risk Assurance Committee	n/a	n/a	4/5
<b>Terry Price</b> Independent member Audit & Risk Assurance Committee	n/a	n/a	4/5

Not all members were invited to every meeting held.

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



\* Departmental Board: Senior Officials are invited as appropriate

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

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

# Remuneration and Staff Report

## Staffing

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

## Gender

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

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

The Department implements recruitment practices to create a diverse workforce, using non-discriminatory job descriptions and anonymised recruitment to eliminate potential bias in the recruitment process.

Staffing levels for women at March 2020 show we have met our Home Office gender targets - 47% for Senior Civil Service (SCS) and 52% for a Home Office total.

The Home Office’s third Gender Pay Gap (GPG) report published in January 2020 (which covers the period April 2018 to March 2019) showed an improving picture in relation to pay and bonuses:

- The Mean GPG reduced by 0.8% to 8.8%. The Median GPG is 14.6%.
- The Mean Gender Bonus Gap is now 6.9% (a significant drop of 5.3%, from 12.2% in the 2018 report, and 16.6% the previous year).
- The Median Gender Bonus Gap is now 6.1% (another reduction from 7.7% in the 2018 report and 13% in the 2017 report).
- The proportion of males and females receiving a bonus is now equal at 77%.
- There has been a 3.1% decrease in the SCS gender pay gap, which reflects our ambition to improve the representation of females in senior grades.

We recognise that any progress to address the GPG requires significant action by business areas over a consistent period of time. We are committed to working with all stakeholders to put an action plan in place to address the many factors that influence the GPG.

We have an Executive Committee level Gender Champion who is supported by a Gender Board which meets regularly to identify and address gender representation and inclusion issues at the Home Office.

The Department has an established and active Gender Equality Network, who worked closely with the University of Cambridge on the 'Collaborating with Men' study - a ground-breaking approach focusing on the positive engagement between men and women to challenge, enable and drive forward cultural changes to assist employers in providing an environment inclusive for all. A report was published last year which acknowledged the Home Office co-author and we will continue to embed learning from the research.

## March 2020 figures

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

	Female	Male	Total at	Female representation by
			31 March 2020	%
Directors <sup>2</sup>	7	9	16	43.8%
Senior Managers <sup>3</sup>	125	139	264	47.3%
Employees	17,637	15,991	33,628	52.4%

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

2. Members of the Executive Committee.

3. All managers at Senior Civil Service (SCS) level.

## Comparison with the figures in 2019

The number of female Directors has increased so they now comprise 43.8% of the Home Office Executive Committee, whilst there is a relatively small increase in numbers, this represents a significant increase from 28.6% in 2019. The number of Senior Managers (SCS staff) has risen very slightly more for women than men over the past year, resulting in a small improvement in female representation from 46.8% to 47.3%.

The total employee figure has increased by 2,348. The number of female staff still comprise a higher percentage, 52.4%, of the overall workforce, but this a very slight decrease on the 2019 figure of 52.5%. Over the past year we recruited slightly more women (1,205) than men (1,143).

As stated above, we have met our Home Office gender targets for 2025 - 47% for SCS and 52% for a Home Office total.

## Comparison with the figures in 2018-19: 2018-19 comparison table

Please note that the 2018/19 figures below have been restated to exclude temporary staff to be comparable and consistent with Diversity & Inclusion data published elsewhere across the Home Office.

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

	Female	Male	Total at	Female representation by
			31 March 2019	%
Directors <sup>2</sup>	4	10	14	28.6%
Senior Managers <sup>3</sup>	110	125	235	46.8%
Employees	16,432	14,848	31,280	52.5%

1. Based on headcount (not full-time equivalent). Includes permanent employees.
2. Members of the Executive Committee.
3. All managers at Senior Civil Service (SCS) level.

## Disability

The Home Office is recognised as a Disability Confident Employer (Level 3) where we offer positive visibility, promoting a commitment for change and encourage the department and leaders to think disability inclusive in all aspects of the business. The aim is to help improve the working environment for disabled colleagues throughout the employee life cycle. We seek to achieve this through the development of a robust action plan that is a subset of actions highlighted in the “Inclusive by Instinct” strategy. This plan seeks to achieve a level playing field with the way we recruit, retain and develop disabled colleagues.

We are making good progress against the actions set out in the strategy, where in 2019-20, we achieved our representation rate of 5% for disabled staff working in Senior Civil Service Grades. As part of our succession planning, we have developed a Disability Leadership Academy where we seek to offer talented staff at Grades 6 and 7 an opportunity to progress their career into the SCS and help maintain our representation targets. This initiative is currently on hold because of COVID-19 but we hope to formally launch the programme in September 2020.

As part of our broader commitment to make the Home Office a great place to work for Disabled colleagues, we have:

- Facilitated several consultation sessions to help design a bespoke workplace adjustment classroom-based workshop for line managers which will be rolled out in late 2020.
- Building on the classroom-based training by working in consultation with key partners across the business to revise existing disability policy and guidance and to reduce ambiguity.

- Delivered positive and purposeful communication campaigns and intranet stories on disability including the use of the Home Office Instagram channel. This has included innovative British Sign Language “Talk to the Hand” videos.
- Held our first fully inclusive Home Office sports day where we included events to showcase disability-inclusive sports including Blind football and tennis and to bring a greater focus to the wellbeing of all staff.
- Delivered several Disability Awareness Events. Led by the Home Office Disability Staff Network, Able, this involved several roadshow events across the UK moving away from a London-centric focus to enhance awareness to all staff.

We acknowledge that there continues to be more work to do and we will focus on building capabilities going forward, ensuring we offer a positive experience for disabled colleagues as they progress through the employment life cycle.

## Workplace adjustments

In 2018 we established a workplace adjustments team. This year to December 2019 we supported changes to over 1,300 people with their furniture and IT needs. The team offers advice to line managers and job holders on complex issues. This enables colleagues to get the best from themselves in work.

We also introduced a presumption that managers should approve requests for adjustments without seeking permission from a senior manager. All managers, irrespective of grade, have authority to approve adjustments up to £1,500. This covers most chairs and desks which staff require following a workstation assessment. All IT adjustments are covered centrally by the Home Office’s Digital, Data and Technology (DDaT) Group.

## Race

The Home Office D&I strategy “Inclusive by Instinct” includes targets to strengthen representation rates of all protected characteristics. We have committed to increase our SCS Black, Asian and Minority Ethnic (BAME) representation to 12% and overall representation of 24% by 2025. As part of our broader commitment to the Home Office being “Inclusive by Instinct”, we also agreed a Race Action Plan in November 2019. The plan sets out how BAME representation will be increased at every level through targeted actions and programmes that are open to all.

Since launching the Race Action Plan, we have:

- Launched a sponsorship programme (Career Watch) for BAME staff. The remit of the programme has recently been broadened to include staff from more junior backgrounds.
- Delivered a series of innovative “Let’s Talk about Race” workshops in partnership with the organisation Business in the Community (BITC). The workshops are based on BITC’s approach that most people feel uncomfortable discussing race and that by facilitating those conversations, leaders and staff will be able to continue the discussion in their workplace.

- Facilitated dedicated sessions for BAME staff to discuss their experiences of working in the department.
- Developed a pool of BAME Independent Panel Members to support diversity within recruitment.
- Delivered a BAME Women's Leadership Summit in collaboration with the Department for Environment, Food & Rural Affairs and the Ministry of Housing, Communities & Local Government, together with a package of support for their progression, in September 2019. A further leadership summit is planned for 2020 for 20 women at HEO-SEO level.
- Put in place a network of SCS Champions covering all strands of the D&I strategy work, to deliver the Home Office D&I Inclusive by Instinct Strategy and other associated D&I related activities.

We will continue to build on this work going forward. This will include careful consideration of the recommendations from the Windrush Lessons Learned Review, enhancing outreach activities and recruitment processes to attract, develop and retain internal and external talent.

## LGBTI+

The strategy includes targets to strengthen representation rates of all protected characteristics. We have committed to increase our SCS Lesbian, Gay, Bisexual, Transsexual, Intersex and Other (LGBTI+) representation to 6% and overall representation to 6% by 2025.

As part of our broader commitment to the Home Office being Inclusive by Instinct, we also committed to restoring our place in the Stonewall Workplace Equality Index (WEI) top 100 UK employers from 133 in 2018. Since making that commitment we have:

- Successfully achieved the rank of 64 in the 2020 WEI.
- Delivered substantial improvements in key areas of the index relative to previous year's submission, notably sections 1 (Policies and Benefits), 2 (Employee Lifecycle) and 8 (Community Engagement).
- Ensured areas of known strength (Employee Network, Allies and Role Models, Senior Leadership) remain strong.
- Developed an LGBTI+ plan owned by the Department's LGBTI+ Champions Board and focused on wider LGBTI+ inclusivity deliverables.
- Celebrated LGBTI+ History month and Pride events around the country.
- Scoped visible inclusion initiatives for launch in 2020; Pride Epauettes.
- Expanded the staff support network, Spectrum, with additional leadership posts.
- Secured Senior commitment to recruit an additional post dedicated for LGBTI+ inclusion work.

## Social Mobility

'Inclusive by Instinct' commits us to better enable social mobility through our attraction, recruitment and retention efforts. Since we published the D&I Strategy we have:

- Published the Department's first Strategy on Social Mobility setting out priorities around outreach, recruitment, retention and progression.
- Delivering the Department's successful first entry into the Social Mobility Foundation's top 75 employer index with our placing at 54.
- Delivered the Department's first ever Social Mobility conference.
- Begun analysing our first set of people survey data against Social Mobility indicators to understand how well we reflect modern Britain and what we need to do to improve.

## Faith and Belief

Faith and Belief forms part of the Home Office's priorities within the D&I agenda in promoting a culture to ensure that those with faiths and no faiths are able to bring their whole self to work. The Faith and Belief Board meet quarterly to discuss the priorities. These focus on the Department amplifying the dialogue on faith and belief, celebrating shared values and opportunities to work together whilst facilitating difficult conversations where needed.

Work will continue throughout the year on progressing this further within the Home Office and building on the culture of the organisation.

## Staff Sickness

The rolling year average working days lost to sick absence for the Home Office as at 31 March 2020 is 7.55 days (7.06 days in 2018-19). This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.

## Trade Union facility time data

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require certain public sector employers to publish information on facility time used by Trade Union representatives. The information below sets out the relevant Trade Union facility time data for the Home Office covering the period 1 April 2019 to 31 March 2020.

This table shows the total number of employees who were Trade Union representatives during the period.

Number of employees who were Trade Union representatives	Number of employees who were Trade Union representatives expressed as a Full Time Equivalent number
366	348

This table shows, of the employees who were Trade Union representatives employed during the period, the percentage of their working hours spent on facility time.

Percentage of time spent on facility time	Number of employees
0%	63
1-50%	303
51%-99%	0
100%	0

This table shows the percentage of the total pay bill spent on Trade Union facility time during the period.

Total cost of facility time	£863,031
Total pay bill	£1,607,737,000
Percentage of the total pay bill spent on facility time	0.05%

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

Time spent on paid TU activities as a percentage of total paid facility time hours	0
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## Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2020

Salary Bands	SCS within the range as at end of March 2020	Percentage
£65,000 - £75,000	17	5.92%
£75,000 - £80,000	62	21.60%
£80,000 - £85,000	47	16.38%
£85,000 - £90,000	43	14.98%
£90,000 - £95,000	25	8.71%
£95,000 - £100,000	18	6.27%
£100,000 - £105,000	12	4.18%
£105,000 - £110,000	12	4.18%
£110,000 - £115,000	10	3.48%
£115,000 - £120,000	7	2.44%
£120,000 - £125,000	5	1.74%
£125,000 - £130,000	5	1.74%
£130,000 - £140,000	8	2.79%
£140,000 - £150,000	7	2.44%
£150,000 - £155,000	2	0.70%
£155,000 - £160,000	1	0.35%
£160,000 - £165,000	2	0.70%
£165,000 - £170,000	2	0.70%
£185,000 - £190,000	1	0.35%
£190,000 - £195,000	1	0.35%
<b>Grand Total</b>	<b>287<sup>(1)</sup></b>	<b>100.00%</b>

1. There are 5 SCS (Incoming Loans (OGD)) excluded from this list as their salaries are not held on the Home Office payroll system.

This information has been extracted from Adelphi – the Home Office Human Resources record as at the end of March 2020.

Staff numbers are headcount of paid, Civil Servants at SCS grade.

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

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

## Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2019

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

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

## Spend on consultancy services and temporary staff

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

The Consultancy and Contingent Labour approvals process is owned and managed by the Chief Commercial Officer and was established in October 2010; requests for approvals are reviewed every week. Consultancy requests over £20,000, if approved by the ERG Board, are submitted to the Director General, Capabilities & Resources who operates under delegation from the Home Secretary for requirements up to the value of £200,000. Requests above this value also go to the Permanent Secretary for approval and then onwards to the Home Secretary and the relevant minister. All Consultancy requests over £1 million in value are also submitted to the Cabinet Office Spending Controls Team for additional scrutiny and approval.

Temporary Labour requirements are subject to review and scrutiny against business resource plans and Departmental engagement criteria based on Cabinet Office, Crown Commercial Service and HMRC guidance and good practice. Additional scrutiny requiring the personal approval of the Director General, Capabilities and Resources is also required for any engagements for SCS equivalent roles, durations likely to exceed two years and requirements attracting a charge rate of greater than £900 per day. Over 85% of all Home Office contingent labour contractor engagements were under two years in duration as at 31<sup>st</sup> March 2020.

Full year spend in 2019-20 on Consultancy Services and Contingent Labour by the Home Office, including ALBs, was £122.6 million, an increase of £2.4 million from 2018-19 spend. The spend on consultancy services of £33.7 million, was £10.2 million higher than in 2018-19. This was offset by a decreased spend on Contingent Labour/Agency costs of £88.9 million, which is £7.8 million lower than in 2018-19.

The Home Office monitors Temporary Staff costs to ensure that the continuing expenditure represents the best value for money for the organisation. Of the £79.1 million spent on temporary staff in 2019-20, £39.4 million was for agency staff predominantly in UK Visas and Immigration, Her Majesty's Passport Office and Immigration Enforcement. This represents an increase of £5.7 million in spend on this category of external resource compared to 2018-19. Agency staff have been retained primarily as a flexible resource to deal with backlogs in migrant casework, passport application/examination, asylum applications and in preparation for Exiting the EU.

The remainder of the Temporary Labour spend was associated with the engagement of specialist contractors and interim managers, primarily to assist the Home Office with our transformation plans and to deliver our Digital strategy and to build resilience towards the country's exit from the EU.

<b>Consultancy Services</b>	<b>2019-20 total expenditure (£000)</b>	<b>2018-19 total expenditure (£000)</b>
Home Office Core Department	25,795	20,195
Disclosure and Barring Service	4,207	1,169
College of Policing	1,891	1,342
Security Industry Authority	1,375	728
Gangmasters and Labour Abuse Authority	386	7
<b>TOTAL</b>	<b>33,654</b>	<b>23,441</b>

<b>Contingent Labour/Agency Costs</b>	<b>2019-20 total expenditure (£000)</b>	<b>2018-19 total expenditure (£000)</b>
Home Office Core Department	79,145	87,314
Independent Office for Police Conduct	1,253	1,707
College of Policing	6,947	5,992
Disclosure and Barring Service	1,394	1,251
Security Industry Authority	143	384
Gangmasters and Labour Abuse Authority	2	2
Office of the Immigration Services Commissioner	14	35
<b>TOTAL</b>	<b>88,898</b>	<b>96,685</b>

<b>Total Consultancy Services and Contingent Labour/Agency Costs</b>	<b>2019-20 total expenditure (£000)</b>	<b>2018-19 total expenditure (£000)</b>
Home Office Core Department	104,940	107,509
Independent Office for Police Conduct	1,253	1,707
College of Policing	8,838	7,334
Disclosure and Barring Service	5,601	2,420
Security Industry Authority	1,518	1,112
Gangmasters and Labour Abuse Authority	388	9
Office of the Immigration Services Commissioner	14	35
<b>TOTAL</b>	<b>122,552</b>	<b>120,126</b>

## Off-payroll engagements

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

The tables below provide the total number of off-payroll engagements, who are earning more than £245 per day plus new engagements during the year and a table showing those who were board members or senior officials during the year.

**Table 1:** This table shows the number of off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months.

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

	Main Department	Agencies	ALBs
Number of existing engagements as of 31 March 2020	54	-	7
Of which:			
Number that have existed for less than one year at time of reporting	37	-	5
Number that have existed for between one and two years at time of reporting	16	-	2
Number that have existed for between two and three years at time of reporting	-	-	-
Number that have existed for between three and four years at time of reporting	1	-	-
Number that have existed for four or more years at time of reporting	-	-	-

**Table 2:** For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months.

	Main Department	Agencies	ALBs
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	136	-	11
Of which:			
Number of the above which were assessed as being within the scope of IR35	56	-	9
The number of these engagements which were assessed as being outside the scope of IR35	80	-	2
The number that were engaged directly (via PSC contracted to the department) and are on the departmental payroll	-	-	-
No. of engagements reassessed for consistency / assurance purposes during the year	136	-	11
The number that saw a change to IR35 status following a consistency review	42	-	2

**Table 3:** For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020.

	Main Department	Agencies	ALBs
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year.	-	-	-
Number of individuals that have been deemed 'board members and/or, senior officials with significant financial responsibility', during the financial year. This figure should include both off-payroll and on-payroll engagements	17	-	6

The rest of this report is audited information.

## Staff Costs

	Permanently employed staff	Others	Ministers	Special advisers	2019-20 Departmental group total	2018-19 Departmental group total
	£000	£000	£000	£000	£000	£000
Wages and salaries	1,238,812	127,789	308	204	1,367,113	1,262,486
Social security costs	124,780	-	34	26	124,840	113,640
Other pension costs	306,145	-	-	29	306,174	217,035
	<b>1,669,737</b>	<b>127,789</b>	<b>342</b>	<b>259</b>	<b>1,798,127</b>	<b>1,593,161</b>
Less recoveries in respect of outward secondments	(855)	-	-	-	(855)	(926)
<b>Total net costs</b>	<b>1,668,882</b>	<b>127,789</b>	<b>342</b>	<b>259</b>	<b>1,797,272</b>	<b>1,592,235</b>
<b>Of which:</b>						
Core department	1,533,954	111,992	342	259	1,646,547	1,449,914
Arm's length bodies	134,928	15,797	-	-	150,725	142,321
<b>Total net costs</b>	<b>1,668,882</b>	<b>127,789</b>	<b>342</b>	<b>259</b>	<b>1,797,272</b>	<b>1,592,235</b>

Following the Cabinet reshuffle in July 2019, No. 10 made the decision to move all Special Advisers across government onto Cabinet Office payroll.

## Staff Costs by Business Segment

	Permanently employed staff	Others	Ministers	Special advisers	2019-20 Departmental group total	2018-19 Departmental group total
Business Segment	£000	£000	£000	£000	£000	£000
Crime, Policing and Fire Group	201,896	25,683	-	-	227,579	234,019
Office for Security and Counter Terrorism	50,134	2,082	-	-	52,216	41,921
Immigration Enforcement	225,560	6,178	-	-	231,738	219,723
UK Visas and Immigration	334,112	43,140	-	-	377,252	328,630
BICS PSG, Europe, International and ICI	38,936	2,571	-	-	41,507	38,675
Border Force	462,362	9,180	-	-	471,542	407,904
HM Passport Office	123,258	6,921	-	-	130,179	116,542
Enablers	206,742	30,325	342	259	237,668	186,764
Serious and Organised Crime	25,882	1,709	-	-	27,591	18,057
<b>Total staff costs</b>	<b>1,668,882</b>	<b>127,789</b>	<b>342</b>	<b>259</b>	<b>1,797,272</b>	<b>1,592,235</b>

## Defined Benefit Schemes

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

For 2019-20, employers’ contributions of £280 million were payable to PCSPS and CSOPS (2018-19 £196 million) at one of four rates in the range 26.6% to 30.3% (2018-19 20.0% to 24.5%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners. 23 persons (41 in 2018-19) retired early on ill-health grounds.

