



January 2017

Home Office



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The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.21 billion in 2015.

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Executive summary

This Departmental Overview looks at the Home Office (the Department) and summarises its performance during the year ended March 2016, together with our recent reports on it. The content of the report has been shared with the Department to ensure that the evidence presented is factually accurate.

Part One sets out some facts about the Department and how it has performed against its responsibilities:

- The Department's gross expenditure in 2015-16 was £14.3 billion, with income of £2.5 billion, resulting in net expenditure of £11.8 billion.
- The combined DEL outturn for the Department and the National Crime Agency (NCA) has reduced significantly over the past six years. The outturn for the Department and the NCA together was 23%, or £3.1 billion, less in 2015-16 than spending on like-for-like functions in 2010-11. The NCA is not part of the Department, but is a non-ministerial government department. It is accountable to the Home Secretary and, through the Home Secretary, to Parliament.
- The 2015 Spending Review requires the Department to achieve resource savings of 5% by 2019-20 and reduce its administrative budget by 30% by 2019-20.

Part Two sets out our findings from our work on the Department:

- Through his audit of the Department's annual report and accounts the Comptroller and Auditor General (C&AG) gave an unqualified audit opinion without modification.
- We have produced a range of value-for-money studies in 2015-16, including work on the *Financial sustainability of the police, E-borders and successor programmes*, *Yarl's Wood Immigration Removal Centre*, the *Syrian Vulnerable Persons Resettlement programme* and *Upgrading emergency service communications: the Emergency Services Network*.

Part Three looks ahead to the coming year:

- Brexit will have an impact on several Department areas, particularly regarding immigration and counter-terrorism.
- There are a number of important legislative changes around serious and organised crime, modern slavery, and counter-terrorism, which have recently or will soon be implemented.

About the Department

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

It has five **strategic priorities**, outlined in its [Single Departmental Plan](#) for 2015–2020: cut crime; control immigration; prevent terrorism; promote growth by keeping the UK safe; and delivering efficiently by transforming the Department.

Delivering efficiently: transforming the Department

Reduce operating costs while continuing to improve the efficiency and effectiveness of services.

Cut crime

Reform the police service; develop a modern crime prevention strategy; continue to implement the serious and organised crime strategy; protect vulnerable people.

- Crime and Policing Group
- Police and Crime Commissioners
- Police forces
- Fire and rescue services
- College of Policing
- Independent Police Complaints Commission
- Disclosure and Barring Service
- Security Industry Authority
- Gangmasters Licensing Authority
- National Crime Agency (also part of 'cut crime' priority)

Control immigration

Reduce annual net migration; tackle illegal migration; enhance border security. Resettle up to 20,000 Syrian refugees by 2020.

- HM Passport Office
- Border Force
- UK Visas & Immigration
- Immigration Enforcement
- International and Immigration Policy Group
- Office of the Immigration Services Commissioner

Prevent terrorism

Reduce threat from terrorism to the UK and its interests overseas; counter extremism in all its forms.

- Office for Security and Counter-Terrorism

■ Directorate within the Department

■ Non-departmental public body

■ Non-ministerial government department (outside the Department but remains accountable to the Home Secretary)

■ Police forces are managed by Police and Crime Commissioners, not the Department. The College of Policing was established as a limited company in December 2012.

■ Ministerial responsibility for fire and rescue policy moved from the Department for Communities and Local Government (DCLG) to the Home Office in January 2016.

Promote growth by keeping the UK safe



Note

The Home Office departmental boundary encompasses the central government Department and its directorates, five non-departmental public bodies and the College of Policing. Until 2013-14, it also had two executive agencies: HM Passport Office (which was transferred into the Department in October 2014) and the National Fraud Authority (which was closed in March 2014).

About the Department

Improvement plan, major projects and organisational changes

Where the Department spends its money

Budget and spending outturns from 2010-11 to 2015-16

The Spending Review settlement

Improvement plan, major projects and organisational changes

The Department is partway through a seven-year Improvement Plan launched in 2014 to help it improve operational performance. At the same time, it is running a number of longer-term, IT-enabled programmes and making organisational changes.