## Partnership and Stakeholder Schemes

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2019-20, employers’ contributions of £2.0 million were paid to an appointed stakeholder pension provider (2018-19 £1.4 million). Employer contributions are age related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £253,200 (2018-19 £279,300), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2020 were £2.2 million (£1.7 million in 2018-19). Contributions prepaid at that date were £nil (£nil in 2018-19).

## By Analogy Pension Scheme

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

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

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



## Average number of persons employed

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

Business Segment					2019-20	2018-19
	Permanently employed staff	Others	Ministers	Special advisers	Departmental Group Total	Departmental Group Total
Crime, Policing and Fire Group	3,822	312	-	-	4,134	4,494
Office for Security and Counter Terrorism	847	35	-	-	882	749
Border Force	8,882	145	-	-	9,027	8,197
UK Visas and Immigration	8,649	1,605	-	-	10,254	9,058
Immigration Enforcement	4,851	124	-	-	4,975	5,121
BICS PSG, Europe, International and ICI	709	10	-	-	719	596
HM Passport Office	3,555	84	-	-	3,639	3,612
Enablers	3,574	326	6	5	3,911	2,836
Serious and Organised Crime*	414	28	-	-	442	276
<b>Total Staff</b>	<b>35,303</b>	<b>2,669</b>	<b>6</b>	<b>5</b>	<b>37,983</b>	<b>34,939</b>
<i>Of which:</i>						
Core Department	32,834	2,445	6	5	35,290	31,940
<b>Departmental Group</b>	<b>35,303</b>	<b>2,669</b>	<b>6</b>	<b>5</b>	<b>37,983</b>	<b>34,939</b>

\*Comparative figures previously reported under business segment headings 'Crime, Policing and Fire Group' and 'Office for Security and Counter-Terrorism'.

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

Exit Package cost band	Core Department & Agencies			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	- (1)	- (4)	- (5)	- (1)	5 (9)	5 (10)
£10,000 - £25,000	3 (1)	21 (21)	24 (22)	6 (1)	23 (24)	29 (25)
£25,000 - £50,000	- (4)	38 (30)	38 (34)	- (4)	47 (33)	47 (37)
£50,000 - £100,000	- (-)	57 (24)	57 (24)	1 (-)	57 (25)	58 (25)
£100,000 - £150,000	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Total number of exit packages by type</b>	<b>3 (6)</b>	<b>116 (79)</b>	<b>119 (85)</b>	<b>7 (6)</b>	<b>132 (91)</b>	<b>139 (97)</b>
<b>Total Resource cost (£000)</b>	<b>48 (180)</b>	<b>5,636 (3,365)</b>	<b>5,684 (3,545)</b>	<b>170 (180)</b>	<b>6,005 (3,631)</b>	<b>6,175 (3,811)</b>

Comparative figures for the prior year are shown in brackets.

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

## Departmental Remuneration Report

### Service Contracts

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

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

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

### Remuneration Policy

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

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

- the need to recruit, retain and motivate, and where relevant, promote suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's Departmental Expenditure Limits; and
- the Government's inflation target.

In making recommendations, the Review Body shall consider any factors that the Government and other witnesses may draw to its attention. In particular, it shall have regard to:

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

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

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

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

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

### **Ministers**

The Ministers responsible for the Department during 2019-20 are reported on pages 49 to 50.

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

The membership of the Departmental Board during 2019-20 can be found in the annex to the Governance Statement on pages 74 to 78.

### **Executive Committee**

The membership of the Executive Committee during 2019-20 is found in the annex to the Governance Statement on pages 74 to 78.

### **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 2018-19 performance year the committees comprised:

Pay Band 3 Nomination Committee
The Perm Sec, 2 <sup>nd</sup> Perm Sec, Non-Executive Director and Chief People Officer
Pay Band 2 Remuneration Committee
The Perm Sec, 2 <sup>nd</sup> Perm Sec, Chief People Officer & all the Department's Director Generals
Pay Band 1 Remuneration Committee
The Perm Sec, 2 <sup>nd</sup> Perm Sec, Chief People Officer & all the Department's Director Generals

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

Group 1 – top

Group 2 – achieving

Group 3 – low

For the 2018-19 performance year, only Group 1 was eligible for a non-consolidated performance payment. Staff in all three groups were eligible for a pay award.

Arrangements for senior civil service pay and reward are determined centrally by the Cabinet Office following government's response to the recommendations from the independent Senior Salaries Review Body.

For the 2019-20 SCS pay award, Cabinet Office guidelines allowed for uplifts to new SCS1 and SCS2 minimums, consolidated pay increases limited to an average award of 1%, plus consolidated anomaly payments making an overall increase of 2% of SCS pay bill. In addition, up to 3.3% of the SCS pay bill to be used for non-consolidated performance payments.

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

The Home Office awarded staff in Groups 1, 2 and 3 base pay award increases of between 0.95% and 9% based on a combination of minimum uplift, individual performance award and anomalies payments. The average SCS base pay increase was 2.05%. It paid out 2.38% of the SCS pay bill on non-consolidated performance payments to staff in Group 1; this equates to £533,500.

The 2019-20 pay award and bonus payments for the 2018-19 performance year were paid in October 2019. The bonuses were set at £13,000 (Pay Band 3); £10,000 (Pay Band 2) and £7,500 (Pay Band 1).

The assessment and review of performance for the 2019-20 performance year will be undertaken shortly.

## Remuneration and pension entitlements <sup>(1)</sup>

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

### Single Total Figure of Remuneration

Ministers	Salary (£)		Severance Pay (£)		Benefits in kind (to nearest £100)		Pension Benefits (to nearest £000) <sup>(2)</sup>		Total (to nearest £000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Rt Hon Priti Patel MP (from 24 July 2019)	46,455 (67,505)	-	-	-	-	-	11,000	-	57,000	-
Rt Hon Sajid Javid MP (until 24 July 2019)	22,502 (67,505)	62,067 (67,505)	-	-	-	-	6,000	15,000	28,000	77,000
Rt Hon Brandon Lewis MP (from 24 July 2019 to 13 February 2020)	19,161 (31,680)	-	-	-	-	-	3,000	-	22,000	-
Rt Hon Ben Wallace MP (until 24 July 2019)	10,560 (31,680)	31,680 (31,680)	-	-	-	3,100	3,000	7,000	13,000	42,000
Victoria Atkins MP	22,375 (22,375)	22,375 (22,375)	-	-	-	-	6,000	6,000	28,000	28,000
Kit Malthouse MP (from 25 July 2019)	21,205 (31,680)	-	-	-	-	-	6,000	-	27,000	-
Rt Hon Nick Hurd MP (until 25 July 2019)	10,560 (31,680)	31,680 (31,680)	-	-	-	-	5,000	7,000	16,000	39,000
Kevin Foster MP (from 19 December 2019)	5,785 (22,375)	-	-	-	-	-	2,000	-	8,000	-
Seema Kennedy MP (from 26 July to 15 December 2019)	9,323 (22,375)	-	-	-	-	-	2,000	-	11,000	-
Caroline Nokes MP (until 26 July 2019)	10,560 (31,680)	31,680 (31,680)	7,920	-	-	-	3,000	8,000	21,000	39,000
Baroness Williams of Trafford <sup>(3)</sup>	117,850 (117,850)	115,257 (115,257)	-	-	6,000	8,700	20,000	20,000	144,000	144,000
Rt Hon James Brokenshire MP (from 14 February 2020)	4,097 (31,680)	-	-	-	-	-	1,000	-	5,000	-
Chris Philp MP <sup>(4)</sup> (from 14 February 2020)	-	-	-	-	-	-	-	-	-	-
Stephen Greenhalgh <sup>(5)</sup> (from 18 March 2020)	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> The salary shown for MP Ministers only relates to the difference between their MP's salary and their Minister's salary, as the MP element is paid via the Houses of Parliament and not the Home Office.

<sup>2</sup> The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.

<sup>3</sup> Baroness Williams sits in the House of Lords and is not in receipt of an MP's salary, therefore, her full Ministers' salary is reported here. The figure includes the Lords Office-holder allowance.

<sup>4</sup> Chris Philp is Parliamentary Under Secretary of State for both the Ministry of Justice and Home Office jointly. His ministerial salary is paid by Ministry of Justice.

<sup>5</sup> Stephen Greenhalgh was appointed an unpaid Minister of State jointly at the Ministry of Housing, Communities and Local Government and the Home Office on 18 March 2020.

## Single Total Figure of Remuneration

Officials	Salary (£000)		Bonus Payments (£000)		Benefits in kind (to nearest £100)		Pension Benefits (to nearest £000) <sup>(1)</sup>		Total (to nearest £000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sir Philip Rutnam <sup>(2)</sup> Permanent Secretary (Until 29 February 2020)	180-185 (190-195)	185-190 (185-190)	-	-	-	-	79	77	255-260	260-265
Matthew Rycroft <sup>(3)</sup> Permanent Secretary (From 23 March 2020)	-	-	-	-	-	-	-	-	-	-
Shona Dunn <sup>(4)</sup> Second Permanent Secretary	150-155 (150-155)	70-75 (150-155)	-	10-15	-	-	135	91 <sup>(7)</sup>	285-290	170-175
Mark Thomson <sup>(4)(5)</sup> DG HM Passport Office and Registrar General & DG UK Visas and Immigration	170-175 (170-175)	175-180 (175-180)	10-15	10-15	-	-	-	-	185-190	185-190
Peter Fish DG, Legal	125-130 (125-130)	125-130 (125-130)	-	10-15	-	-	29	13	155-160	150-155
Charu Gorasia DG, Capabilities and Resources	155-160 (155-160)	110-115 (155-160)	-	10-15	-	-	111	215	265-270	340-345
Tyson Hepple Interim DG, Immigration Enforcement	115-120 (110-115)	85-90 (90-95)	5-10	-	-	-	96	69 <sup>(7)</sup>	220-225	155-160
Scott McPherson DG, Crime, Policing and Fire Group (Until 24 February 2020)	130-135 (130-135)	130-135 (130-135)	-	-	-	-	57	147	190-195	275-280
Tricia Hayes DG for Crime, Policing and Fire (From 24 February 2020)	10-15 (130-135)	-	-	-	-	-	6	-	15-20	-
Paul Lincoln DG, Border Force	130-135 (130-135)	125-130 (125-130)	-	-	-	-	78	53	210-215	180-185
Tom Hurd <sup>(6)</sup> DG, Office for Security and Counter-Terrorism (From 22 September 2019)	190-195 (130-135)	195-200 (195-200)	10-15	-	-	-	-	93	205-210	285-290
Glyn Williams DG, BICS Policy & Strategy	130-135 (130-135)	130-135 (130-135)	-	-	-	-	37	193	170-175	320-325
Julia Kinniburgh DG, Serious Organised & Economic Crime	130-135 (130-135)	50-55 (130-135)	-	-	-	-	203	92 <sup>(7)</sup>	335-340	140-145
Dr Abigail Tierney DG HM Passport Office & DG UK Visas and Immigration (From 9 March 2020)	5-10 (160-165)	-	-	-	1,000	-	4	-	10-15	-
Diana Luchford Director, Windrush Reform	100-105 (100-105)	100-105 (100-105)	0-5	0-5	-	-	52	46	160-165	150-155

<sup>1</sup> The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.

<sup>2</sup> Sir Philip Rutnam resigned as Permanent Secretary at the Home Office on 29 February 2020. A claim for constructive dismissal was issued in the tribunal on 21 April 2020.

<sup>3</sup> Matthew Rycroft was paid by DFID until 31 March 2020 at which time he moved to the Home Office payroll.

<sup>4</sup> From 01 March 2020 until 23 March 2020, Shona Dunn was Acting Permanent Secretary and Mark Thomson was Acting Second Permanent Secretary.

<sup>5</sup> Mark Thomson chose not to be covered by the Civil Service pension arrangements during the reporting year.

<sup>6</sup> Tom Hurd was on secondment from the Foreign and Commonwealth Office until joining the Home Office payroll on 22 September 2019, at which time he opted out of a Civil Service pension. His salary at the Foreign and Commonwealth Office included a continuity of education allowance.

<sup>7</sup> Figures have been updated retrospectively due to updated service history or salary data.

Non-Executive Directors	Salary (£000)		Bonus Payments (£000)		Benefits in kind (to nearest £100)		Pension Benefits (to nearest £000)		Total (to nearest £000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sue Langley	20-25	20-25	-	-	-	-	-	-	20-25	20-25
Suzy Levy	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Adrian Joseph (Until 31 January 2020)	10-15	10-15	-	-	-	-	-	-	10-15	10-15
John Studzinski	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Nicholas Shott (1)	10-15	10-15	-	-	-	-	-	-	10-15	10-15
James Cooper (From 30 January 2020)	0-5	-	-	-	-	-	-	-	0-5	0-5
Mark Florman	10-15	5-10	-	-	-	-	-	-	10-15	10-15

<sup>1</sup> At his request, Nicholas Shott's fee will be donated directly to charity.

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

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£79,468 from 1 April 2019) 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 2019-20 relate to performance in 2018-19 and the comparative bonuses reported for 2018-19 relate to the performance in 2017-18.



## 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 2019-20 was £190,000 – £195,000 (2018-19, £195,000 – £200,000). This was 5.9 times (2018-19, 6.2 times) the median remuneration of the workforce, which was £32,505 (2018-19, £31,857).

In 2019-20, no employees received remuneration in excess of the highest paid director.

Remuneration bands ranged from £15,000 – £20,000 to £190,000 – £195,000.

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

The following table shows the median earnings of the Department's workforce and the ratio between this and the earning of the highest paid director. Tom Hurd was the highest paid director for both 2019-20 and 2018-19.

	2019-20	2018-19
Band of Highest Paid Director's Total Remuneration (£000)	190-195	195-200
Median Total (£)	32,505	31,857
Remuneration Ratio	5.9	6.2

During 2019-20 the highest paid director's remuneration band decreased from £195,000-£200,000 to £190,000-£195,000 and the median total for staff has increased by just under £650. These differences explain the decrease in the Remuneration Ratio of 0.3.

## 2018-19 Comparison

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

## Pension Benefits

	Accrued pension at age 65 as at 31/3/20	Real increase in pension at age 65	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV
Ministers	£000	£000	£000	£000	£000
Rt Hon Priti Patel MP	0-5	0-2.5	47	36	5
Rt Hon Sajid Javid MP	5-10	0-2.5	117	111	3
Rt Hon Brandon Lewis MP	0-5	0-2.5	52	48	1
Rt Hon Ben Wallace MP	0-5	0-2.5	36	32	1
Victoria Atkins MP	0-5	0-2.5	11	6	2
Kit Malthouse MP	0-5	0-2.5	17	11	3
Rt Hon Nick Hurd MP	5-10	0-2.5	89	80	3
Kevin Foster MP	0-5	0-2.5	4	2	1
Seema Kennedy MP	0-5	0-2.5	3	2	1
Caroline Nokes MP	0-5	0-2.5	19	16	1
Baroness Williams	5-10	0-2.5	131	108	11
Rt Hon James Brokenshire MP	5-10	0-2.5	130	128	1
Chris Philp MP	0-5	0-2.5	3	2	0

### Ministerial pensions

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

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

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

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

### **The Cash Equivalent Transfer Value (CETV)**

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

### **The real increase in the value of the CETV**

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

	Accrued pension at pension age as at 31 March 2020 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase / (decrease) in CETV	Employer contributions to partnership pension account
Officials	£000	£000	£000	£000	£000	£000
Sir Philip Rutnam Permanent Secretary (Until 29 February 2020)	35-40	2.5-5	588	505	48	-
Matthew Rycroft Permanent Secretary (From 23 March 2020)	-	-	-	-	-	-
Shona Dunn Second Permanent Secretary	50-55 plus a lump sum of 110-115	5-7.5 plus a lump sum of 7.5-10	923	784 <sup>(1)</sup>	95	-
Mark Thomson DG HM Passport Office and Registrar General & DG UK Visas and Immigration	-	-	-	-	-	-
Peter Fish DG, Legal	40-45 plus a lump sum of 125-130	0-2.5 plus a lump sum of 2.5-5	1,009	931	30	-
Charu Gorasia DG, Capabilities and Resources	50-55	5-7.5	745	640	66	-
Tyson Hepple Interim DG, Immigration Enforcement	45-50 plus a lump sum of 105-110	5-7.5 plus a lump sum of 5-7.5	861	747 <sup>(1)</sup>	70	-
Scott McPherson DG, Crime, Policing and Fire Group (Until 24 February 2020)	45-50 plus a lump sum of 95-100	2.5-5 plus a lump sum of 0-2.5	743	677	29	-
Tricia Hayes DG for Crime, Policing and Fire (From 24 February 2020)	55-60 plus a lump sum of 125-130	0-2.5 plus a lump sum of 0-2.5	1,060	1,054	4	-
Paul Lincoln DG, Border Force	50-55 plus a lump sum of 25-30	2.5-5 plus a lump sum of 0-2.5	740	659	44	-
Tom Hurd DG, Office for Security and Counter-Terrorism (From 22 September 2019)	-	-	-	-	-	-
Glyn Williams DG, BICS Policy & Strategy	55-60 plus a lump sum of 170-175	0-2.5 plus a lump sum of 5-7.5	1,357	1,256	38	-
Julia Kinniburgh DG, Serious Organised & Economic Crime	50-55 plus a lump sum of 35-40	10-12.5 plus a lump sum of 5-7.5	756	579 <sup>(1)</sup>	140	-
Dr Abigail Tierney DG HM Passport Office and DG UK Visas and Immigration (From 9 March 2020)	0-5	0-2.5	3	-	2	-
Diana Luchford Director, Windrush Reform	40-45 plus a lump sum of 105-110	2.5-5 plus a lump sum of 0-2.5	870	794	35	-

<sup>1</sup> Figures have been updated retrospectively due to updated service history or salary data.

## Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

### Cash Equivalent Transfer Values

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

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

### Real increase in CETV

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

## **Compensation for loss of office**

### **Board Members**

There were no Board Members departing under voluntary exit or voluntary redundancy terms in the financial year.

### **Ministers**

Caroline Nokes MP left under severance terms on 26 July 2019. She received a compensation payment of £7,920.

### **Matthew Rycroft CBE**

8 July 2020

## Parliamentary accountability and audit report

### Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Home Office to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The Department had a Net cash requirement of £14,560 million and an outturn of £14,678 million. The C&AG qualified his opinion in respect of this breach.

The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SoPS contains a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SoCNE, to tie the SoPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and, an analysis of income payable to the Consolidated Fund (note 4).



## Summary tables – mirrors part 1 of the Estimates

## Summary table, 2019-20, all figures presented in £000s

Type of spend	SoPS note	Outturn			Estimate			Outturn vs Estimate, saving/(excess)		Prior year outturn total, 2018-19
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
<b>Departmental Expenditure Limit</b>										
Resource	1.1	11,385,000	-	11,385,000	11,422,178	-	11,422,178	37,178	37,178	10,763,757
Capital	1.2	717,352	-	717,352	739,828	-	739,828	22,476	22,476	692,176
<b>Total</b>		<b>12,102,352</b>	<b>-</b>	<b>12,102,352</b>	<b>12,162,006</b>	<b>-</b>	<b>12,162,006</b>	<b>59,654</b>	<b>59,654</b>	<b>11,455,933</b>
<b>Annually Managed Expenditure</b>										
Resource	1.1	2,583,616	-	2,583,616	2,730,005	-	2,730,005	146,389	146,389	2,669,260
Capital	1.2	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>2,583,616</b>	<b>-</b>	<b>2,583,616</b>	<b>2,730,005</b>	<b>-</b>	<b>2,730,005</b>	<b>146,389</b>	<b>146,389</b>	<b>2,669,260</b>
<b>Total Budget</b>										
Resource	1.1	13,968,616	-	13,968,616	14,152,183	-	14,152,183	183,567	183,567	13,433,017
Capital	1.2	717,352	-	717,352	739,828	-	739,828	22,476	22,476	692,176
<b>Total Budget Expenditure</b>		<b>14,685,968</b>	<b>-</b>	<b>14,685,968</b>	<b>14,892,011</b>	<b>-</b>	<b>14,892,011</b>	<b>206,043</b>	<b>206,043</b>	<b>14,125,193</b>
Non-Budget Expenditure	1.1	-	-	-	-	-	-	-	-	-
<b>Total Budget and Non-Budget</b>		<b>14,685,968</b>	<b>-</b>	<b>14,685,968</b>	<b>14,892,011</b>	<b>-</b>	<b>14,892,011</b>	<b>206,043</b>	<b>206,043</b>	<b>14,125,193</b>

Figures in the areas outlined in bold cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

### Net cash requirement 2019-20, all figures presented in £000s

Item	SoPS note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior year outturn total, 2018-19
Net cash requirement	3	14,678,066	14,560,305	(117,761)	13,518,604

The Net Cash Requirement breach of £118 million occurred because the Department manages all cash through one bank account, irrespective of whether the cash relates to the Resource Account or the Trust Statement or whether it is available to fund departmental activities or is due to be paid over to the Exchequer. This made the effective management of the cash position more difficult and led to the Department not monitoring its position against the Net Cash Requirement control total. As a result, the Department failed to detect that funds which should have been set aside for payments to the Exchequer were used to fund supply activities.

This unintentional breach was only recognised in May 2020, too late to take any action to correct the situation in 2019-20.

As a result of the breach, the Department instigated a comprehensive review of why the breach occurred and has put in place measures that immediately address the specific cause of the breach and is now working on an action plan to strengthen the monitoring process of all key financial metrics, including by reporting on all voted control totals within the monthly Finance reports to Management Board.

### Administration Costs 2019-20, all figures presented in £000s

Type of spend	SoPS note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior year outturn total, 2018-19
Administration costs	1.1	322,143	346,304	24,161	330,414

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

## Notes to the Statement of Parliamentary Supply 2019-20 (£000s)

## SOPS 1. Outturn detail, by Estimate Line

## SOPS 1.1 Analysis of resource outturn by Estimate line

Type of spend (resource)	Resource outturn						Estimate				Outturn vs Estimate , saving/ (excess)	Prior year outturn total, 2018-19
	Administration			Programme			Total	Total	Vire- ments	Total including virements		
	Gross	Income	Net	Gross	Income	Net						
<b>Spending in Departmental Expenditure Limit (DEL) Voted expenditure</b>												
A - Crime, Policing and Fire Group	32,157	(4,455)	27,702	8,488,572	(805)	8,487,767	8,515,469	8,497,748	17,721	8,515,469	-	8,621,396
B - Office for Security and Counter Terrorism	35,842	(508)	35,334	988,041	(18,295)	969,746	1,005,080	1,003,207	4,751	1,007,958	2,878	927,053
C - Immigration Enforcement	6,567	-	6,567	427,158	(41,764)	385,394	391,961	391,757	204	391,961	-	383,227
D - UK Visas and Immigration	9,127	-	9,127	1,557,597	(2,250,609)	(693,012)	(683,885)	(665,060)	(5,665)	(670,725)	13,160	(541,574)
E - BICS PSG, Europe, International and ICI	44,607	(1,152)	43,455	31,573	(10,481)	21,092	64,547	75,390	(10,843)	64,547	-	49,163
F - Border Force	2,404	(1)	2,403	637,152	(23,357)	613,795	616,198	622,844	(6,645)	616,199	1	533,582
G - HM Passport Office	6,794	(110)	6,684	284,991	(462,997)	(178,006)	(171,322)	(196,218)	24,896	(171,322)	-	(212,797)
H - Enablers I - Arms Length Bodies (Net)	226,495	(51,163)	175,332	1,382,299	(156,504)	1,225,795	1,401,127	1,408,981	(7,854)	1,401,127	-	878,999
J - Serious and Organised Crime	15,495	44	15,539	305,252	(183,183)	122,069	137,608	157,427	1,320	158,747	21,139	62,319
<b>Total voted DEL</b>	<b>379,488</b>	<b>(57,345)</b>	<b>322,143</b>	<b>14,210,852</b>	<b>(3,147,995)</b>	<b>11,062,857</b>	<b>11,385,000</b>	<b>11,422,178</b>	<b>-</b>	<b>11,422,178</b>	<b>37,178</b>	<b>10,763,757</b>
<b>Total spending in DEL</b>	<b>379,488</b>	<b>(57,345)</b>	<b>322,143</b>	<b>14,210,852</b>	<b>(3,147,995)</b>	<b>11,062,857</b>	<b>11,385,000</b>	<b>11,422,178</b>	<b>-</b>	<b>11,422,178</b>	<b>37,178</b>	<b>10,763,757</b>
<b>Spending in Annually Managed Expenditure (AME) Voted expenditure</b>												
K - AME charges	-	-	-	207,553	-	207,553	207,553	259,854	-	259,854	52,301	(28,386)
L - Police and Fire superannuation	-	-	-	2,371,238	-	2,371,238	2,371,238	2,461,251	-	2,461,251	90,013	2,698,443
M - AME Charges Arm's Length Bodies (Net)	-	-	-	4,825	-	4,825	4,825	8,900	-	8,900	4,075	(797)
<b>Total voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,583,616</b>	<b>-</b>	<b>2,583,616</b>	<b>2,583,616</b>	<b>2,730,005</b>	<b>-</b>	<b>2,730,005</b>	<b>146,389</b>	<b>2,669,260</b>
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,583,616</b>	<b>-</b>	<b>2,583,616</b>	<b>2,583,616</b>	<b>2,730,005</b>	<b>-</b>	<b>2,730,005</b>	<b>146,389</b>	<b>2,669,260</b>
<b>Total resource</b>	<b>379,488</b>	<b>(57,345)</b>	<b>322,143</b>	<b>16,794,468</b>	<b>(3,147,995)</b>	<b>13,646,473</b>	<b>13,968,616</b>	<b>14,152,183</b>	<b>-</b>	<b>14,152,183</b>	<b>183,567</b>	<b>13,433,017</b>

## SOPS 1.2 Analysis of capital outturn by Estimate line

Type of spend (capital)	Outturn			Total	Estimate		Outturn vs Estimate, saving/ (excess)	Prior year outturn total, 2018-19
	Gross	Income	Net		Virements	Total including virements		
<b>Spending in Departmental Expenditure Limit (DEL)</b>								
<b>Voted expenditure</b>								
A - Crime, Policing and Fire Group	111,375	-	111,375	117,273	-	117,273	5,898	251,161
B - Office for Security and Counter Terrorism	104,930	-	104,930	104,299	631	104,930	-	112,014
C - Immigration Enforcement	9,218	-	9,218	6,817	2,401	9,218	-	13,024
D - UK Visas and Immigration	50,000	-	50,000	31,110	18,890	50,000	-	65,012
E - BICS PSG, Europe, International and ICI	2,889	-	2,889	22,179	(3,829)	18,350	15,461	1,362
F - Border Force	77,240	(1,117)	76,123	108,231	(30,991)	77,240	1,117	61,480
G - HM Passport Office	40,409	-	40,409	39,661	748	40,409	-	38,369
H - Enablers	290,653	(1,047)	289,606	287,071	2,535	289,606	-	129,178
I - Arm's Length Bodies (Net)	17,630	-	17,630	13,087	4,543	17,630	-	11,750
J - Serious and Organised Crime	15,172	-	15,172	10,100	5,072	15,172	-	8,826
<b>Total voted DEL</b>	<b>719,516</b>	<b>(2,164)</b>	<b>717,352</b>	<b>739,828</b>	<b>-</b>	<b>739,828</b>	<b>22,476</b>	<b>692,176</b>
<b>Total spending in DEL</b>	<b>719,516</b>	<b>(2,164)</b>	<b>717,352</b>	<b>739,828</b>	<b>-</b>	<b>739,828</b>	<b>22,476</b>	<b>692,176</b>
<b>Spending in Annually Managed Expenditure (AME)</b>								
<b>Voted expenditure</b>								
K - AME charges	-	-	-	-	-	-	-	-
L - Police and Fire superannuation	-	-	-	-	-	-	-	-
M - AME Charges Arms Length Bodies (Net)	-	-	-	-	-	-	-	-
<b>Total voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital</b>	<b>719,516</b>	<b>(2,164)</b>	<b>717,352</b>	<b>739,828</b>	<b>-</b>	<b>739,828</b>	<b>22,476</b>	<b>692,176</b>

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided in the Supply Estimates Manual, available on Gov.uk.

The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

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

	Item	Reference	Outturn total	Prior year outturn total, 2018-19
<b>Total resource outturn</b>		<b>SoPS 1.1</b>	<b>13,968,616</b>	<b>13,433,017</b>
<b>Add:</b>	Capital grants		219,610	205,863
	Capital expenditure		50,755	49,929
	PFI adjustments		15,419	11,121
	Capital disposal adjustments		10	3,927
<b>Total</b>			<b>285,794</b>	<b>270,840</b>
<b>Less:</b>	Income payable to the Consolidated Fund		(61,288)	(46,707)
	Capital grant income		(2,102)	(4,020)
<b>Total</b>			<b>(63,390)</b>	<b>(50,727)</b>
<b>Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>SoCNE</b>	<b>14,191,020</b>	<b>13,653,130</b>

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SoPS to the financial statements.

### SOPS 3. Reconciliation of net resource outturn to net cash requirement

Item	Reference	Outturn total	Estimate	Outturn vs Estimate, saving/(excess)
<b>Total resource outturn</b>	<b>SoPS 1.1</b>	<b>13,968,616</b>	<b>14,152,183</b>	<b>183,567</b>
<b>Total capital outturn</b>	<b>SoPS 1.2</b>	<b>717,352</b>	<b>739,828</b>	<b>22,476</b>
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital		(130,672)	(148,089)	(17,417)
Add cash grant-in-aid		122,243	92,672	(29,571)
<i>Adjustments to remove non-cash items:</i>				
Depreciation and amortisation		(288,434)	(251,289)	37,145
New provisions and adjustments to previous provisions		(219,439)	(275,000)	(55,561)
Departmental unallocated provision		-	-	-
Accrued capital expenditure		(137,148)	-	137,148
Other non-cash items		(46,660)	-	46,660
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in inventories		(382)	-	382
Increase/(decrease) in receivables		81,913	-	(81,913)
(Increase)/decrease in payables		494,111	250,000	(244,111)
(Increase)/decrease in pension liability		21	-	(21)
Use of provisions		16,865	-	(16,865)
<b>Total</b>		<b>14,578,386</b>	<b>14,560,305</b>	<b>(18,081)</b>
<b>Removal of non-voted budget items:</b>				
Other adjustments		99,680	-	(99,680)
<b>Net cash requirement</b>		<b>14,678,066</b>	<b>14,560,305</b>	<b>(117,761)</b>

As noted in the introduction to the SoPS above, Outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

The Department had a Net cash requirement of £14,560 million and an outturn of £14,678 million. The C&AG qualified his opinion in respect of this breach.

## SOPS 4. Amounts of income to the Consolidated Fund

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

In addition to income retained by the Department, the following income is payable to the Consolidated Fund.

	Outturn total		Prior year, 2018-19	
	Accruals	Cash basis	Accruals	Cash basis
Income outside the ambit of the Estimate	19,124	(44,504)	52,173	98,181
[Excess] cash surrenderable to the Consolidated Fund	(117,766)	(117,766)	305,663	305,663
<b>Total amount payable to the Consolidated Fund</b>	<b>(98,642)</b>	<b>(162,270)</b>	<b>357,836</b>	<b>403,844</b>

### SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in SOPS note 4.1 above does not include any amounts collected by the Department where it was acting as agent for the Consolidated Fund rather than as principal. In accordance with an HM Treasury direction, the non-retainable income generated is not recognised in the Resource Accounts.

Full details of income collected as agent for the Consolidated Fund are included within the Home Office's Trust Statement, published separately from but alongside these financial statements. This includes income relating to Immigration Skills Charge, Civil Penalties, Immigration Penalties and Consular Fees.

## Parliamentary Accountability Disclosures

The following sections are subject to audit.

### Losses and special payments

#### 1. Losses Statement

Losses are transactions of a type which Parliament could not have foreseen when Supply funding for the Department was voted. The term loss includes loss of public monies, stores, stocks, cash and other property entrusted to the Home Office. Examples include: cash losses, bookkeeping losses, exchange rate fluctuations, losses of pay, allowance and superannuation benefits, losses arising from overpayments, losses arising from failure to make adequate charges, and losses arising from accountable stores.

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

	2019-20						2018-19	
	Core Department & Agencies		Departmental Group		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Losses under £300,000	307	65	307	65	333	65	337	66
Cases over £300,000	3	3,483	3	3,483	2	2,460	2	2,460
<b>Total</b>	<b>310</b>	<b>3,548</b>	<b>310</b>	<b>3,548</b>	<b>335</b>	<b>2,525</b>	<b>339</b>	<b>2,526</b>
Cases over £300,000 comprise:								
Fruitless Payments	2	2,453	2	2,453	2	2,460	2	2,460
Cash Loss	1	1,030	1	1,030	-	-	-	-
<b>Total</b>	<b>3</b>	<b>3,483</b>	<b>3</b>	<b>3,483</b>	<b>2</b>	<b>2,460</b>	<b>2</b>	<b>2,460</b>

Losses over £300,000 comprised;

- a) Fruitless payments totalling £2.2 million (2018-19: £2.04 million) were incurred by the Home Office as a result of cancellations of scheduled flights intended to remove ineligible asylum seekers, which were subsequently cancelled due to asylum seekers being granted the right to appeal.
- b) Fruitless payments totalling £0.4 million were incurred by the Home Office as a result of the deferral due to COVID-19 of the annual International Communications Data and Digital Forensics conference.



- c) On five separate occasions between May and July 2019 a manual error occurred in updating exchange rates on the Home Office Visa application system (Access UK), which resulted in approximately 400,000 customers being overcharged on their visa applications by a total of £1.5 million. Those customers who were overcharged will be refunded in full. The incorrect exchange rates also resulted in some customers being undercharged. It was not economically viable to recover those that were undercharged due to the large volume and low individual amounts and these are reported in table above as Cash Losses, totalling £1.0 million.

## 2. Special Payments

Special Payments are transactions that Parliament could not have anticipated when passing legislation or approving Supply Estimates for the Department. Examples include: extra contractual payments to contractors, ex-gratia payments to contractors, other ex-gratia payments, compensation payments, and extra statutory and extra regulatory payments.

Situations where recurring or individual circumstances result in multiple special payments of equivalent nature are grouped together and counted as one case.

	2019-20				2018-19			
	Core Department & Agencies		Departmental Group		Core Department & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Special Payments under £300,000	11,294	39,051	11,375	39,249	14,782	36,351	14,891	36,424
Special Payments over £300,000	4	7,608	4	7,608	6	5,416	6	5,416
<b>Total</b>	<b>11,298</b>	<b>46,659</b>	<b>11,379</b>	<b>46,857</b>	<b>14,788</b>	<b>41,767</b>	<b>14,897</b>	<b>41,840</b>

Special payments under £300,000 for 2019-20 totalled £39.2 million (2018-19: £36.4 million).

These payments were in relation to:

- Adverse legal costs paid – 3,394 cases paid totalling £28.7m (3,159 cases totalling £24.5m in 2018-19)
- Tribunal award payments – 6,442 cases paid totalling £0.9m (6,440 cases totalling £1m in 2018-19)
- Compensation payments for wrongful detention - 272 cases totalling £6.9m (312 cases totalling £8.2m in 2018-19)

- d) Other compensation payments – 626 cases totalling £1.7m (4,269 cases totalling £2m in 2018-19)
- e) Ex-gratia payments - 541 payments totalling £0.6m (596 cases totalling £0.6m in 2018-19)
- f) Windrush compensation scheme – 100 payments totalling £0.4m

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

Special Payments over £300,000 comprise adverse legal costs of £3.0m in connection with four cases brought against the Department. One of these cases was also paid £4.6m in compensation.

## Fees and Charges

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

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

2019-20

Segment		Note	Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target
			£000	£000	£000	%	%
Crime, Policing and Fire Group	College of Policing - People Development	1	28,727	48,017	(19,290)	60	100
Crime, Policing and Fire Group	SIA - Licensing and ACS Income	2, 3	28,842	30,986	(2,144)	93	100
Crime, Policing and Fire Group	DBS Disclosures and Update Service	4-6	194,876	175,133	19,743	111	100
UK Visas & Immigration	Overseas	7	945,004	449,070	495,934	210	203
UK Visas & Immigration	In-Country	8	619,050	423,310	195,740	146	203
HM Passport Office	Passports & other associated income	9	509,740	630,843	(121,103)	81	100
HM Passport Office	Certificate Services	10	20,425	33,004	(12,579)	62	100
Enablers	Airwave	11	9,000	188,119	(179,119)	5	16
Enablers	ESMCP	11	76,072	270,754	(194,682)	28	28
Enablers	Police ICT	11	94,071	64,718	29,353	145	100
			<b>2,525,807</b>	<b>2,313,954</b>	<b>211,853</b>	<b>109</b>	<b>100</b>

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

Notes:

1. People Development includes exams and assessments, learning and development services and leadership development services.
2. The Security Industry Authority (SIA) Licensing Income is the application fee for an individual SIA Licence. Individuals working in specific sectors of the private security industry are required by law to hold an SIA Licence.
3. 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. An Enhanced DBS Check provides details of all Cautions, Warnings, Reprimands and Convictions held on an individual's criminal record. It will also search whether the applicant is on the children / vulnerable adults Barred Lists. The Barred Lists are a list of the names of individuals that are barred by law from working with children or vulnerable adults. The Enhanced DBS Check also has a section for 'Other Relevant Police Information' where the applicant's local police force can add any further notes should they deem it relevant.
5. A Standard DBS Disclosure provides details of all convictions held on the Police National Computer including current and "spent" convictions as well as details of any cautions, reprimands or final warnings on the applicant.
6. The DBS Update Service enables applicants to keep their DBS certificates up to date online and allows employers to check a certificate online.
7. UKVI Overseas is responsible for issuing Visas. The Group's cost recovery target is 203% with the additional income from fees contributing to the overhead costs within the Department.
8. UKVI In-Country deals with UK based applications for permanent settlement and Nationality applications. The Group's cost recovery target is 203% with the additional income from fees contributing to the overhead costs within the Department.
9. Passport activities include all services relating to the issuing of passports where the financial objective of this activity is to break even in year. A fee is charged for all passports except for those issued to war veterans, that is, those born on or before 2 September 1929.
10. Certificate Services includes all services relating to the issuing of certificates for birth, death and marriage. In addition, central HO funding is provided for support functions to maintain the registers of all vital events. The financial objective is to break even after central HO funding for non-fee bearing activities.
11. Information Services includes the Airwave radio service, Hendon Data Centre, police science and as well as project support and IT systems.

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

## 2018-19

Segment		Note	Income	Full Cost	Surplus / (deficit)	Fee recovery actual	Fee recovery target
			£000	£000	£000	%	%
Crime, Policing and Fire Group	College of Policing - People Development	1	27,444	49,118	(21,674)	56	100
Crime, Policing and Fire Group	SIA - Licensing and ACS Income	2, 3	33,206	29,297	3,909	113	100
Crime, Policing and Fire Group	DBS Disclosures and Update Service	4-6	196,836	145,364	51,472	135	100
UK Visas & Immigration	Overseas	7	865,680	427,580	438,100	202	203
UK Visas & Immigration	In-Country	8	676,186	440,985	235,201	153	203
HM Passport Office	Passports & other associated income	9	548,741	604,159	(55,418)	91	100
HM Passport Office	Certificate Services	10	18,039	29,489	(11,450)	61	100
Enablers	TDCS	11	6,575	7,220	(645)	91	100
Enablers	Airwave	11	23,200	242,708	(219,508)	10	16
Enablers	ESMCP	11	63,139	225,544	(162,405)	28	28
Enablers	Police ICT	11	87,827	61,152	26,676	144	100
			<b>2,546,873</b>	<b>2,262,616</b>	<b>284,257</b>		

## Remote Contingent Liabilities

The Department has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the possibility of a transfer of economic benefit in settlement is too remote.

As reported on pages 13 to 14, the impact of the UK Government notification to leave the EU in accordance with Article 50 and any subsequent legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is noted.