Improvement plan

The Department has recognised that too many of its major projects are off-track and its management capability is not strong enough to deliver its current change plans. In 2014 it therefore launched a seven-year [Improvement Plan](#) to improve its operational performance through strengthening its contracting and project management skills, and developing its capability in data analytics and business intelligence. The plan's aim is that by 2020 the Department will be "a world-class organisation, recognised internationally for expertise and innovative delivery and strong public trust".

Major programmes

The Department is investing in a number of longer-term programmes. These include:

- the **Communications Capabilities Development (CCD) programme**, aiming to ensure that the police, wider law enforcement, security and intelligence agencies can lawfully obtain, manage and use communications data and intercepted content to prevent and disrupt crime and protect the public;
- the **Digital Services at the Border (DSaB) programme**, aiming to enhance the security of the UK by gathering and acting on data about people and entities (for example, vehicles) crossing the border (see our report on [E-Borders and successor programmes](#));
- the **Emergency Services Mobile Communications Programme (ESMCP)**, aiming to replace the current system used by the police, fire and ambulance services to communicate with each other (see our report on [Upgrading emergency service communications: the Emergency Services Network](#)); and

- the **Immigration Platform Technologies programme**, aiming to improve the efficiency and effectiveness of its visa and other immigration transactions with the public. The new programme is expected to cost £208 million over four years. Support contracts for vital legacy systems are due to expire in 2016, but the new programme will not roll out fully until 2017 (see our report on [Reforming the UK border and immigration system](#)).

Organisational changes

The fire and rescue services became the ministerial responsibility of the Department in January 2016, moving from the DCLG.

A new ministerial post was created in September 2015 to oversee the Syrian Vulnerable Persons Resettlement programme. However, the role was abandoned during the reshuffle of June 2016. Responsibility for the programme now sits with the Immigration Minister and remains cross-cutting with the DCLG and the Department for International Development.

Where the Department spends its money

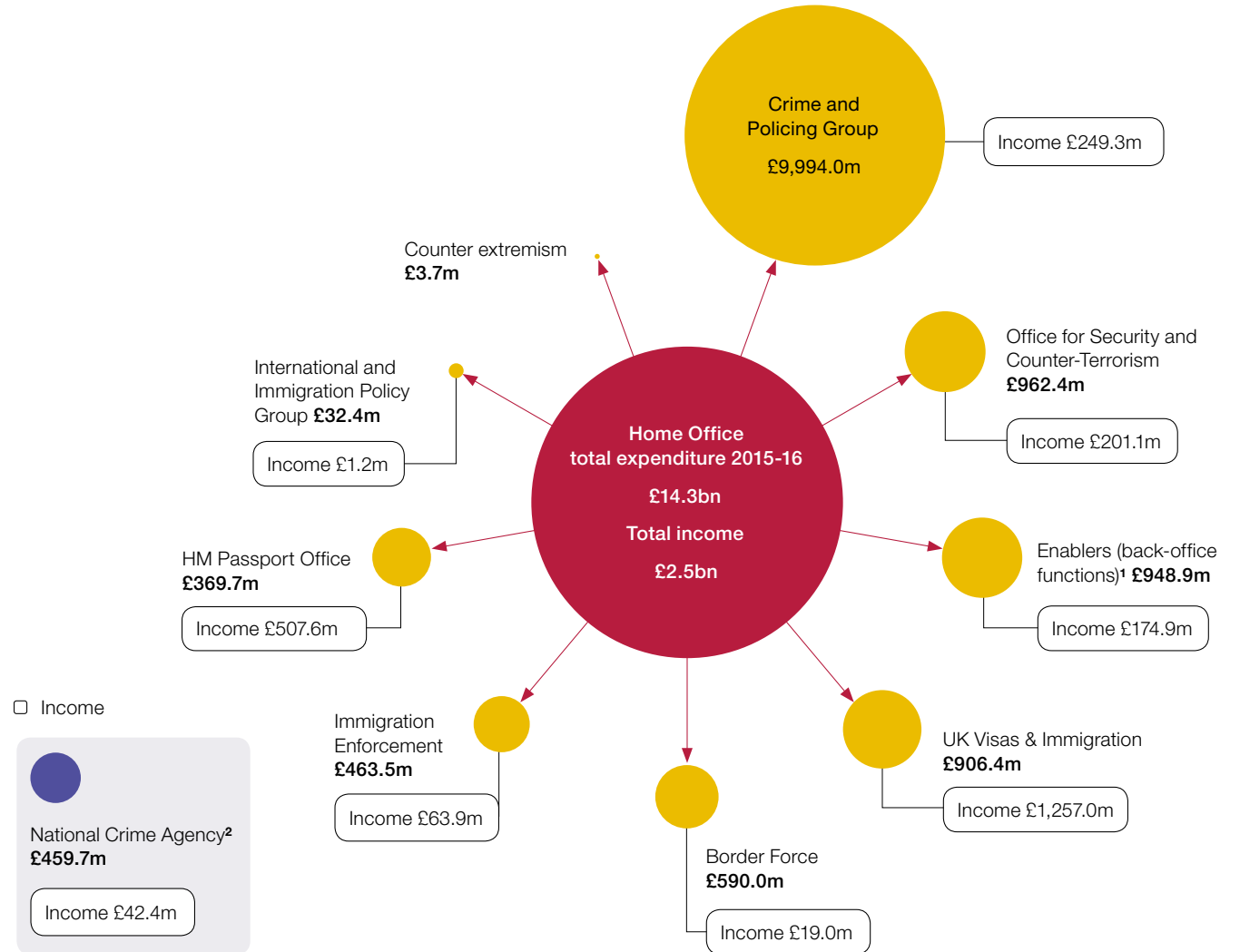
Gross spend for the Department in 2015-16 was £14.3 billion, with income of £2.5 billion, resulting in net expenditure of £11.8 billion. This was £1.2 billion less (-9.2%) than in 2014-15 (net expenditure of £13 billion).