## Non-statutory Liabilities

	1 April 2019	Change in year	Liabilities crystallised in year	Obligation expired in year	31 March 2020
	£000	£000	£000	£000	£000
Indemnity provided to BAA in respect of damage or injury caused to third parties from Border Force in their use of vehicles operating airside while transporting immigration officers between airside locations.	52,000	-	-	-	52,000
Indemnity granted in relation to Cyclamen programme up to a maximum €10 million. (Minute dated 17 July 2009)	8,687	(354)	-	-	8,333
Indemnity arising from Riot Damage Costs. (Minute dated 21 May 2012)	10,000	-	-	-	10,000
	<b>70,687</b>	<b>(354)</b>	-	-	<b>70,333</b>

The €10 million indemnity granted in relation to Cyclamen has been translated using sterling exchange rates as at 31 March 2020 (exchange rate used 1.2).

**The following liabilities are judged to be unquantifiable:**

**Police – City of London Economic Crime Basic Command Unit (ECBCU)** (Minute dated 12 March 2004)

If the Home Office reduces or discontinues its share of the match funding of the expanded ECBCU then it will contribute up to 50% of the resulting costs, for example redundancy payment or property cost.

HMG guarantee for EU funding streams as announced in August and October 2016. Home Office responsibility covers AMIF Programmes.

**Indemnities**

**Home Office Central London Accommodation Strategy**

(Minute dated 23 January 2002)

The Home Office has indemnified the contractor for an unquantifiable amount against any financial loss arising from the Home Office providing defective information in respect of the contract.

## Border Force New Detection Technology (NDT)

The following minutes have been used to notify Parliament of the contingent liability relating to the Border Force NDT, dated: 10 September 2003, 18 December 2003, 18 March 2004, 2 July 2004 and 30 August 2016.

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

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

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

All ports operate CO2 probes.

### Specific European countries

1. Belgium (loan of motion detection equipment and building; and loan of passive millimetre wave imager trucks and reflector and thermal imaging equipment)
2. The Netherlands (loan of motion detection equipment and building/ shelter, CO2 probes and Thermal Imaging equipment)
3. France (loan of motion detection equipment and building/ shelters; CO2 probes; and loan of passive millimetre wave imager reflectors and ISO containers)
  - i) **Calais:** Heartbeat equipment and building and Passive Millimetric Wave Imager ISO containers. Heartbeat equipment and two buildings in juxtaposed control zone commenced Spring 2004. 6 motion detectors (3 at DRI, 1 at RORO C7 operated by French stakeholders, 2 at UKBF sheds operated by UKBF staff and French stakeholders) and 7 hangars to operate with another hangar conversion to take place. Calais has 2 Passive Millimetric Wave Imagers operated in parallel.
  - ii) **Coquelles:** Heartbeat Detection Unit at the Euro tunnel operated in the juxtaposed control zone by the Home Office. Passive Millimetric Wave Imager ISO containers. Shelter for and Heartbeat detection equipment which is under control of, and operated by, the UKVI in the juxtaposed control zone. One hangar, Clanect Machine operated by French Stakeholders and 2 Passive Millimetric Wave Imagers with reflectors operated in series.
  - iii) **Dunkerque:** Heartbeat building commenced Summer 2005. Heartbeat equipment and building operated by the Home Office in the juxtaposed control zone and commenced operation in Spring 2004. 5 Hangars (3 at primary including a deep search area, 2 at secondary controls), 4 Clanect Machines operated by French Stakeholders.
  - iv) **Ostend:** Heartbeat shelters.
  - v) **St. Malo:** CO2 probes to be operated by French operators.

- vi) **Vlissingen**: Heartbeat equipment and shelters.
- vii) **Zeebrugge**: Two further Heartbeat buildings and one Passive Millimetric Wave Imager ISO container.

The minutes also refer to the following:

Indemnity in respect of the deployment and/or demonstration of NDT by the Border Force in Europe. Within the scope of this indemnity “Europe” is defined as the member states of the Organisation for Security and Co-operation in Europe (OSCE); those North African and Middle Eastern countries with which the OSCE has special relationships (Algeria, Israel, Jordan, Morocco and Tunisia); and those countries which participate in Euro-Mediterranean dialogue with the Council of Europe (Libya, Syria, Lebanon and the Palestinian Authority).

#### **Harmondsworth and Campsfield Inquiry Team (Minute dated 14 July 2007)**

Indemnity provided to the Chairman and members of the team carrying out, in good faith and honesty, the inquiry into the disturbances at Harmondsworth and Campsfield Immigration Removal Centres.

#### **Credit Industry Fraud Avoidance Service (Cifas) – Fraud Protection Service (Minutes dated 23 November 2011 and 2 March 2016)**

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

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

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

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

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

#### **Daniel Morgan Independent Panel (DMIP) indemnity (Minute dated 17 June 2019)**

The Daniel Morgan Independent Panel (DMIP) was set up by the Home Secretary in 2013 to shine a light on the 1987 murder of Daniel Morgan, its background and the handling of the case. A contingent liability was approved by HM Treasury to cover the cost of defending any claim, including, where unsuccessful, any damages and claimants’ costs raised against the Chair and four Panel members, as well as staff working in the Panel’s secretariat, with respect to any liabilities that may arise in the course of their roles.

#### **Matthew Rycroft CBE**

##### **Accounting Officer**

8 July 2020

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

### Opinion on financial statements

I certify that I have audited the financial statements of the Home Office and of its Departmental Group for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2018. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2020 and of the Department's net expenditure and Departmental Group's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Qualified Opinion on regularity

In my opinion, except for the excess described in the basis for qualified opinion paragraph in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for Qualified opinion on regularity

Parliament authorised a Net Cash Requirement limit for the Department of £14.560bn. Against this limit, the Department incurred actual outturn of £14.678bn breaching the authorised limit by £118m as shown in the Statement of Parliamentary Supply.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'.



My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Home Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Home Office's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Home Office have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Home Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Home Office's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of the Home Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Home Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Home Office to cease to continue as a going concern.

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

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

### **Other Information**

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

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

### **Opinion on other matters**

In my opinion:

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

### **Matters on which I report by exception**

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

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

### **Report**

My report on the qualification in respect of the excess vote is at page 129.

**Gareth Davies**

**Date** 10 July 2020

### **Comptroller and Auditor General**

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

## The Report of the Comptroller and Auditor General to the Houses of Commons

### Introduction

The Home Office is the lead government department responsible for reducing and preventing crime, and ensuring people feel safe in their homes and communities. The Department delivers this through supporting visible, responsible and accountable policing; overseeing fire prevention and rescue; keeping the United Kingdom safe from the threat of terrorism and extremism; securing the UK border and controlling immigration by considering applications to enter and stay in the UK and by issuing passports and visas. The net cost of providing these services is reported in the Resource Accounts.

The net cash requirement for government departments is authorised by Acts of Parliament. These Acts set a series of annual limits on net expenditure, which departments may not exceed. Any expenditure outside these limits will result in an 'Excess Vote'. Such a breach potentially undermines parliamentary control over public spending. Where these limits are breached, I qualify my regularity opinion on the financial statements.

### Net Cash Requirement

The Net Cash Requirement is the maximum amount of cash that can be released from the Consolidated Fund to a department in support of its expenditure. In 2019-20 Parliament authorised the Home Office to draw down a maximum of £14,560 million. The Home Office's outturn against this limit was £14,678 million. This means that the limit was breached by £118 million and on that basis, I have qualified my opinion on the Home Office's Resource Accounts in this respect.

Since 2017-18, the Home Office has been required to produce a Trust Statement under an Accounts direction issued by HM Treasury. The Trust Statement must report the revenue collected by the Department which is payable into the Consolidated Fund. This revenue comprises the Immigration Skills Charge, fines for breaches of immigration law, and consular fees associated with the issuing of passports and visas.

The Home Office uses a single bank account for its core activities as well as to collect the revenue which is reported in the Trust Statement. The Home Office has to manually separate the cash collected for reporting in the Trust Statement and the cash that relates to funding departmental activities.

The Home Office did not monitor its position effectively and failed to separate out those funds related to the Trust Statement. Once this was identified and corrected, it showed that the Department had breached its Net Cash requirement.

As a result of the breach, the Department commissioned a review by the Government Internal Audit Agency to understand the circumstances surrounding the breach and identify appropriate control improvements.

The Home Office have made further disclosures explaining the circumstances of this breach in the Performance Report on page 12, Governance Statement on pages 61 and 67 and in the Statement of Parliamentary Supply 1 (pages 109 to 111) and 3 (page 115).

# 3. THE FINANCIAL STATEMENTS

## Consolidated Statement of Comprehensive Net Expenditure

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

for the period to 31 March 2020

	Note	Core department & agencies £'000	2019-20 Departmental group £'000	Core department & agencies £'000	2018-19 Departmental group £'000
Income from sale of goods and services	5	(2,629,569)	(2,883,291)	(2,563,411)	(2,823,469)
Other operating income	5	(634,154)	(634,154)	(346,286)	(346,286)
<b>Total operating income</b>		<b>(3,263,723)</b>	<b>(3,517,445)</b>	<b>(2,909,697)</b>	<b>(3,169,755)</b>
Staff costs	3	1,646,547	1,797,272	1,449,914	1,592,235
Main police grants	4	7,665,216	7,665,216	7,324,893	7,324,893
Police pensions top-up grant	4	1,860,220	1,860,220	2,094,956	2,094,956
Fire pensions top-up grant	4	511,018	511,018	603,487	603,487
Other grants	4	2,461,593	2,464,414	2,267,241	2,270,770
Purchase of goods and services	4	1,140,376	1,204,102	989,913	1,041,215
Depreciation and impairment charges	4	288,437	303,942	247,200	265,788
Provision expense	4	218,964	221,310	(7,078)	(7,839)
Other operating expenditure	4	1,517,043	1,651,505	1,496,440	1,606,639
Grant in aid to ALBs	4	122,243	-	133,612	-
<b>Total operating expenditure</b>		<b>17,431,657</b>	<b>17,678,999</b>	<b>16,600,578</b>	<b>16,792,144</b>
Finance expense	4	29,466	29,466	30,741	30,741
<b>Net expenditure for the year</b>		<b>14,197,400</b>	<b>14,191,020</b>	<b>13,721,622</b>	<b>13,653,130</b>
<b>Other Comprehensive Net Expenditure</b>					
Items which will not be reclassified to net operating costs:					
Net (gain)/loss on revaluation of property, plant and equipment		(25,498)	(28,727)	6,149	3,250
Net (gain)/loss on revaluation of Intangible assets		(805)	(750)	(663)	(931)
<b>Comprehensive net expenditure for the year</b>		<b>14,171,097</b>	<b>14,161,543</b>	<b>13,727,107</b>	<b>13,655,449</b>

All activities are continuing operations.

The notes on pages 136 to 175 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 2020

	Note	2019-20 Core department & agencies £000	2019-20 Departmental group £000	2018-19 Core department & agencies £000	2018-19 Departmental group £000
<b>Non-current assets</b>					
Property, plant and equipment	6	1,453,695	1,498,517	1,278,411	1,320,721
Intangible assets	7	599,787	629,063	573,109	606,334
Trade receivables and other non-current assets	11	8,035	8,035	8,035	8,035
<b>Total non-current assets</b>		<b>2,061,517</b>	<b>2,135,615</b>	<b>1,859,555</b>	<b>1,935,090</b>
<b>Current assets</b>					
Inventories		9,183	9,183	9,565	9,565
Trade and other receivables	11	781,017	788,930	699,579	673,632
Cash and cash equivalents	10	(160,849)	(63,058)	405,265	529,295
<b>Total current assets</b>		<b>629,351</b>	<b>735,055</b>	<b>1,114,409</b>	<b>1,212,492</b>
<b>Total assets</b>		<b>2,690,868</b>	<b>2,870,670</b>	<b>2,973,964</b>	<b>3,147,582</b>
<b>Current liabilities</b>					
Provisions	13	56,896	58,432	48,095	48,570
Trade and other payables	12	2,104,257	2,177,473	3,034,927	3,097,466
<b>Total current liabilities</b>		<b>2,161,153</b>	<b>2,235,905</b>	<b>3,082,022</b>	<b>3,146,036</b>
<b>Total assets less current liabilities</b>		<b>529,715</b>	<b>634,765</b>	<b>(109,058)</b>	<b>1,546</b>
<b>Non-current liabilities</b>					
Other payables	12	273,908	274,554	274,591	272,671
Provisions	13	318,631	322,891	125,333	128,310
Pension liability		6	2,372	27	2,225
<b>Total non-current liabilities</b>		<b>592,545</b>	<b>599,817</b>	<b>399,951</b>	<b>403,206</b>
<b>Assets less liabilities</b>		<b>(62,830)</b>	<b>34,948</b>	<b>(509,009)</b>	<b>(401,660)</b>
<b>Taxpayers' equity and other reserves</b>					
General fund	SoCTE	(335,496)	(249,980)	(785,740)	(686,113)
Revaluation reserve	SoCTE	272,672	287,300	276,758	286,678
Pension reserve	SoCTE	(6)	(2,372)	(27)	(2,225)
<b>Total equity</b>		<b>(62,830)</b>	<b>34,948</b>	<b>(509,009)</b>	<b>(401,660)</b>

The notes on pages 136 to 175 form part of these accounts.

**Matthew Rycroft CBE**

**Accounting Officer**

8 July 2020

## Consolidated Statement of Cash Flows

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

for the period to 31 March 2020

	Note	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
<b>Cash flows from operating activities</b>					
Net expenditure for the year		(14,197,400)	(14,191,020)	(13,721,622)	(13,653,130)
Adjustments for non-cash transactions		537,535	556,836	267,246	285,705
(Increase)/decrease in trade and other receivables	11	(81,438)	(115,298)	(191,634)	(148,863)
Less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure	-	(475)	(506)	(750)	(531)
(Increase)/decrease in inventories and assets classified as held for sale	-	382	382	(2,077)	(2,077)
Increase/(decrease) in trade payables	12	(931,353)	(918,110)	840,380	835,398
Less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure	-	437,242	420,432	(303,345)	(406,895)
Use of provisions	13	(16,865)	(16,867)	(25,367)	(26,844)
Increase/(decrease) in pension liability		(21)	147	(21)	(74)
<b>Net cash outflow from operating activities</b>		<b>(14,252,393)</b>	<b>(14,264,004)</b>	<b>(13,137,190)</b>	<b>(13,117,311)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	6	(319,217)	(327,067)	(208,667)	(213,151)
Less: PPE capital creditors		83,506	83,506	74,175	74,175
Purchase of intangible assets	7	(150,287)	(157,246)	(223,516)	(227,255)
Less: Intangibles capital creditors		53,642	53,642	53,508	53,508
Proceeds of disposal		5,708	5,954	6,495	6,544
<b>Net cash outflow from investing activities</b>		<b>(326,648)</b>	<b>(341,211)</b>	<b>(298,005)</b>	<b>(306,179)</b>
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (Supply) - current year		14,254,637	14,254,637	13,624,399	13,624,399
Consolidated Fund Extra Receipts paid to Consolidated Fund		(253,000)	(253,000)	-	-
Advances from the Contingencies Fund		-	-	500,000	500,000
Repayments to the Contingencies Fund		-	-	(500,000)	(500,000)
Movement on PFI, PFI Finance Leases and Finance Leases		11,290	11,225	(7,579)	(7,676)
<b>Net financing</b>		<b>14,012,927</b>	<b>14,012,862</b>	<b>13,616,820</b>	<b>13,616,723</b>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	-	(313,114)	(339,353)	181,625	193,233
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	-	(566,114)	(592,353)	181,625	193,233
Cash and cash equivalents at the beginning of the period		405,265	529,295	223,640	336,062
<b>Cash and cash equivalents at the end of the period</b>		<b>(160,849)</b>	<b>(63,058)</b>	<b>405,265</b>	<b>529,295</b>

The notes on pages 136 to 175 form part of these accounts.



## Consolidated Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the different reserves held by the Home Office analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the changes in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Department, to the extent that the total is not represented by other reserves and financing items.

### Departmental Group

for the period to 31 March 2020

	Note	General fund £000	Revaluation reserve £000	Pension reserve £000	Total reserves £000
<b>Balance at 31 March 2018</b>		<b>(435,635)</b>	<b>322,994</b>	<b>(2,299)</b>	<b>(114,940)</b>
Opening balance adjustment		-	(3)	-	(3)
<b>Balance at 1 April 2018</b>		<b>(435,635)</b>	<b>322,991</b>	<b>(2,299)</b>	<b>(114,943)</b>
Net Parliamentary Funding - drawn down		13,624,399	-	-	13,624,399
Net Parliamentary Funding - deemed		199,870	-	-	199,870
Supply (payable)/receivable adjustment		(305,663)	-	-	(305,663)
Amounts payable to the Consolidated Fund		(150,354)	-	-	(150,354)
Comprehensive Net Expenditure for the year		(13,653,130)	-	-	(13,653,130)
<b>Non-cash adjustments</b>					
Net (gain)/loss on revaluation of property, plant and equipment	6	-	(3,250)	-	(3,250)
Net (gain)/loss on revaluation of Intangible assets	7	-	931	-	931
					-
<b>Movements in reserves</b>					
Non-cash charges - auditor's remuneration	4	480	-	-	480
Transfers between reserves		33,920	(33,994)	74	-
<b>Balance at 31 March 2019</b>		<b>(686,113)</b>	<b>286,678</b>	<b>(2,225)</b>	<b>(401,660)</b>
Net Parliamentary Funding - drawn down		14,254,637	-	-	14,254,637
Net Parliamentary Funding - deemed		305,663	-	-	305,663
Supply (payable)/receivable adjustment		117,771	-	-	117,771
Amounts payable to the Consolidated Fund		(80,413)	-	-	(80,413)
Comprehensive Net Expenditure for the year		(14,191,020)	-	-	(14,191,020)
<b>Non-cash adjustments</b>					
Net (gain)/loss on revaluation of property, plant and equipment	6	-	28,727	-	28,727
Net (gain)/loss on revaluation of Intangible assets	7	-	750	-	750
					-
<b>Movements in reserves</b>					
Non-cash charges - auditor's remuneration	4	493	-	-	493
Transfers between reserves		29,002	(28,855)	(147)	-
<b>Balance at 31 March 2020</b>		<b>(249,980)</b>	<b>287,300</b>	<b>(2,372)</b>	<b>34,948</b>

## Consolidated Statement of Changes in Taxpayers' Equity

### Core Department and Agencies

for the period to 31 March 2020

	Note	General fund £000	Revaluation reserve £000	Pension reserve £000	Total reserves £000
<b>Balance at 31 March 2018</b>		<b>(570,326)</b>	<b>316,096</b>	<b>(48)</b>	<b>(254,278)</b>
Opening balance adjustment		-	(3)	-	(3)
<b>Balance at 1 April 2018</b>		<b>(570,326)</b>	<b>316,093</b>	<b>(48)</b>	<b>(254,281)</b>
Net Parliamentary Funding - drawn down		13,624,399	-	-	13,624,399
Net Parliamentary Funding - deemed		199,870	-	-	199,870
Supply (payable)/receivable adjustment		(305,663)	-	-	(305,663)
Amounts payable to the Consolidated Fund		(46,707)	-	-	(46,707)
Comprehensive Net Expenditure for the year		(13,721,622)	-	-	(13,721,622)
<b>Non-cash adjustments</b>					
Net (gain)/loss on revaluation of property, plant and equipment	6	-	(6,148)	-	(6,148)
Net (gain)/loss on revaluation of Intangible assets	7	-	663	-	663
					-
<b>Movements in reserves</b>					
Non-cash charges - auditor's remuneration	4	480	-	-	480
Transfers between reserves		33,829	(33,850)	21	-
<b>Balance at 31 March 2019</b>		<b>(785,740)</b>	<b>276,758</b>	<b>(27)</b>	<b>(509,009)</b>
Net Parliamentary Funding - drawn down		14,254,637	-	-	14,254,637
Net Parliamentary Funding - deemed		305,663	-	-	305,663
Supply (payable)/receivable adjustment		117,771	-	-	117,771
Amounts payable to the Consolidated Fund		(61,288)	-	-	(61,288)
Comprehensive Net Expenditure for the year		(14,197,400)	-	-	(14,197,400)
<b>Non-cash adjustments</b>					
Net (gain)/loss on revaluation of property, plant and equipment	6	-	25,498	-	25,498
Net (gain)/loss on revaluation of Intangible assets	7	-	805	-	805
					-
<b>Movements in reserves</b>					
Non-cash charges - auditor's remuneration	4	493	-	-	493
Transfers between reserves		30,368	(30,389)	21	-
<b>Balance at 31 March 2020</b>		<b>(335,496)</b>	<b>272,672</b>	<b>(6)</b>	<b>(62,830)</b>

## Notes to the Departmental Resource Accounts

### 1. Statement of accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the 2019-20 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 policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

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

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

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

#### 1.2 Accounting convention

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

#### 1.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements and assumptions that affect the amounts reported for assets and liabilities at the year ending 31 March, and for amounts reported for income and expenses during the year. In the process of applying the Department's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Provisions: judgements and assumptions that affect the value of the major provisions recognised in these accounts are described within the provisions note to these accounts. This narrative notably includes explanation of the judgements and assumptions affecting the provision recognised in 2019-20 in respect of the Windrush Compensation Scheme.
- Police pensions and fire and rescue pension top-up grant accrual
- Service concessions

Details of the accounting policies for each of these areas is set out separately below within this note.