All areas of expenditure were reduced in 2015-16, except for UK Visas & Immigration and Border Force. There is also a new expenditure of £3.7 million on counter-extremism.

Notes

- 1 Back-office functions include: Corporate Services, Communications Directorate, Human Resources Directorate and Strategy, Delivery and Private Office Group.
- 2 The NCA is a non-ministerial government department. It is outside the Home Office's departmental boundary (so produces separate accounts), but it reports to Parliament via the Home Secretary. The NCA figures are included here to give a more complete picture of public expenditure on organised crime and counter-terrorism.
- 3 On 5 January 2016 the then-Prime Minister confirmed that the responsibility for fire and rescue services transferred to the Department from DCLG with immediate effect. Budgets will transfer in 2016-17 so are not reflected here.
- 4 The main sources of the Department income are visa and passport fees.

Sources: Home Office Annual Report and Accounts 2015-16 (July 2016), and National Crime Agency Annual Report and Accounts 2015-16 (July 2016)



Budget and spending outturns from 2010-11 to 2015-16

The Department and NCA budgets have reduced significantly over the past six years.

The total spending (DEL and AME) for the Department and the NCA together was 17%, or £2.5 billion, less in 2015-16 than spending on like-for-like functions in 2010-11.

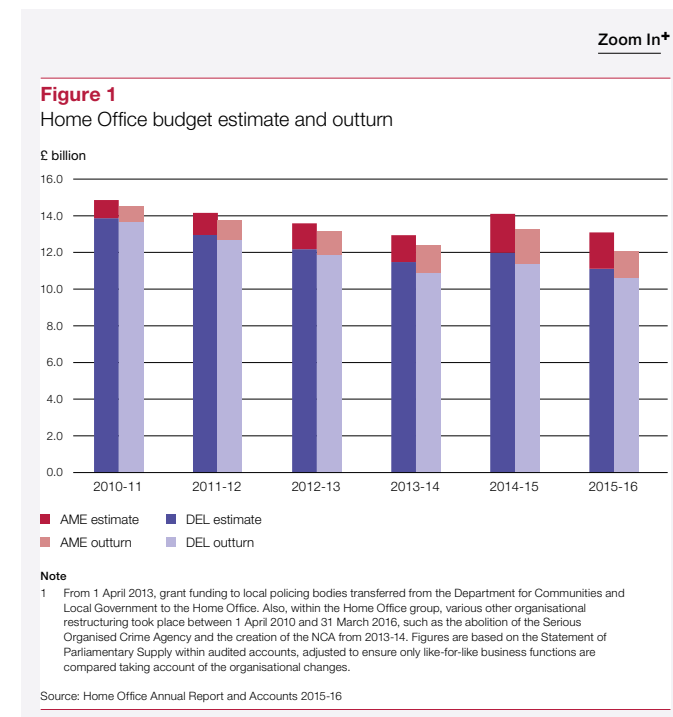
Within that overall reduction, the proportion that is demand-led expenditure that is hard to control or plan for (AME) has doubled. AME was 6% of total spend in 2010-11, and 12% in 2015-16. This is largely made up of top-up payments for police pensions, which are increasing year-on-year. From 2016-17 the Department will also start to pay top-ups for fire pensions.

The Department has taken a number of steps to reduce its spending (Figure 1). Savings have been achieved in large part by reducing:

- funding to the police;
- staff costs by means of a wage cap and decreasing staff numbers; and
- spending on IT and consultancy.

There were one-off costs in 2014-15 of £610 million (£460 million for recognising higher police pensions costs following a ruling by the Pensions Ombudsman and £150 million for a settlement with Raytheon Systems Ltd covering the e-Borders contract terminated in 2010). This made up 5% of expenditure that year.

The Department's budget for 2016-17 is £600 million higher than the previous year. The Department's combined DEL and AME budgets have increased by £600 million from 2015-16 to 2016-17. The increase in the budget for 2016-17 reflects the real-terms protection of the police budget, increased spending on border security and counter-terrorism activity and the addition of the fire and rescue services. The Department also plans resource expenditure savings of 5% by 2019-20 through a fully self-funded borders and immigration system and total reductions of 30% in its administration budget compared with 2015-16.



Departmental Expenditure Limits (DEL): planned and controlled spending across the period of each Spending Review.

Annual Managed Expenditure (AME): spending on demand-led programmes and therefore unpredictable and not easily controlled by departments.

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The Spending Review settlement

The Spending Review settlement

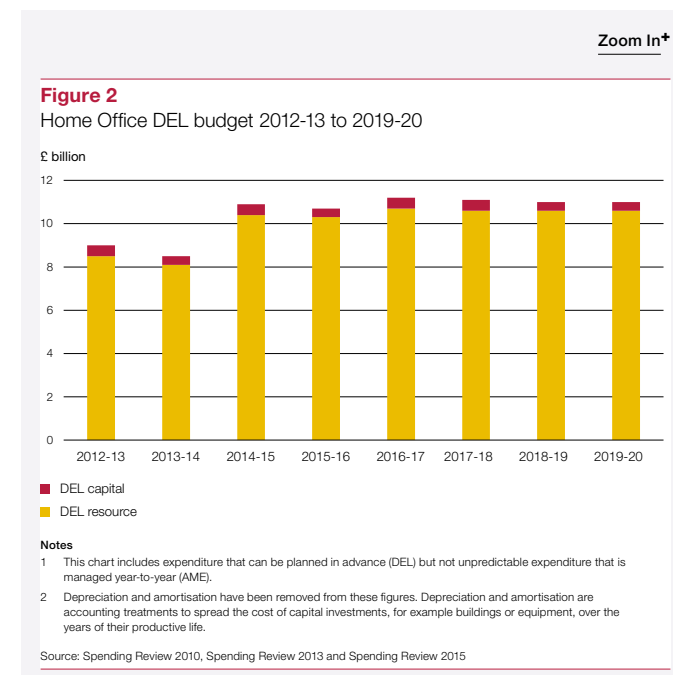
After a 17% reduction in overall spending between 2010-11 and 2015-16, the Department and NCA budgets for the next few years are broadly flat.

Within this, some areas are protected or increasing while others will be significantly reduced (Figure 2).