COVID-19, which was declared a 'global pandemic' on 11 March 2020, has impacted global financial markets and wider economies. The impact has the potential to affect asset values. The impact on the value of Home Office Land & Buildings will be formally assessed in 2020-21 when the next professional valuation of these assets will be conducted.

## 1.4 Basis of consolidation

These accounts are the consolidation of the Core department, its five executive non-departmental public bodies (NDPBs) and the College of Policing. The NDPBs consolidated within the departmental boundary are:

- Disclosure and Barring Service (DBS)
- Independent Office for Police Conduct (IOPC)
- Office of the Immigration Services Commissioner (OISC)
- Security Industry Authority (SIA)
- Gangmasters and Labour Abuse Authority (GLAA).

The College of Policing is a company limited by guarantee. It is classified as an arm's length body by the Treasury and is consolidated within the departmental boundary as a NDPB.

The NDPBs and the College of Policing also produce and publish their own annual reports and accounts. Transactions between entities included in the consolidated accounts are eliminated.

## 1.5 Property, plant and equipment

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

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

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

The last valuation was performed by Sarah M. Brydon DipSurv MRICS of the VOA, who is a registered valuer recognised by the Royal Institute of Chartered Surveyors. The valuation was carried out as of 31 March 2016.

Where open market value is obtainable, other operational assets are revalued to open market value. Where open market value is not obtainable, other operational assets are valued using depreciated replacement cost. Published indices appropriate to the category of asset are used to estimate value.

The inputs used to value property, plant and equipment are therefore categorised as level 2 inputs in the IFRS 13 fair value hierarchy.

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

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

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

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

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

## **1.6 Intangible assets**

Intangible assets are measured on initial recognition at cost. Following initial recognition, where an active market exists, intangible assets are carried at fair value at the period ending 31 March. Where no active market exists, the Department uses published indices to assess the depreciated replacement cost.

The inputs used to value intangible assets are therefore categorised as level 2 inputs in the IFRS 13 fair value hierarchy.

Internally generated intangible assets are not capitalised unless it is a development cost. Expenditure is recognised in the Consolidated Statement of Comprehensive Net Expenditure in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life and are assessed for impairment. The amortisation period and the amortisation method are reviewed at least at each financial year end.

### **Software licences**

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

### **Internally developed software**

This includes software that arises from internal or third-party development for internal or external access. The direct costs associated with the development stage of internally developed software are included in the cost of the asset. These assets are amortised over the useful economic life of three to ten years. Note 7 to the accounts refers to these assets as Information Technology.

### **Assets under construction**

Assets in the course of construction are not amortised until the point at which they are ready to be brought into use. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

## **1.7 Leases**

Assets held under finance leases, which transfer to the Department substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the Consolidated Statement of Comprehensive Net Expenditure 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.

All finance leases and the majority of operating leases held by the Department are in respect of properties. Renewal, purchase options and escalation clauses are in line with market practice.

## **1.8 Service concessions**

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.

This evaluation represents a significant source of estimation uncertainty for the Department.

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 in the section of this note on 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.

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

Assets are revalued in accordance with the revaluation policy for property, plant and equipment and intangible\_assets. Liabilities are measured using the appropriate discount rate.

Revenue received under any revenue sharing provision in the service concession arrangement is recognised when all the conditions set by *IFRS 15 Revenue from Contracts with Customers* have been satisfied.

## 1.9 Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash, less any outstanding bank overdrafts.

## 1.10 Provisions

A provision is recognised when the Department has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using the real rate set by HM Treasury.

Provisions represent a significant source of estimation uncertainty for the Department.

## 1.11 Contingent liabilities

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

These comprise:

- items over £300,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental Minute prior to the Department entering into the arrangement; and
- all items (whether or not they arise in the normal course of business) over £300,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

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

## 1.12 Income

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

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

Free passports issued for all British Nationals born on or before 2 September 1929 that was introduced on 18 October 2004 is financed by Parliamentary Supply drawn down by the Home Office.



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

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

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

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

The Home Office recognises revenue primarily from the provision of immigration-related documentation such as passports and visas as well as certificates for the registration of births, deaths and marriages.

### **Performance obligations**

The table below sets out, for each income stream, when performance obligations are typically satisfied, the significant payment terms, and the nature of the goods or services which the Department supplies.

All income streams usually have a contract of a duration of one year or less, and therefore transaction price allocated to remaining performance obligations is not disclosed, applying the practical expedient in IFRS 15.121.

<b>Income stream</b>	<b>Description of income stream</b>	<b>Performance obligation</b>	<b>Determination of transaction price</b>	<b>Payment terms</b>
Passport fees	Supply of passports and other services by HM Passport Office	On delivery of the passport to the customer.	Published online	Payment in advance
Visa and immigration fees	Supply of visas and immigration documents	On delivery of the visa or immigration decision to the customer.	Published online	Payment in advance
Asset recovery income	Recovery of proceeds of crime	The Department has powers set out in legislation to recover this income.	Value of penalty collected	Penalty payment by court order
Certificate services	Supply of copies of birth, marriage and death certificates	Delivery of the certificate to the customer	Published online	Payment in advance
DBS income	Supply of criminal records checks by the Disclosure and Barring Service	Delivery of the information to the customer	Published online	Payment in advance
EU income	Grants from the Asylum, Migration and Integration Fund (AMIF)	Work done to meet the criteria for grant payment.	Set out in grant agreement	Payment in arrears on satisfaction of grant obligations

Hendon Data Centre Income	Supply of IT services to police forces.	The supply of IT services over time.	Set out in agreement between department and police forces	Payment quarterly in accordance with the agreement
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### ***Significant judgements in the application of IFRS 15***

The total consideration from contracts with customers is included in the transaction price for each of these income streams. None of these income streams contain variable consideration which may be constrained.

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

For asset recovery income, income is recognised when HMCTS has collected receipts against confiscation orders and those receipts become payable to the Department.

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

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

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

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

The Immigration Health Surcharge is not recognised under IFRS 15 as the funds are not retained by the Department. The Immigration Health Surcharge, which the UK government introduced in April 2015, is charged to all non-European Economic Area nationals. This fee is designed to help ensure the National Health Service (NHS) remains sustainable and receives a fair contribution to the cost of healthcare from temporary migrants. The Home Office collects this fee on behalf of the department of Health and Social Care and it is then transferred via the supply estimate process.

### ***Contract balances***

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

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

## 1.13 Pensions

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

The Department recognises the expected costs on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

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

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

### *Partnership and Stakeholder Schemes:*

The employer made a basic contribution of between 3% and 12.5% of pensionable earnings up to 30 September 2015 and between 8% and 14.75% of pensionable earning from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contributed a further 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

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

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

## 1.14 Home Office grants

Grant-in-aid is recognised on a cash basis. Grant-in-aid is a funding mechanism to finance all or part of the costs of relevant entities within the Home Office group.

Other grants are recognised on an accruals basis: grant expenditure is recognised at the point at which the relevant work is done by the grant recipient.

For most grants, the Department recognises grant expenditure monthly on the assumption of work done, which is confirmed and adjusted quarterly based on evidence from the grant recipient. Grant payments are made quarterly in arrears once in receipt of this evidence.

Significant grants given by the Department include the main police grant, counter-terrorism policing grant, and police pensions and fire and rescue pension top-up grant.

### ***Main police grant***

Main police grants are based on funding levels set out in the Police Grant Report (England and Wales) 2019-20. This includes, among other grant streams, DCLG formula funding and legacy council tax grants. The majority of this grant expenditure is recognised on a straight-line basis across the year.

### ***Counter-terrorism policing grant***

The counter-terrorism policing grant is paid quarterly in arrears based on claims submitted by the National Counter Terrorism Security Office. Grant expenditure is recognised evenly across the year based on assumptions of work done in between payments.

### ***Police pensions and fire and rescue pension top-up grant***

Police pensions and fire and rescue pension top-up grants are recognised as the best estimates of the difference between outgoing pension expenditure and incoming pension contributions in a single year.

The top-up grant accrual represents a significant source of estimation uncertainty for the Department.

Each police force and fire and rescue service participates in unfunded defined benefit and defined contribution pension schemes. Each authority recognises the associated long-term pension liability for these schemes in its own financial statements.

Because these schemes are unfunded, the Department is required under legislation to make grants to police forces and fire brigades to match the estimated cash deficit in their pension schemes for the year. The grant is based on estimates provided in-year by the police and fire services and adjusted for actual outturns from prior years.

The Department recognises an accrual at the year-end for the element of the grant that has not been paid by the year-end. There are inherent uncertainties involved with the calculation of the pension grant, for example the number of retirees and amounts taken in lump sums, which means that the accrual is the best estimate of the liability at the year-end.

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

## **1.15 Value added tax (VAT)**

Most of the activities of the Department are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

## 1.16 Operating segments

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

The Department recognises all revenues from external customers as within the United Kingdom. Similarly, the Department recognises all its non-current assets as within the United Kingdom. Non-current assets based in foreign countries are in aggregate of immaterial value to these accounts.

## 1.17 Financial instruments

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

Receivables are shown net of expected credit loss. The Department holds receivables with customers with low credit risk (mainly central government departments and police forces), and other receivables are simple trade receivables held for collecting cash in the normal course of business.

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

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

### *IFRS 16 Leases*

The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 which replaces IAS 17 for annual periods beginning on or after 1 January 2019. The FReM has deferred implementation of IFRS 16 until 1 April 2021, and therefore this standard does not affect the 2019-20 financial statements.

The full impact of the introduction of this standard will require assets and liabilities to be increased by the same amount, as operating leases will be treated in the same way as finance leases. The Department is undertaking a programme of work to assess the impact of the introduction of IFRS 16 on the Statement of Financial Position. Preliminary analysis has indicated that there will be a material impact; the results of this piece of work should be published in the 2020-21 Home Office annual report and accounts. IFRS 16 will be adopted by the Department for the first time in 2021-22 with 2020-21 forming a comparative year.

College of Policing Limited has adopted IFRS 16 in 2019-20 because they are a company limited by guarantee, and as such they are obligated to prepare their accounts in this way to comply with the requirements of the Companies Act. The impact on the consolidated group accounts is not material.

### *IFRS 4 Insurance Contracts adapted for IFRS 9*

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

## 2. Statement of Operating Costs by Operating Segment

## for the period to 31 March 2020

	2019-20			2018-19 (restated)		
	Gross expenditure £000	Income £000	Net £000	Gross expenditure £000	Income £000	Net £000
<b>Reportable Segment</b>						
Crime, Policing and Fire Group	11,137,255	(258,982)	10,878,273	11,496,903	(270,770)	11,226,133
Office for Security and Counter Terrorism	1,103,631	(18,803)	1,084,828	1,037,570	(19,482)	1,018,088
Immigration Enforcement	433,725	(41,767)	391,958	461,708	(42,883)	418,825
UK Visas and Immigration	1,738,026	(2,311,897)	(573,871)	1,287,738	(1,868,030)	(580,292)
BICS PSG, Europe, International and ICI	78,085	(11,633)	66,452	362,548	(12,191)	350,357
Border Force	639,687	(24,466)	615,221	558,283	(25,532)	532,751
HM Passport Office	291,596	(463,107)	(171,511)	273,076	(485,740)	(212,664)
Enablers	1,950,564	(203,651)	1,746,913	1,093,545	(259,621)	833,924
Serious and Organised Crime	335,896	(183,139)	152,757	251,514	(185,506)	66,008
<b>Net Expenditure</b>	<b>17,708,465</b>	<b>(3,517,445)</b>	<b>14,191,020</b>	<b>16,822,885</b>	<b>(3,169,755)</b>	<b>13,653,130</b>
<b>Reconciliation between operating segments and SoPS note 1</b>						
<b>Add:</b>						
Income payable to the Consolidated Fund	-	61,288	61,288	-	46,707	46,707
Capital grant income	-	2,102	2,102	-	4,020	4,020
NDPB income (reported as net expenditure in SoPS Note 1)	(253,722)	253,722	-	(260,056)	260,056	-
<b>Less:</b>						
Capital grants	(219,610)	-	(219,610)	(205,863)	-	(205,863)
Capital expenditure	(50,755)	-	(50,755)	(49,929)	-	(49,929)
PFI adjustments	(15,419)	-	(15,419)	(11,121)	-	(11,121)
Capital disposal adjustments	-	(10)	(10)	-	(3,927)	(3,927)
NBV cost of disposal (treated as negative expenditure for SoPS)	4,997	(4,997)	-	(4,019)	4,019	-
<b>Net resource outturn</b>	<b>17,173,956</b>	<b>(3,205,340)</b>	<b>13,968,616</b>	<b>16,291,897</b>	<b>(2,858,880)</b>	<b>13,433,017</b>
<b>Departmental net assets by operating segment</b>						
	Total assets £000	Total liabilities £000	Net assets £000	Total assets £000	Total liabilities £000	Net assets £000
<b>Reportable Segment</b>						
Crime, Policing and Fire Group	214,725	(883,772)	(669,047)	494,753	(1,086,934)	(592,181)
Office for Security and Counter Terrorism	60,648	(163,995)	(103,347)	50,970	(133,460)	(82,490)
Immigration Enforcement	43,361	(63,006)	(19,645)	50,244	(44,980)	5,264
UK Visas and Immigration	458,384	(506,673)	(48,289)	288,431	(599,594)	(311,163)
BICS PSG, Europe, International and ICI	1,819	(22,907)	(21,088)	834	(314,975)	(314,141)
Border Force	266,070	(58,784)	207,286	221,004	(56,465)	164,539
HM Passport Office	163,375	(56,563)	106,812	159,505	(77,896)	81,609
Enablers	1,642,280	(932,888)	709,392	1,840,657	(1,113,057)	727,600
Serious and Organised Crime	20,008	(147,134)	(127,126)	41,184	(121,881)	(80,697)
<b>Total balance</b>	<b>2,870,670</b>	<b>(2,835,722)</b>	<b>34,948</b>	<b>3,147,582</b>	<b>(3,549,242)</b>	<b>(401,660)</b>

Restatement: grant in aid of £133,612k paid in 2018-19 by the Home Office to ALBs was included in the prior year accounts in reportable segment Crime, Policing and Fire Group. In these accounts, the 2018-19 comparative accounts have been restated to show this reportable segment net of

grant in aid, to show the total expenditure for the group. In both sets of accounts, there is an equal and opposite restatement to reportable segment Enablers.

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

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

## Home Office Business Segments

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

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

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

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

The Borders, Immigration & Citizenship System Policy and Strategy Group (BICS) was established to provide the Department with a focused cross-cutting capability to help it meet the government's agenda. This is done through a mixture of strategy and policy work, casework, management of external programmes, and coordinating and liaising with colleagues across the Department and externally. BICS sponsor the Office of the Immigration Services Commissioner.

Border Force is a professional law enforcement command within the Home Office. It has approximately 9,000 employees, operating together with a number of key partners at 140 ports. These include the Security & Intelligence Agencies, Police Forces, the National Crime Agency, HM Revenue & Customs, other government departments, port operators and an assortment of trade bodies. Border Force has primacy at 127 ports (including Juxtaposed).

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

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



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

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

### 3. Staff Costs

	2019-20		2018-19	
	Core department & agencies £000	Departmental group £000	Core department & agencies £000	Departmental group £000
Wages and salaries	1,250,425	1,367,113	1,148,764	1,262,486
Social security costs	114,607	124,840	103,765	113,640
Other pension costs	282,071	306,174	198,071	217,035
<b>Subtotal</b>	<b>1,647,103</b>	<b>1,798,127</b>	<b>1,450,600</b>	<b>1,593,161</b>
Less recoveries in respect of outward secondments	(556)	(855)	(686)	(926)
<b>Total net costs</b>	<b>1,646,547</b>	<b>1,797,272</b>	<b>1,449,914</b>	<b>1,592,235</b>

The Staff Report on pages 79 to 108 within the accountability section contains a full breakdown of staff costs.



## 4. Total Expenditure

		2019-20		2018-19 (restated)	
	Note	Core department & agencies £000	Departmental group £000	Core department & agencies £000	Departmental group £000
<b>Grants</b>					
Grants - current					
Main police grants					
Home Office police core settlement (1)		4,339,717	4,339,717	4,054,534	4,054,534
Ministry for Communities and Local Government formula funding (2)		2,818,110	2,818,110	2,762,971	2,762,971
Legacy council tax grants (3)		507,389	507,389	507,388	507,388
Total main police grants		7,665,216	7,665,216	7,324,893	7,324,893
Other current grants (4)		2,195,232	2,195,232	1,764,030	1,764,030
Grants - capital (5)		216,789	219,610	202,336	205,865
Grants - EU (6)		49,572	49,572	100,875	100,875
Grants - police pensions grants (7)		1,860,220	1,860,220	2,094,956	2,094,956
Grants - fire and rescue services top-up grants (7)		511,018	511,018	603,487	603,487
Grants - Youth Endowment Fund		-	-	200,000	200,000
<b>Non-cash items</b>					
Depreciation	6	160,477	166,224	136,988	142,662
Amortisation	7	127,957	137,713	109,084	121,998
Impairments - non-current assets	8	3	5	1,128	1,128
(Profit)/loss on disposal of non-current assets		(300)	1,119	(4,847)	(3,992)
PFI Interest charges		23,610	23,610	24,836	24,836
Finance lease interest charge		5,856	5,856	5,905	5,905
External auditors' remuneration		493	493	480	480
Provision movements		218,964	221,310	(7,078)	(7,839)
Bad debt movement		475	506	750	531
Impairments - inventories		236	236	-	-
Revaluations		-	2,250	-	-
<b>Purchase of goods and services</b>					
Publications, stationery and printing		11,249	12,069	11,667	12,247
Passport printing and stationery		53,141	53,141	56,118	56,118
Facilities management and staff services		48,222	69,846	40,340	55,882
Travel, subsistence and hospitality		67,180	76,706	65,839	75,316
Professional fees		124,210	139,278	113,634	122,278
External auditors' remuneration		-	315	-	295
Media and IT		98,845	115,218	113,327	130,092
Asylum costs		470,254	470,254	349,219	349,219
Detention costs		90,463	90,463	89,055	89,055
UK Visas & Immigration commercial partner costs		106,540	106,540	94,865	94,865
FCO charges		70,272	70,272	55,849	55,849
<b>Other operating expenditure</b>					
Rentals under operating leases		45,505	49,130	32,441	36,011
PFI and other service concession arrangements service charges		140,779	140,779	363,165	363,165
Other IT and accommodation related service charges		1,014,076	1,090,755	789,543	846,183
Early retirement costs		70	70	1,053	1,053
Asset recovery costs		86,750	86,750	94,639	94,639
Other costs		228,959	279,417	219,216	268,566
Grant in aid to ALBs		122,243	-	133,612	-
<b>Total</b>		<b>15,814,576</b>	<b>15,911,193</b>	<b>15,181,405</b>	<b>15,230,648</b>

Restatement: grant in aid of £133,612k has been included in the 2018-19 comparatives in these accounts; this was not included within note 4) Total Expenditure in the prior year accounts but was disclosed in the Consolidated Statement of Comprehensive Net Expenditure.

Home Office grants reported above include the following:

Funding for police purposes, comprising of:

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- Home Office Police Core Settlement (1)

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

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

Grant funding previously paid to local policing bodies by the Secretary of State for Communities and Local Government under section 78A of the Local Government Finance Act 1988 through the Local Government Finance Report (England). It is now paid by the Home Secretary under Section 46 of the Police Act 1996. This is as a result of the Government decision that local policing bodies should be funded from outside the business rates retention scheme.

- Legacy Council Tax Grants (3)

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

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

- Other (4)

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

In addition, other types of grant include:

#### Capital Grants (5)

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

#### European (EU) Grants (6)

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

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

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

## 5. Income

	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
<b>Revenue from contracts with customers</b>				
Passport fees	412,398	412,398	437,151	437,151
Visa and immigration income	1,688,615	1,688,615	1,541,866	1,541,866
Hendon data centre income	94,839	94,839	90,240	90,240
Certificate services	18,803	18,803	17,028	17,028
DBS income	-	194,781	-	197,964
EU income	73,086	73,086	125,390	125,390
Asset recovery income	186,193	186,193	184,447	184,447
Other revenue from contracts with customers	155,635	214,576	167,289	229,383
<b>Other income</b>				
Airwave	9,000	9,000	23,200	23,200
Immigration Health Surcharge	532,459	532,459	251,220	251,220
Other income	31,407	31,407	25,159	25,159
<b>Total retained income</b>	<b>3,202,435</b>	<b>3,456,157</b>	<b>2,862,990</b>	<b>3,123,048</b>
<b>Payable to consolidated fund</b>				
Immigration Health Surcharge	65,218	65,218	46,707	46,707
Passport fees	-	-	-	-
Other income	(3,930)	(3,930)	-	-
<b>Total payable to Consolidated Fund</b>	<b>61,288</b>	<b>61,288</b>	<b>46,707</b>	<b>46,707</b>
<b>Total</b>	<b>3,263,723</b>	<b>3,517,445</b>	<b>2,909,697</b>	<b>3,169,755</b>

## 6. Property, plant and equipment

### 2019-20 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	Departmental group total £000
<b>Cost or valuation</b>								
At 1 April 2019	38,550	1,158,675	62,298	369,462	559,636	113,366	477,367	2,779,354
Additions	44	40,324	9,243	130,288	14,871	2,860	129,437	327,067
Disposals	-	(91,236)	(2,898)	(1,596)	(338)	(603)	-	(96,671)
Impairments	-	-	(4)	-	(10)	-	-	(14)
Reclassifications	-	2,215	-	5,236	2,642	925	(15,183)	(4,165)
Revaluations	1,507	38,526	(64)	663	2,487	(709)	-	42,410
<b>At 31 March 2020</b>	<b>40,101</b>	<b>1,148,504</b>	<b>68,575</b>	<b>504,053</b>	<b>579,288</b>	<b>115,839</b>	<b>591,621</b>	<b>3,047,981</b>
<b>Depreciation</b>								
At 1 April 2019	-	(525,815)	(45,501)	(321,298)	(495,641)	(70,378)	-	(1,458,633)
Charged in year	-	(38,330)	(5,793)	(75,161)	(32,933)	(14,007)	-	(166,224)
Disposals	-	85,948	2,881	1,636	25	631	-	91,121
Impairments	-	-	-	-	11	-	-	11
Reclassifications	-	-	-	346	-	-	-	346
Revaluations	-	(14,367)	91	(435)	(1,869)	495	-	(16,085)
<b>At 31 March 2020</b>	<b>-</b>	<b>(492,564)</b>	<b>(48,322)</b>	<b>(394,912)</b>	<b>(530,407)</b>	<b>(83,259)</b>	<b>-</b>	<b>(1,549,464)</b>
<b>Carrying amount at 31 March 2020</b>	<b>40,101</b>	<b>655,940</b>	<b>20,253</b>	<b>109,141</b>	<b>48,881</b>	<b>32,580</b>	<b>591,621</b>	<b>1,498,517</b>
<b>Carrying amount at 1 April 2019</b>	<b>38,550</b>	<b>632,860</b>	<b>16,797</b>	<b>48,164</b>	<b>63,995</b>	<b>42,988</b>	<b>477,367</b>	<b>1,320,721</b>
<b>Asset financing:</b>								
Owned	40,101	342,430	20,253	109,135	32,025	29,537	589,259	1,162,740
Finance leased On balance sheet	-	46,129	-	-	-	-	2,263	48,392
PFI/other concession arrangements	-	267,381	-	6	16,856	3,043	99	287,385
<b>Carrying amount at 31 March 2020</b>	<b>40,101</b>	<b>655,940</b>	<b>20,253</b>	<b>109,141</b>	<b>48,881</b>	<b>32,580</b>	<b>591,621</b>	<b>1,498,517</b>
<b>Of the total:</b>								
Core department	38,734	632,036	19,706	103,751	48,148	26,695	584,625	1,453,695
Arm's length bodies	1,367	23,904	547	5,390	733	5,885	6,996	44,822
<b>Carrying amount at 31 March 2020</b>	<b>40,101</b>	<b>655,940</b>	<b>20,253</b>	<b>109,141</b>	<b>48,881</b>	<b>32,580</b>	<b>591,621</b>	<b>1,498,517</b>

Assets under construction includes Law Enforcement Database £49m, Data Centre Platform £30m and Cyclamen Next Generation £20m. Payments on Account includes Border Force £51m, Home Office Biometrics £22m, Law Enforcement Data System £18m, Emergency Services Mobile Comms £13m.

## 2018-19 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	Departmental group total £000
<b>Cost or valuation</b>								
At 1 April 2018	42,222	1,138,495	52,778	352,270	558,537	105,532	335,909	2,585,743
Additions	-	9,590	7,771	12,182	11,662	12,740	159,206	213,151
Disposals	-	(4,548)	(2,859)	(8,062)	(17,287)	(6,891)	(1,098)	(40,745)
Impairments	-	(144)	-	-	-	-	-	(144)
Reclassifications	-	-	2,596	12,417	(2)	-	(16,650)	(1,639)
Revaluations	(3,672)	15,282	2,012	655	6,726	1,985	-	22,988
<b>At 31 March 2019</b>	<b>38,550</b>	<b>1,158,675</b>	<b>62,298</b>	<b>369,462</b>	<b>559,636</b>	<b>113,366</b>	<b>477,367</b>	<b>2,779,354</b>
<b>Depreciation</b>								
At 1 April 2018	-	(473,294)	(41,421)	(292,025)	(460,152)	(61,621)	-	(1,328,513)
Charged in year	-	(39,416)	(5,776)	(36,784)	(46,213)	(14,473)	-	(142,662)
Disposals	-	4,548	2,650	8,075	16,651	6,891	-	38,815
Impairments	-	6	-	-	-	-	-	6
Reclassifications	-	-	-	(41)	-	-	-	(41)
Revaluations	-	(17,659)	(954)	(523)	(5,927)	(1,175)	-	(26,238)
<b>At 31 March 2019</b>	<b>-</b>	<b>(525,815)</b>	<b>(45,501)</b>	<b>(321,298)</b>	<b>(495,641)</b>	<b>(70,378)</b>	<b>-</b>	<b>(1,458,633)</b>
<b>Carrying amount at 31 March 2019</b>	<b>38,550</b>	<b>632,860</b>	<b>16,797</b>	<b>48,164</b>	<b>63,995</b>	<b>42,988</b>	<b>477,367</b>	<b>1,320,721</b>
<b>Carrying amount at 1 April 2018</b>	<b>42,222</b>	<b>665,201</b>	<b>11,357</b>	<b>60,245</b>	<b>98,385</b>	<b>43,911</b>	<b>335,909</b>	<b>1,257,230</b>
<b>Asset financing:</b>								
Owned	38,550	332,946	16,797	47,780	49,236	40,292	477,367	1,002,968
Finance leased On balance sheet	-	29,207	-	-	-	-	-	29,207
PFI/other concession arrangements	-	270,707	-	384	14,759	2,696	-	288,546
<b>Carrying amount at 31 March 2019</b>	<b>38,550</b>	<b>632,860</b>	<b>16,797</b>	<b>48,164</b>	<b>63,995</b>	<b>42,988</b>	<b>477,367</b>	<b>1,320,721</b>
<b>Of the total:</b>								
Core department Arm's length bodies	37,279	611,951	16,039	42,203	62,775	37,660	470,504	1,278,411
	1,271	20,909	758	5,961	1,220	5,328	6,863	42,310
<b>Carrying amount at 31 March 2019</b>	<b>38,550</b>	<b>632,860</b>	<b>16,797</b>	<b>48,164</b>	<b>63,995</b>	<b>42,988</b>	<b>477,367</b>	<b>1,320,721</b>

## 7. Intangible assets

### 2019-20 Departmental Group

	Information technology £000	Software licences £000	Websites £000	Payments on account & Assets under construction £000	Departmental group total £000
<b>Cost or valuation</b>					
At 1 April 2019	948,827	71,191	4,103	376,342	1,400,463
Additions	84,091	992	-	72,163	157,246
Disposals	(19,245)	(2,172)	-	(225)	(21,642)
Impairments	(2)	-	-	-	(2)
Reclassifications	45,249	(346)	-	(40,738)	4,165
Revaluations	2,147	187	-	-	2,334
<b>At 31 March 2020</b>	<b>1,061,067</b>	<b>69,852</b>	<b>4,103</b>	<b>407,542</b>	<b>1,542,564</b>
<b>Amortisation</b>					
At 1 April 2019	(734,643)	(55,467)	(4,019)	-	(794,129)
Charged in year	(132,463)	(5,192)	(58)	-	(137,713)
Disposals	18,004	2,115	-	-	20,119
Reclassifications	(1,153)	807	-	-	(346)
External transfers	-	-	-	-	-
Revaluations	(1,299)	(133)	-	-	(1,432)
<b>At 31 March 2020</b>	<b>(851,554)</b>	<b>(57,870)</b>	<b>(4,077)</b>	<b>-</b>	<b>(913,501)</b>
<b>Carrying amount at 31 March 2020</b>	<b>209,513</b>	<b>11,982</b>	<b>26</b>	<b>407,542</b>	<b>629,063</b>
<b>Carrying amount at 1 April 2019</b>	<b>214,184</b>	<b>15,724</b>	<b>84</b>	<b>376,342</b>	<b>606,334</b>
<b>Asset financing:</b>					
Owned	204,932	10,480	26	407,542	622,980
On balance sheet PFI/other concession arrangements	4,581	1,502	-	-	6,083
<b>Carrying amount at 31 March 2020</b>	<b>209,513</b>	<b>11,982</b>	<b>26</b>	<b>407,542</b>	<b>629,063</b>
<b>Of the total:</b>					
Core department	189,155	10,097	-	400,535	599,787
Arm's length bodies	20,358	1,885	26	7,007	29,276
<b>Carrying amount at 31 March 2020</b>	<b>209,513</b>	<b>11,982</b>	<b>26</b>	<b>407,542</b>	<b>629,063</b>

Assets under construction includes Immigration Platform Technology £132m, Law Enforcement Data System £61m, Digital Services at the Border £53m, Immigration IT change £50m and Home Office Biometrics £46m. Payments on Account includes UKVI and DDAT Brexit £19m, Immigration Platform Technology £13m.

## 2018-19 Departmental Group

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

## 8. Impairments

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

	Note	2019-20 Departmental group £000	2018-19 Departmental group £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	4	5	1,128
		<b>5</b>	<b>1,128</b>

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

	Note	2019-20 Departmental group £000	2018-19 Departmental group £000
Property, plant and equipment - buildings	6	-	137
Property, plant and equipment - transport equipment	6	4	-
Property, plant and equipment - plant and machinery	6	(1)	-
Intangible assets - information technology	7	2	733
Intangible assets - software licenses	7	-	258
		<b>5</b>	<b>1,128</b>



## 9. 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.

## 10. Cash and cash equivalents

	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
Balance at 1 April	405,265	529,295	223,640	336,062
Net change in cash and cash equivalent balances	(566,114)	(592,353)	181,625	193,233
<b>Balance at 31 March</b>	<b>(160,849)</b>	<b>(63,058)</b>	<b>405,265</b>	<b>529,295</b>
<b>The following balances at 31 March were held at:</b>				
Government Banking Service	(160,897)	(100,180)	405,218	491,962
Commercial banks and cash in hand	48	37,122	47	37,333
<b>Balance at 31 March</b>	<b>(160,849)</b>	<b>(63,058)</b>	<b>405,265</b>	<b>529,295</b>

## 11. Trade receivables, financial and other assets

	2019-20		2018-19	
	Core department & agencies £000	Departmental group £000	Core department & agencies £000	Departmental group £000
<b>Amounts falling due within one year:</b>				
Trade receivables	122,515	124,196	175,062	142,910
VAT receivables net of payables	33,229	31,868	23,971	23,234
Staff receivables	(824)	(733)	660	728
Receivables - government departments	318,441	318,441	179,019	179,019
Other receivables	(185)	(3,331)	5,618	2,649
Prepayments and accrued income	307,836	318,484	315,249	325,092
Amounts due from the Consolidated Fund in respect of Supply	5	5	-	-
	<b>781,017</b>	<b>788,930</b>	<b>699,579</b>	<b>673,632</b>
<b>Amounts falling due after more than one year:</b>				
Other receivables	8,035	8,035	8,035	8,035
	<b>8,035</b>	<b>8,035</b>	<b>8,035</b>	<b>8,035</b>

## 12. Trade payables and other current liabilities

	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
<b>Amounts falling due within one year:</b>				
Other taxation and social security	12,494	16,370	11,882	16,439
Trade payables	88,188	90,949	205,933	211,480
Other payables	14,720	14,781	17,217	18,690
Staff payables	94,586	94,613	33,004	35,698
Accruals	1,110,298	1,162,636	1,117,945	1,160,219
Accruals - Youth Endowment	-	-	200,000	200,000
Accruals - Police Pensions	375,612	375,612	468,754	468,754
Accruals - Fire Pensions	117,750	117,750	139,639	139,639
Contract liabilities	200,714	214,867	257,329	263,258
Payables - government departments	178,751	178,751	90,179	90,179
Current part of finance leases	19,871	19,871	9,978	9,978
Current part of imputed finance lease element of on balance sheet PFI contracts and other service concession arrangements	34,419	34,419	27,050	27,115
Amounts issued from the Consolidated Fund for supply but not spent at year end	(117,766)	(117,766)	305,663	305,663
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund (received)	(44,504)	(44,504)	98,181	98,181
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund (receivable)	19,124	19,124	52,173	52,173
	<b>2,104,257</b>	<b>2,177,473</b>	<b>3,034,927</b>	<b>3,097,466</b>
<b>Amounts falling due after more than one year:</b>				
Other payables, accruals and deferred income	19,165	19,811	13,876	11,956
Imputed finance lease element of on-balance sheet PFI contracts and other service concession arrangements	205,593	205,593	211,370	211,370
Finance leases	49,150	49,150	49,345	49,345
	<b>273,908</b>	<b>274,554</b>	<b>274,591</b>	<b>272,671</b>

## 12.1 Contract balances

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

	<b>Contract liabilities</b>
	<b>£000</b>
At 1 April 2019	263,258
Decrease due to revenue recognised in the period	(1,148,998)
Increase due to cash received in advance and not recognised as revenue during the year	1,100,607
<b>At 31 March 2020</b>	<b>214,867</b>
<b>Presented within:</b>	
Current	214,867
Non-current	-

### 13. Provisions for liabilities and charges

	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
<b>Balance at 1 April</b>	<b>173,428</b>	<b>176,880</b>	<b>205,873</b>	<b>211,563</b>
Provided in the year	257,188	259,614	84,717	84,808
Provisions not required written back	(38,224)	(38,304)	(91,795)	(92,658)
Provisions utilised in the year	(16,865)	(16,867)	(25,367)	(26,844)
Borrowing costs (unwinding of discounts)	-	-	-	11
<b>Balance at 31 March</b>	<b>375,527</b>	<b>381,323</b>	<b>173,428</b>	<b>176,880</b>
<b>Comprising</b>				
Not later than one year	56,896	58,432	48,095	48,570
Later than one year and not later than five years	165,213	168,795	9,794	11,536
Later than five years	153,418	154,096	115,539	116,774
<b>Balance at 31 March</b>	<b>375,527</b>	<b>381,323</b>	<b>173,428</b>	<b>176,880</b>

	Early departure £000	Dilapidations £000	Legal claims £000	Windrush compensation scheme £000	Pensions and other £000	Departmental group total £000
<b>Balance at 1 April 2019</b>	<b>1,426</b>	<b>58,440</b>	<b>51,502</b>	-	<b>65,512</b>	<b>176,880</b>
Provided in the year	79	4,842	44,873	160,000	49,820	259,614
Provisions not required written back	-	(3,152)	(18,878)	-	(16,274)	(38,304)
Provisions utilised in the year	(1,329)	-	(15,141)	(397)	-	(16,867)
Transfer of provisions	-	-	41	-	(41)	-
<b>Balance at 31 March 2020</b>	<b>176</b>	<b>60,130</b>	<b>62,397</b>	<b>159,603</b>	<b>99,017</b>	<b>381,323</b>
<b>Comprising:</b>						
Not later than one year	174	1,380	56,748	-	130	58,432
Later than one year and not later than five years	-	3,543	5,649	159,603	-	168,795
Later than five years	2	55,207	-	-	98,887	154,096
<b>Balance at 31 March 2020</b>	<b>176</b>	<b>60,130</b>	<b>62,397</b>	<b>159,603</b>	<b>99,017</b>	<b>381,323</b>
<b>Of the total:</b>						
Core department	176	54,528	62,332	159,603	98,888	375,527
Arm's length bodies	-	5,602	65	-	129	5,796
<b>Balance at 31 March 2020</b>	<b>176</b>	<b>60,130</b>	<b>62,397</b>	<b>159,603</b>	<b>99,017</b>	<b>381,323</b>
	Early departure £000	Dilapidations £000	Legal claims £000	Windrush compensation scheme £000	Pensions and other £000	Departmental group total £000
<b>Balance at 1 April 2018</b>	<b>2,831</b>	<b>41,024</b>	<b>45,666</b>	-	<b>122,042</b>	<b>211,563</b>
Provided in the year	735	18,444	54,354	-	11,275	84,808
Provisions not required written back	-	(180)	(31,302)	-	(61,176)	(92,658)
Provisions utilised in the year	(2,151)	(848)	(16,902)	-	(6,943)	(26,844)
Transfer of provisions	-	-	(314)	-	314	-
Borrowing costs (unwinding of discounts)	11	-	-	-	-	11
<b>Balance at 31 March 2019</b>	<b>1,426</b>	<b>58,440</b>	<b>51,502</b>	-	<b>65,512</b>	<b>176,880</b>
<b>Comprising:</b>						
Not later than one year	1,252	378	46,844	-	96	48,570
Later than one year and not later than five years	174	3,488	4,658	-	3,216	11,536
Later than five years	-	54,574	-	-	62,200	116,774
<b>Balance at 31 March 2019</b>	<b>1,426</b>	<b>58,440</b>	<b>51,502</b>	-	<b>65,512</b>	<b>176,880</b>
<b>Of the total:</b>						
Core department	1,426	55,126	51,477	-	65,400	173,428
Arm's length bodies	-	3,314	26	-	112	3,452
<b>Balance at 31 March 2019</b>	<b>1,426</b>	<b>58,440</b>	<b>51,502</b>	-	<b>65,512</b>	<b>176,880</b>

### Early Departure Costs

The Home Office meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retire early by paying the required amount to PCSPS to cover the period between early departure and normal retirement date. The Home Office provides for this in full when the early retirement programme becomes binding on the Home Office by establishing a provision or accrual for the estimated payments.

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

### Dilapidations

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

### Legal Claims

Provision has been made for various legal claims against the Home Office. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful, and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. No reimbursement will be received in respect of any of these claims. Legal claims, which may succeed but are less likely to do so (or cannot be estimated), are disclosed as contingent liabilities in Note 15.

### Windrush compensation scheme

On 3 April 2019, the Home Office launched the Windrush Compensation Scheme, which is one of the measures the Government introduced to help right the wrongs experienced by members of the Windrush generation.

The Windrush Compensation Scheme is open to:

- Commonwealth citizens who arrived in the UK before 1 January 1973 and who are lawfully here because they have a right of abode, or settled status, or are now British Citizens;
- Commonwealth citizens overseas who settled in the UK before 1 January 1973;
- Any person of any nationality who arrived in the UK before 31 December 1988 and is lawfully here because they have a right of abode, or settled status, or are now a British citizen;
- The children and grandchildren of Commonwealth citizens, in certain circumstances;
- The estates of those who are now deceased but would have otherwise been eligible to claim compensation; and
- Close family members of eligible claimants where there is evidence of certain direct financial losses, or significant impact on their life.

These accounts recognise a provision of £160 million, being the best estimate of the total value of future compensation scheme payments as the mid-point of the range £60m-£260m.

The provision value is based on the likelihood of number of claimants, and the estimated costs for the different areas of loss for which claims may be made. There is a considerable amount of uncertainty in these assumptions, due to incompleteness of data on how many individuals have been impacted, and how they have been impacted. There is no limit to the amount of compensation available should the claims be accepted.

### **Pensions and Other Provisions**

The Department has further provisions which do not fall into the above categories, but which satisfies the criteria for provision creation. The following is the most significant provision making up this figure:

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

A provision of £98.9 million relates to the value of the pension liability for FSS.

## **14. Contingent liabilities**

Contingent liabilities cover all known claims where legal advice indicates that the criteria for recognition of a provision has not been met or where the possibility of economic transfer is remote.

There are a number of legal claims outstanding against the Department including unlawful detention and unlawful dismissal claims that fall under this definition. The nature of these claims is such that it is not possible to predict the outcome with reasonable certainty nor to quantify the financial impact to the Department.



## 15. Leases

### 15.1. Finance Leases

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

	2019-20 Core department & agencies £000	2019-20 Departmental group £000	2018-19 Core department & agencies £000	2018-19 Departmental group £000
<b>Buildings</b>				
Not later than one year	10,109	10,109	9,978	9,978
Later than one year and not later than five years	39,929	39,929	34,598	34,598
Later than five years	65,474	65,474	63,109	63,109
	115,512	115,512	<b>107,685</b>	<b>107,685</b>
Less interest element	(46,491)	(46,491)	(48,363)	(48,363)
<b>Present value of obligations</b>	<b>69,021</b>	<b>69,021</b>	<b>59,322</b>	<b>59,322</b>
<b>Total commitment</b>	<b>69,021</b>	<b>69,021</b>	<b>59,322</b>	<b>59,322</b>

Home Office does not have any leases where contingent rent is payable, and there are no restrictions imposed by lease arrangements, for example those concerning dividends, additional debt, and further leasing.

### 15.2 Operating Leases

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

	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
<b>Buildings</b>				
Not later than one year	36,151	40,868	32,503	36,431
Later than one year and not later than five years	93,401	103,601	79,467	89,099
Later than five years	208,383	221,132	188,723	199,465
	<b>337,935</b>	<b>365,601</b>	<b>300,693</b>	<b>324,995</b>
<b>Other</b>				
Not later than one year	26	130	21	138
Later than one year and not later than five years	41	159	26	249
Later than five years	-	-	-	-
	<b>67</b>	<b>289</b>	<b>47</b>	<b>387</b>
<b>Total commitment</b>	<b>338,002</b>	<b>365,890</b>	<b>300,740</b>	<b>325,382</b>

Home Office does not have any leases where contingent rent is payable, and there are no restrictions imposed by lease arrangements, for example those concerning dividends, additional debt, and further leasing.

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

### 16.1. "Off-balance sheet" (SoFP)

#### Airwave

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

The cost consists of (a) core service charge and (b) menu service charge. The core service charge was estimated to cost £1.2 billion over the entire 19-year life of the initiative with payments being made on a monthly basis.

This portion of the contract is determined to be an "off balance sheet" deal under IFRIC12 Service Concession Arrangements, as the Department does not control access to the service and uses an insignificant amount of the output. Airwave is increasingly being used by other public sector organisations.

The menu service charge was estimated to cost £290 million over the 19-year life of the initiative and is paid by the Police Forces; it has therefore been excluded from the off-balance sheet table.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI or other service concession transactions was £207 million (2018-19 £244 million). The total future minimum payments under off-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods.

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

	2019-20		2018-19	
	Core department & agencies £000	Departmental group £000	Core department & agencies £000	Departmental group £000
Not later than one year	213,443	213,443	249,666	249,666
Later than one year and not later than five years	371,106	371,106	686,721	686,721
Later than five years	-	-	-	-
<b>Total commitment</b>	<b>584,549</b>	<b>584,549</b>	<b>936,387</b>	<b>936,387</b>

## 16.2. "On-balance sheet" (SoFP)

### Home Office IT Systems

The Home Office signed an extension to the contracts with Fujitsu to provide IT services until April 2020. This extension allows for business continuity whilst new IT service contracts are being introduced to replace the services provided by Fujitsu. During the year, the Home Office signed an extension to the contract with Atos until September 2020.

### DXC Technology

Under the terms of the contract signed in 2009, which is now in a Termination Assistance period, DXC works with the Home Office in maintaining a range of current passport ICT systems necessary for the processing of passport applications, including online applications.

Under IFRIC 12, this arrangement is deemed as an "on-balance sheet" (SoFP) service concession, the assets being treated as the assets of the Home Office.

### De La Rue

Under the passport Design and Production contract the Home Office outsourced an element of its passport printing to De La Rue (DLR). Under the terms of the contract, which was signed in 2009 and is now in Termination Assistance status whilst Home Office migrates to a new Passport Print provider, DLR built infrastructure on behalf of the Home Office and uses this infrastructure in the production of passports. DLR is also responsible for ongoing support and maintenance of the infrastructure.

The commitment with DLR includes assets which are not exclusively used in the service delivery to the Home Office. These assets have been included in the "on-balance sheet" commitment, as the proportion of the net book values of the non-exclusive assets is not material.

### Gemalto

Under the Passport Production and Associated Services contract signed in April 2018 Gemalto, owned by Thales, has built infrastructure on behalf of the Home Office and uses this infrastructure in the production of passports. Gemalto is also responsible for ongoing support and maintenance of the infrastructure. They also provide products to Foreign and Commonwealth Office.

The commitment with Gemalto includes assets which are not exclusively used in the service delivery to the Home Office. These assets have been included in the "on-balance sheet" commitment, as the proportion of the net book values of the non-exclusive assets is not material.

### Home Office Central London Accommodation

On 26 March 2002, a 29-year public private partnership contract was signed for the construction and maintenance of a new central London headquarters building at 2 Marsham Street. The building houses the majority of staff in the Home Office based in Central London. Under IFRIC 12, 2 Marsham Street is recorded as an "on-balance sheet" (SoFP) asset of the Home Office. The operational and variable payment streams to the contractor for building services are charged to the Statement of Comprehensive Net Expenditure.

The contract contains an option for the Home Office to purchase the building at the end of the contract.

The Ministry for Housing, Communities and Local Government (MHCLG) and the Department for the Environment and Fisheries and Food (DEFRA) have staff based at 2 Marsham Street and occupy a portion of the building. In 2019-20 MHCLG paid £14.4 million (2018-19, £14.6 million) and DEFRA paid £13.7 million (2018-19, £13.9 million) to the Home Office for the use of the building.

## Airwave

The "on balance sheet" (SoFP) portion of the Airwave commitment represents assets for the London Underground and the resilience network which have been paid for. Airwave Solutions Ltd will transfer some assets deemed transferable to the Home Office at the end of its contract period upon receipt of payment for the assets at fair market value. The "on balance sheet" value represents the current assessment of these assets' fair value and they are treated as if they were a finance lease.

## "On-balance sheet" PFI table

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI or other service concession transactions was £141 million (2018-19: £363 million). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
<b>Minimum lease payments</b>				
Not later than one year	32,010	32,010	33,711	33,811
Later than one year and not later than five years	135,214	135,214	132,421	132,487
Later than five years	225,652	225,652	260,455	260,455
	<b>392,876</b>	<b>392,876</b>	<b>426,587</b>	<b>426,753</b>
<i>Less interest element</i>	(228,958)	(228,958)	(253,591)	(253,594)
<b>Present value</b>	<b>163,918</b>	<b>163,918</b>	<b>172,996</b>	<b>173,159</b>
<b>Service elements due in future periods</b>				
Not later than one year	63,005	63,005	99,906	100,003
Later than one year and not later than five years	68,447	68,447	66,211	66,275
Later than five years	112,826	112,826	130,228	130,228
<b>Total service elements due in future periods</b>	<b>244,278</b>	<b>244,278</b>	<b>296,345</b>	<b>296,506</b>
<b>Total commitment</b>	<b>408,196</b>	<b>408,196</b>	<b>469,341</b>	<b>469,665</b>

## 17. Capital and Other Commitments

### 17.1. Capital commitments

Contracted capital commitments of over £100,000 at the end of the reporting period but not otherwise included in these financial statements are as follows.

	2019-20		2018-19	
	Core department & agencies £000	Departmental group £000	Core department & agencies £000	Departmental group £000
Property, plant & equipment	15,808	15,808	20,896	20,896
Intangible assets	115,548	116,240	65,516	65,516
<b>Total commitment</b>	<b>131,356</b>	<b>132,048</b>	<b>86,412</b>	<b>86,412</b>

These commitments include:

£36.0 million with LEIDOS for transition costs from legacy suppliers (Northrop Grumman and IBM), providing reduced service charges from the consolidation with LEIDOS, enabling tech refresh, and transition/transformation of platforms to the Cloud which will enable further savings in future years.

£17.6 million with FCOS for Out of country Visa Applications. For the provision of IT services from FCOS to support worldwide Immigration Visa Issuance and Biometric Data Capturing.

£15.3 million with ATOS for Contain and IPIDS Hosting. For the provision of IT hosting and applications services from ATOS to support Immigration Caseworking.

£12.7 million with Transport for London for Emergency Services Network (ESN) work on the London Underground.

£10.2 million with Oracle for legacy system costs. For the provision of Database services and licences from Oracle to support Immigration Caseworking.

£5.6 million with Fujitsu for Biometric Matcher Platform implementation stage 1, delivery of platform and mark to print search capability for Law Enforcement (fingerprints).

## 17.2. Other financial commitments

	Core department & agencies £000	2019-20 Departmental group £000	Core department & agencies £000	2018-19 Departmental group £000
Not later than one year	2,029,490	2,045,624	2,231,770	2,286,371
Later than one year and not later than five years	4,184,308	4,184,308	4,231,356	4,245,818
Later than five years	2,339,841	2,339,841	2,846,172	2,846,172
<b>Total commitment</b>	<b>8,553,639</b>	<b>8,569,773</b>	<b>9,309,298</b>	<b>9,378,361</b>

These commitments include:

The Public Safety Radio Communications Service contract with Airwave Solutions Ltd for the provision of an emergency telecommunications network for the police services of England, Scotland and Wales commenced in February 2000 and is due to expire at the end of December 2022. The total contract value is £5.4 billion with a remaining contract value of £0.6 billion.

In January 2019, the Home Office entered into seven, 10 year, contracts for the provision of accommodation, transportation and support services to eligible asylum applicants. These are collectively known as Asylum Accommodation Services Contracts and are the direct replacement for the previous six COMPASS contracts. The seven contracts, which are being delivered by Clearsprings, Ready Homes Ltd, Serco Ltd and Mears Ltd, were successfully transitioned on time and became fully operational in September 2019. The contracts have a total value of approximately £4.2 billion.

In August 2019, the Home Office entered into a contract with Cobham Aerospace Connectivity Ltd for the provision of ESN Air Communication System Long Term Evolution Devices. The Framework Agreement provides for 66 Guaranteed Aircraft Sets for National Police Air Service, Air Ambulance, Scottish Ambulance Service and Police Scotland with the potential to increase to c. 103 Device Sets subject to Maritime and Coastguard Agency and Ministry of Defence requirements. The maximum contract value is £100 million.

In November 2019, the Home Office entered into a framework contract with two suppliers: TST Systems and Handsfree Group Ltd, with a maximum Framework Call-Off value of £140m (uncommitted third party spend). This framework agreement has been let to enable local Police, Fire and Rescue and Ambulance authorities in England, Scotland and Wales enter into their own call-off contracts for compatible vehicle devices to communicate with the new Emergency Services Network (ESN) being delivered by the Home Office through the Emergency Services Mobile Communications Programme (ESMCP).

In December 2019, the Home Office awarded a contract with Amazon Web Services EMEA SARL for the provision of public cloud hosting services for a period of four years. The contract is valued to a maximum of £100 million.

In October 2019, the Home Office entered into the Strategic Central & Bureau Platform (SCBP) contract with Leidos for the continued provision of the IABS (Immigration and Borders) and IDENT1 (law enforcement) fingerprint and facial biometric systems, and to deliver wider transformation across the Home Office and Law Enforcement through the delivery of a modernised and common platform. The SCBP contract has an initial term of 6 years and is a replacement for two existing

contracts, NBIS (National Biometric Identity Services) and FABrIC (Forensic and Biometric Interim Capability). The new contract is currently in the mobilisation and transition phase and will become fully operational from October 2020 for IDENT1 and October 2021 for IABS. The contract has a total value of approximately £96 million and has the option for two 2-year extension periods on the same terms.

## **18. Related-party transactions**

The Home Office is the sponsor of the Non-Departmental Public Bodies (NDPBs) listed in Note 19. These bodies are regarded as related parties, with which the Home Office has had various material transactions during the year. Details of related party transactions of NDPBs are disclosed in their audited accounts.

The Department has had transactions with other government departments and other central government bodies. In particular there have been transactions with:

- The Cabinet Office: Civil Superannuation relating to the employees' pension scheme. The employer's contribution to this pension scheme can be found in the Staff Report within the accountability section; and
- The Foreign and Commonwealth Office relating to the overseas collection of both Visa income and the Immigration Health Surcharge.
- The Forensic Archive Ltd is considered a related party operating under the 'guardianship' of the Home Office with Home Office senior management sitting on the board.

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

Board members and key senior management staff are subject to a standard annual interests review, stating whether they, their spouses or close family members have been in a position of influence or control in organisations with which the Home Office has transactions.

The Remuneration Report provides information on key management compensation.

## 19. Entities within the Departmental boundary

The entities within the Departmental boundary during 2019-20 are as follows:

### Entities consolidated

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

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

Disclosure and Barring Service

Independent Office of Police Conduct

Immigration Services Commissioner

Security Industry Authority

Gangmasters and Labour Abuse Authority

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

### Other Entities

College of Policing Limited

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

### Entities within the Core Department

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

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

The Advisory Council on the Misuse of Drugs

The Committee for the Protection of Animals Used for Scientific Purposes

Biometrics and Forensics Ethics Group

Migration Advisory Committee

Police Advisory Board for England and Wales

Police Remuneration Review Body

Technical Advisory Board

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

Investigatory Powers Tribunal



Police Appeals Tribunal

**Other**

The Office of the Independent Anti-Slavery Commissioner

The Office of the person appointed under sections 47H(4), 127H(4), 195H(4), 290(8) and 303E(9) of the Proceeds of Crime Act 2002

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

The Office of the Forensic Science Regulator

Her Majesty's Inspectors of Constabulary

Office of the Chief Inspector of the UK Border Agency

Independent Family Returns Panel

The Office of the Independent Reviewer of Terrorism Legislation

The Office of the Surveillance Camera Commissioner

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

Investigatory Powers Commissioner's Office

National Crime Agency Remuneration Review Body

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

## 20. Events after the reporting period date

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

There were no significant events after the reporting period that require disclosure.

The date the Accounts are authorised for issue by Matthew Rycroft (Accounting Officer) is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.

## 4. TRUST STATEMENT

## Introduction to the Trust Statement

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

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

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

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

**Matthew Rycroft CBE**

**Accounting Officer**

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

## Scope of the Trust Statement

An Accounts direction, issued by HM Treasury on 12 December 2019, requires the Home Office to prepare a Trust Statement for the financial year ended 31 March 2020.

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

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

## Immigration charges

### Immigration Skills Charge

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

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

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

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

### Immigration Health Surcharge

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

## Consular fees

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

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

## Civil Penalties

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

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

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

**Matthew Rycroft CBE**

**Accounting Officer**

## Our Performance

This Trust Statement shows that net revenues for the Consolidated Fund have increased from £234 million in 2018-19 to £263 million in 2019-20. The most significant factor in causing this increase is the continued growth of the Immigration Skills Charge (introduced in 2017) which increased revenue by £44 million. The key factor causing this increase was the lifting of the migrant cap on NHS workers which helped to drive the volumes upward, though a general increase trend may also have been attributed to EU-Exit effects making the UK more attractive for skilled workers. Civil penalties have also increased by £13.5 million, which is due to new processes put in place to deal with cases in real time. The process improvements also enabled the Department to address the historical backlog of case work.

The expenditure that the Home Office is allowed to set-off against the revenues was £38 million in 2019-20 compared to £9 million in 2018-19. This increase in expenditure is largely due to an increase in the debtors' provision (see note 3.3 in the Notes to the accounts). In 2018-19 the provision decreased by £10 million, whereas in 2019-20 the provision increased by £16 million. Debts amounting to £9m were written off during the year and these were utilised against the provision. The Department undertook a full review of its debtors in 2019-20 to consider debts that are irrecoverable, which it could not perform in 2018-19 due to implementation of the Finance phase of the new ERP system. Other expenditure has remained broadly steady but increased from £19 million in 2018-19 to £22 million in 2019-20.

The cash position has increased from £200 million to £266 million. These amounts will be paid over to the Exchequer in 2020-21.

Managing the policies and processes that minimise the need to impose civil and immigration penalties is a key part of the Home Office's remit. During 2019-20 this work included further implementation of the Immigration Act 2014 and Immigration Act 2016.

The online right to work checking service, implemented last year, allowing employers to easily check a person's right to work and then evidence this enables our caseworkers to quickly verify employer compliance when considering civil penalties.

**Matthew Rycroft CBE**

**Accounting Officer**  
8 July 2020

## Our controls and governance

### Statement of Accounting Officer's Responsibilities

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

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

- observe the Accounts Direction issued by Treasury, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- have taken all steps that ought to have been taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information, and that they are not aware of any relevant information of which the entity's auditors are unaware of;
- state whether applicable accounting standards, as set out in the FReM have been followed, and disclose and explain any material departures in the accounts;
- prepare the Statement on a going concern basis; and
- confirm that the Statement, as a whole, is fair, balanced and understandable and take personal responsibility for the Statement and the judgments required for determining that it is fair, balanced and understandable.

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

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department are set out in [Managing Public Money](#) published by HM Treasury.

### Governance Statement

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



The Home Office operates and follows the principles of good governance in accordance with HM Treasury guidance. The Governance Statement, which covers all aspects of the Home Office, including those reported here in this Trust Statement, is provided in the Accountability Report (section 2 on pages 44 to 129).

### **Auditors**

The Statement is audited by the Comptroller and Auditor General under the Exchequer and Audit Departments Act 1921. The notional fee for this audit service is £83,000 (2018-19: £80,000), which is included in the Home Office Resource accounts. No non-audit work was carried out by the auditors.

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

**Matthew Rycroft CBE**

**Accounting Officer**

8 July 2020

## External Scrutiny

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

#### Opinion on financial statements

I certify that I have audited the financial statements of the Home Office Trust Statement for the year ended 31 March 2020 under the Exchequer and Audit Departments Act 1921. The financial statements comprise the Statement of Revenue, Other Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion:

- the Home Office Trust Statement gives a true and fair view of the state of affairs as at 31 March 2020 and of the net revenue for the year then ended; and
- the financial statements have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

#### Emphasis of matter – material uncertainty

Without qualifying my opinion, I draw attention to the disclosures made in note 3.3 in the Trust Statement concerning the material uncertainty created by the impact of Covid-19 on the recoverability of receivables. As set out in this note, because of COVID-19, the lack of historic and forward-looking macro-economic information creates a material uncertainty in estimating how much of the debt will be recovered.

#### Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Home Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Home Office's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Home Office have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Home Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Accounting Officer for the audit of the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Home Office Trust Statement's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Home Office's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Home Office Trust

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

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

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the Foreword to the Trust Statement, Our Performance and Our Controls and Governance sections, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the information given in the Accounting Officer's Foreword to the Trust Statement, Our Performance and Our Controls and Governance sections for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

## Report

I have no observations to make on these financial statements.

Gareth Davies

Date 10 July 2020

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road Victoria

London

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## Our income and expenditure

### Statement of Revenue, Other Income and Expenditure

for the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
<b>Levies and similar revenue</b>			
Immigration Skills Charge	2.1	171,867	128,083
<b>Total levies and similar revenue</b>		<b>171,867</b>	<b>128,083</b>
<b>Fines and penalties</b>			
Civil Penalties	2.2	39,324	25,836
Immigration Penalties	2.2	5,082	4,200
<b>Total fines and penalties</b>		<b>44,406</b>	<b>30,036</b>
<b>Other income</b>			
Duties and Fees	2.3	85,240	84,104
<b>Total other income</b>		<b>85,240</b>	<b>84,104</b>
<b>Total revenue and other income</b>		<b>301,513</b>	<b>242,223</b>
<b>Expenditure</b>			
Discounts		2,135	1,653
Credit losses - (increase) / decrease in impairment of receivables	3.2	16,078	(10,117)
Element retained		16,246	14,205
Costs of collection		3,930	2,887
Administration costs		-	-
<b>Total expenditure</b>		<b>38,389</b>	<b>8,628</b>
<b>Net revenue for the Consolidated Fund</b>	6	<b>263,124</b>	<b>233,595</b>

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

The notes on pages 190 to 203 form part of this statement.

## Statement of Financial Position

for the year ended 31 March 2020

		31 March 2020	31 March 2019
	Note	£000	£000
<b>Current assets</b>			
Current assets receivables	3.1	32,135	26,351
Cash and cash equivalents	4	266,314	200,473
<b>Total current assets</b>		<b>298,449</b>	<b>226,824</b>
<b>Current liabilities</b>			
Payables	5	612	1,381
Contract liabilities	5	12,200	11,930
<b>Total current liabilities</b>		<b>12,812</b>	<b>13,311</b>
<b>Net current assets</b>		<b>285,637</b>	<b>213,513</b>
<b>Total net assets</b>		<b>285,637</b>	<b>213,513</b>
<b>Represented by:</b>			
Balance on Consolidated Fund Account	6	285,637	213,513

The notes on pages 190 to 203 form part of this statement.

**Matthew Rycroft CBE**

**Accounting Officer**

8 July 2020

## Statement of Cash Flows

for the year ended 31 March 2020

		2019-20	2018-19
	Note	£000	£000
<b>Net cash flows from operating activities</b>	A	256,841	<b>215,991</b>
Cash paid to the Consolidated Fund	6	(191,000)	(82,650)
<b>Increase/(decrease) in cash in this period</b>	B	<b>65,841</b>	<b>133,341</b>
<b>Notes to the Statement of Cash Flows</b>			
<b>A: Reconciliation of net cash flow to movement in net funds</b>			
Net revenue for the Consolidated Fund	6	263,124	233,595
(Increase) / decrease in receivables	3.1	(5,784)	(22,028)
Increase / (decrease) in payables	5	(499)	4,424
<b>Net cash flows from operating activities</b>		<b>256,841</b>	<b>215,991</b>
<b>B: Analysis of changes in net funds</b>			
(Increase) / decrease in cash in this period	4	65,841	133,341
Net funds at 1 April (Net cash at bank)	4	200,473	67,132
<b>Net funds at 31 March (closing balance)</b>		<b>266,314</b>	<b>200,473</b>

The notes on pages 190 to 203 form part of this statement.



## Notes to the Trust Statement

### 1. Statement of Accounting Policies

#### 1.1 Basis of accounting

The Trust Statement is prepared in accordance with:

- the 2019-20 Financial Reporting Manual (FReM) issued by HM Treasury, in particular Chapter 8.2 which deals with Consolidated Fund revenue and Trust Statements. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as interpreted for the public sector.
- the 2019-20 accounts direction issued by HM Treasury on 12 December 2019 under 2(3) of the Exchequer and Audit Departments Act 1921.

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

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

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

#### 1.2 Changes in accounting policies and disclosures

There has been no change in accounting policy in the reporting period.

#### 1.3 Accounting convention

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

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

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

## 1.4 Revenue recognition

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

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

The Home Office, in its Trust Statement, recognises revenue from three main forms of Income: Levies and similar revenue, Fines and penalties and Duties and fees.

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

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

Contract assets (accrued revenue) reported within the Trust Statement, primarily relate to the consideration due for work completed but not yet billed at the reporting date. Contract liabilities (deferred revenue) primarily relate to the consideration received from customers in advance of transferring a good or service.

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

CONTRACT LIABILITIES	31 March 2020	31 March 2019
	£000	£000
Balance at 1 April	11,930	7,458
Decrease due to revenue recognised in year	(171,867)	(128,083)
Increase due to cash received in advance and not recognised as revenue in year	172,137	132,555
<b>Balance at 31 March</b>	<b>12,200</b>	<b>11,930</b>
Presented within:		
Current	12,200	11,930
Non-current	-	-

### 1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Home Office becomes a party to the contractual provisions of an instrument.

### 1.6 Financial assets

For the purposes of this Trust Statement, the Home Office holds financial assets (see notes 3 and 7) in the following categories:

- Receivables held at amortised cost;
- Cash and cash equivalent.

Both receivables and cash and cash equivalents are held at amortised cost following the adoption of IFRS 9 'Financial Instruments' as a replacement for IAS 39 'Financial Instruments: Recognition and Measurement'. Amortised costs entail valuing statement of financial position items based on expected cash flows, adjusted for impairment in accordance with the requirements of the FReM and IFRS 9. IFRS 9 allows a practical expedient called a provision matrix to be used to measure impairment losses, (see 1.10 below).

Receivables held at amortised cost comprise:

- illegal workers civil penalties, the amounts due from individuals and companies in breach of employment restrictions for which, at the financial year end, payments had not been received;
- civil penalties levied against landlords in breach of the Immigration Act 2014, amounts for which payments have not been received at the financial year end;
- other civil penalties levied against carriers in breach of the Immigration and Asylum Act 1999, amounts for which payments have not been received at the financial year end.

The present value of receivables is determined by making an assessment to reduce the carrying value of receivables to the estimated future flow of repayments, using our judgement on likely debt collection rates, discounted at HM Treasury's discount rate currently at 3.7% (2018-19: 3.7%).

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

Cash and cash equivalents comprise current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

### 1.7 Financial liabilities

For the purposes of this Trust Statement, the Home Office holds financial liabilities (see notes 5 and 7) in the following categories:

- Payables;
- Contract Liabilities (see note 1.4).

Payables comprise:

- Payables in the Statement of Financial Position. Payables are amounts established as due at the reporting date, but where payment is made subsequently. Since these balances are expected to be settled within 12 months of the reporting date there is no material difference between fair value, amortised cost and historical cost.
- Contract liabilities in the Statement of Financial Position. Contract liabilities are amounts relating to Immigration Skills Charges recorded as payment in advance at the reporting date, until such time either a visa is delivered, or an application decision is made to the customer.

### 1.8 Receivables

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

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

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

### 1.9 Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. When preparing the Trust Statement, the Home Office makes estimates and

assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future financial years are addressed at 1.10 below.

### **1.10 Impairment of debt and credit losses**

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

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

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

As a result of Covid19 debts have been further impaired based on a management estimate of the impact. However, there remains material uncertainty as to the actual impact of COVID-19 on the recoverability of debts. Management have provided a sensitivity analysis of the possible impact from different scenarios at Note 7.2 a).

### **1.11 Miscellaneous CFER Income**

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

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

### **1.12 Cash**

All income, except for that relating to civil penalties, is recorded at the same time as cash is received. For civil penalties, the determination of cash received is calculated by the increase or decrease in the Receivable balance, adjusted by the in-year income. Expenses incurred in the production of the Trust Statement are deemed paid in cash. Surrendering of Consolidated Fund Receipts to HM Treasury are made in cash at regular intervals throughout the year.

## 1.13 Trust Statement Expenses

### Discounts

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

### Costs of Collection

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

Payment handling charges associated with the Immigration Skills Charge are estimated based on the proportional split between the Visa sponsorship fee and the Immigration Skills Charge. The cost of staff reported as part of Costs of collection relates to those staff involved in administering the Immigration Skills Charge and to those involved in preparing the Trust Statement.

### 1.14 Retained Income

As part of Spending Review 2015, Home Office, in a letter from HM Treasury dated 20 January 2016, was given a budgetary settlement which included the ability to retain up to £17 million of civil penalty income in each year from 2016-17 to 2019-20. In 2019-20, £16.2 million (2018-19 £14.2 million) was retained.

### 1.15 Contract Liabilities

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

## 2. Revenue and other income

### 2.1 Levies and similar revenues

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

	2019-20	2018-19
	£000	£000
Immigration Skills Charge	171,867	128,083

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

## 2.2 Fines and penalties

Civil and Immigration penalties are levied on business who employ those who do not have the permission to enter or remain in the UK. Immigration penalties are levied on individuals who enter or remain illegally in the UK. The Department is not permitted to retain this income without HM Treasury approval. In 2019-20, HM Treasury allowed the Department to retain £16.2 million of this income (£14.2 million in 2018-19), the remaining income is surrendered to the Consolidated Fund.

	2019-20	2018-19
	£000	£000
Civil Penalties	39,324	25,836
Immigration Penalties	5,082	4,200
<b>Total fines and penalties</b>	<b>44,406</b>	<b>30,036</b>

## 2.3 Other Income

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

	2019-20	2018-19
	£000	£000
Consular fees	73,263	81,969
Other	11,977	2,135
<b>Total other income</b>	<b>85,240</b>	<b>84,104</b>

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

### 3. Receivables

#### 3.1 Amounts due at 31 March 2020

	2019-20	2018-19
	£000	£000
Receivables at 1 April	118,344	96,537
Less Debts written off	(9,083)	(55)
<b>Receivable before Impairment</b>	<b>109,261</b>	<b>96,482</b>
Less: Estimated impairments	(77,126)	(70,131)
<b>Receivables Net book value at 31 March</b>	<b>32,135</b>	<b>26,351</b>

Receivables represents the amount due from taxpayers and businesses where invoices or other demands for payment have been issued but not paid for at 31 March 2020, and also the amounts due from those on whom financial penalties have been imposed prior to 31 March 2020, but not paid at that date.

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

A full review of debtors to determine write-offs is conducted on an annual basis. Following the 2019-20 review, an amount of £9.1 million was written off. A full review of debtors did not take place during 2018-19 due to the implementation of the Finance phase of the new ERP system.

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

The amortised amount of receivables is determined by making an impairment to reduce the carrying value of receivables to the estimated future flow of repayments discounted at HM Treasury's discount rate currently at 3.7% (2018-19: 3.7%). Under IFRS 9, this impairment loss estimation can be measured using a practical expedient called a provision matrix.

The provision matrix calculates the expected credit loss for each segment of civil penalty debt using the historical loss experience of these segments of debt. This is adjusted where applicable for any current or future condition changes. Debt collection data for the 5 years for Immigration Penalties and 3 years for Civil Penalties prior to the balance sheet date has been used to build this expected credit loss percentage. This percentage is then applied to the debt outstanding at the balance sheet date to calculate the estimated impairment provision.



### 3.2 Credit losses

	2019-20	2018-19
	£000	£000
Debts written off	-	55
Increase / (decrease) in the value of impairments	16,078	(10,172)
<b>Total Credit Losses / (Gains)</b>	<b>16,078</b>	<b>(10,117)</b>

Debt written off has increased significantly as there was a full debtor review and write off conducted in 2019-20. These write-offs were utilised against the provision balance.

The table below sets out the series of actions that the Home Office undertakes as part of its debt management procedures before considering that a debt has become irrecoverable:

Income Stream	Initial Activity	Further Action	Final Action
All Other Income Streams	Home Office Shared Services undertake all debt collection activities with the exception of Civil Penalties.	All other uncollected debt is returned by our Shared Services centre to the originating business areas after 90 days past due to either make further attempts to collect or consider write offs.	A check is performed on the company to confirm if still trading and a decision is reached regarding write offs.
Civil Penalties (Employer and Landlords)	Home Office Shared Services make two predelinquency calls before the due date to promote faster payment discounts.	Overdue debts are passed to specialist debt collectors within the cross governmental debt recovery platform (Debt Market Integrator). The DMI delivers a pre-legal and legal debt recovery through a framework of approved suppliers. The pre-legal strategy is delivered through a combination of tracing, letters, phone calls and texts. This will continue for 90 days until every collection route is exhausted and if unsuccessful will then be returned to the business area for a decision on whether to continue with a litigation strategy and enforcement action.	When the pre-legal strategy has completed but the debts remain outstanding, a check is performed on the company to confirm whether it is still trading prior to the commencement of the litigation strategy within the DMI. Otherwise debts write offs are considered.

### 3.3 Change to impairment of receivables

	2019-20	2018-19
	£000	£000
Balance at 1 April	70,131	80,303
Net remeasurement*	16,078	(10,172)
Write-off	(9,083)	-
<b>Balance at 31 March</b>	<b>77,126</b>	<b>70,131</b>

\*The 2018-19 Trust Statement figures reported the movement as Provision utilisation. It is now reported as a Net remeasurement.

In accordance with IFRS 9, the provision matrix used to calculate the provision on the impairment of receivables (as explained further in 3.1 above) has resulted in an increase in the provision balance from £70.1 million in 2018-19 to £77.1 million in 2019-20. This provision model accounts for these payment plans by calculating expected credit losses based on the average of individual historical debtors over the life of the debtor.

The Home Office has considered how the adverse macroeconomic conditions due to the COVID-19 pandemic affect the accounting for expected credit losses. The unprecedented situation means that we cannot turn to historical research data in our assessment; similarly, there is limited forward-looking information. We have also considered the government economic response to use monetary and fiscal policy that aims to ease short-term liquidity constraints and limit the extent of the economic shock.

In line with the government's economic measures taken in response to the COVID-19 pandemic, in March 2020 the Department suspended debt collection activities and stopped issuing penalties, which will impact future receivables.

The Home Office has applied judgement to decide on whether these factors will have a material impact on our expected credit losses assessment. We have concluded that, the calculated average historical credit losses on civil penalties with shared risk characteristics is still a reasonable estimate of the probability-weighted expected loss amount.

Given that the unpaid fines are in the main probably not determined by macroeconomic factors, we have instead looked at events after the reporting period for evidence of likely impact. Debtors who are on payment plans (e.g. standing orders or direct debits) were analysed post year end. The results showed that 2% of the population stopped paying after the date of the reporting period. We have extrapolated a 2% post model overlay to the remainder of trade receivables, as our best estimate of economic impact. The value of the overlay adjustment is £655k.

The Department also analysed receipts from businesses and individuals who have made regular payments towards their debts in the last 14 months irrespective of whether they are on payment plans. The total receipts were £3,388k. Although such analysis is inherently speculative it has given us an indication of what might happen if, for example, 10% of firms or people who already pay can no longer afford to pay as a result of the pandemic. Our judgement based on this analysis shows that the amount is insignificant at £339k representing only 0.31% of the total closing receivables value as at the end of the reporting period.

The lack of historic and forward-looking macro-economic information creates a material uncertainty in developing this estimate. We have therefore looked at potential ranges and used sensitivity analysis around this to test materiality. Further detail is included in note 7.2 (a).

#### 4. Cash and cash equivalents

	2019-20	2018-19
	£000	£000
Balance at 1 April	200,473	67,132
Net change in cash and cash equivalent balances	65,841	133,341
<b>Balance at 31 March</b>	<b>266,314</b>	<b>200,473</b>
The following balances at 31 March were held at:		
Government Banking Service	266,314	200,473
<b>Total</b>	<b>266,314</b>	<b>200,473</b>

## 5. Payables and contract liabilities

	2019-20	2018-19
	£000	£000
Payables	612	1,381
Contract Liabilities	12,200	11,930
<b>Total Payables and Contract Liabilities at 31 March</b>	<b>12,812</b>	<b>13,311</b>

Contract liabilities represent revenue for the Immigration Skills Charge as deferred until a decision is made regarding the outcome of the visa application.

Payables represent refunds plus any other debts which are due but not yet paid.

## 6. Balance on the consolidated fund account

	2019-20	2018-19
	£000	£000
Balance on the Consolidated Fund at 1 April	213,513	62,568
Net Revenue for the Consolidated Fund	263,124	233,595
Less amounts paid to the Consolidated Fund	(191,000)	(82,650)
<b>Balance on the Consolidated Fund at 31 March</b>	<b>285,637</b>	<b>213,513</b>

## 7. Financial instruments

### 7.1 Classification and categorisation of financial instruments

		2019-20	2018-19
	Note	£000	£000
<b>Financial assets</b>			
Cash	4	266,314	200,473
Civil penalties receivables	3	32,135	26,351
<b>Total financial assets</b>		<b>298,449</b>	<b>226,824</b>
<b>Financial liabilities</b>			
Payables and contract liabilities	5	12,812	13,311
<b>Total financial liabilities</b>		<b>12,812</b>	<b>13,311</b>

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

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

## 7.2 Risk exposure to financial instruments

### a) Carrying amount and fair values

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

The amortised cost of receivables is determined by making an impairment to reduce the carrying value of receivables to the net present value of the estimated future flow of repayments discounted at the Treasury rate of 3.7% (2018-19: 3.7%).

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

		2019-20	2018-19
	Change in Discount Rate	£000	£000
Projected Cash Collections	+1%	(268)	(141)
Projected Cash Collections	-1%	276	145

The key assumption behind the provision matrix's calculation of the impairment provision is that the estimated future flow of repayments reflects historical trends and, as such, there is inherent uncertainty in the estimated provision.

IFRS 9 requires the consideration of forward-looking macro-economic factors in the expected credit loss calculation. The effect of macro-economic factors on the provision matrix has been considered by Home Office management who concluded there is insufficient research relevant to guide our assessment of the economic impact on trade receivables. Given the material uncertainty in our assessment, set out in the table below is a sensitivity analysis showing the impact on trade receivables across alternative assumptions:

## TRUST STATEMENT

Increase / (decrease) in net receivables	Change in Assumption	2019-20	2018-19
		£000	£000
Projected Cash Collections	+50%	16,067	13,175
Projected Cash Collections	+35%	11,247	9,223
Projected Cash Collections	+25%	8,034	6,588
Projected Cash Collections	+10%	3,213	2,635
Projected Cash Collections	+5%	1,607	1,318
Projected Cash Collections	-5%	(1,607)	(1,318)
Projected Cash Collections	-10%	(3,213)	(2,635)
Projected Cash Collections	-25%	(8,034)	(6,588)
Projected Cash Collections	-35%	(11,247)	(9,223)
Projected Cash Collections	-50%	(16,067)	(13,175)

### b) Liquidity risk

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

### c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Home Office on behalf of the Consolidated Fund and other parties, thereby causing the Consolidated Fund and other parties, for whom the Home Office acts as agent, to incur a loss. Credit risk arises from deposits with banks and receivables. The maximum exposure to credit risk at the balance sheet date is:

	2019-20	2018-19
	£000	£000
Cash at bank	266,314	200,473
Receivables	32,135	26,351
<b>Total</b>	<b>298,449</b>	<b>226,824</b>

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

The size of the risk inherent within the trade receivables balance (shown net of impairment above) is reflected in the receivables impairment which totals £77.1 million in 2019-20 (£70.1 million in 2018-19). The Home Office, through the Governance and Risk management structures outlined in the Governance Statement, continues to assess and implement programmes to increase collection of receivables.

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

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

#### **8. Related party transactions**

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

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

Board members and key senior management staff are subject to a standard annual interests' review, stating whether they, their spouses or close family members have been in a position of influence or control in organisations with which the Home Office has transactions. Further detail is included in the Home Office Resource Accounts in Note 18.

#### **9. Events after the reporting period**

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

There were no significant events after the reporting period that require disclosure.

The date the Accounts are authorised for issue by Matthew Rycroft (Accounting Officer) is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.