Key points on settlement

- **Overall police spending has been protected** in real terms over the Spending Review period so that the police can continue to adapt to emerging crime threats and train more firearms officers. This includes funding to improve efficiency and support reform. The NCA's budget is also protected in cash terms.
- **Funding for the counter-terrorism budget has increased** by £500 million to protect the UK from the ongoing terrorist threat. This includes National Digital Exploitation services, border intelligence systems and aviation security.

- **By 2019-20 the Borders, Immigration and Citizenship system (excluding customs and asylum functions) is planned to be fully funded through income.** The Department will invest £250 million in online processing of visas and passports and £130 million in automated e-passports and other technology. Increases in visa fees will also help achieve the self-funding goal.
- **The Department's administration budget will be reduced by 30%.** This budget covers the core Department, which by 2019-20 will be reduced by £100 million compared with 2015-16.
- **There is £1.3 billion of capital investment (for example, in buildings and equipment, rather than day-to-day running costs) by 2019-20** to deliver state-of-the-art security at the border and a streamlined core Department, and an additional £1 billion to overhaul the emergency services network. Alongside this, NCA will also receive £200 million capital investment in its digital and investigative capability.
- **£460 million of overseas aid will be used for Syrian refugee resettlement** and an additional £130 million in grants to local authorities after the refugees' first year in the UK.



Key findings from NAO financial audit

The C&AG provides an opinion as to whether:

- in all material respects, the financial statements give a **true and fair** view and have been prepared in accordance with the relevant financial reporting framework (the ‘true and fair opinion’); and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them (the ‘**regularity** opinion’). This includes conformity with authorising legislation, the Supply and Appropriations Act and HM Treasury authorities.

The C&AG also provides an opinion on a range of other matters (including matters on which he reports by exception). For example, these other matters include (but are not limited to) the sections of the remuneration report which are subject to audit and the consistency of certain information presented in the annual report with information presented in the accounts.

The C&AG certified the Department’s 2015-16 accounts with an unqualified audit opinion. The audit opinion has not been qualified since 2005-06.

The Home Office group accounts include the results of the following sponsored bodies (see [Appendix One](#)):

- Disclosure and Barring Service (DBS);
- Independent Police Complaints Commission (IPCC);
- Office of the Immigration Services Commissioner (OISC);
- Security Industry Authority (SIA);
- Gangmasters Licensing Authority (GLA); and
- College of Policing.

These bodies also publish their own accounts. As at 1 February, the 2015-16 OISC, GLA and College of Policing accounts have been certified so far, with unqualified audit opinions. We expect to certify the accounts of the, DBS, IPCC and SIA shortly.

The NCA is a non-ministerial government department and is outside the Home Office’s departmental boundary. The results of the NCA are therefore not consolidated into the Department’s accounts. The C&AG certified the NCA’s accounts on 18 July 2016 with an unqualified opinion.

Key findings from NAO financial audit

Key findings from value-for-money studies

Financial sustainability of police forces in England and Wales

E-borders and successor programmes

Confiscation orders: progress review

Yarl's Wood Immigration Removal Centre

Syrian Vulnerable Persons Resettlement programme

Upgrading emergency service communications: the Emergency Services Network

Financial sustainability of police forces in England and Wales (June 2015)

Since 2010, the previous government reduced funding for the 43 territorial police forces in England and Wales as part of its plan to reduce the fiscal deficit. The government also changed how forces are governed by introducing elected Police and Crime Commissioners.

Our [report](#) examined whether the Department, with other policing stakeholders, has effectively managed the risks of reduced police funding.

The report found that:

- central government funding to police and crime commissioners reduced by £2.3 billion (25%) in real-terms between 2010-11 and 2015-16 (Figure 3). Police forces reported that they had to make savings of £2.5 billion between 2011-12 and 2014-15;

£12.8bn	25%	36,672
total amount spent in 2014-15 by all 43 police forces in England and Wales	real-terms reduction in central government funding to police and crime commissioners, 2010-11 to 2015-16	reduction in the size of the police workforce (excluding special constables) between March 2010 and September 2014

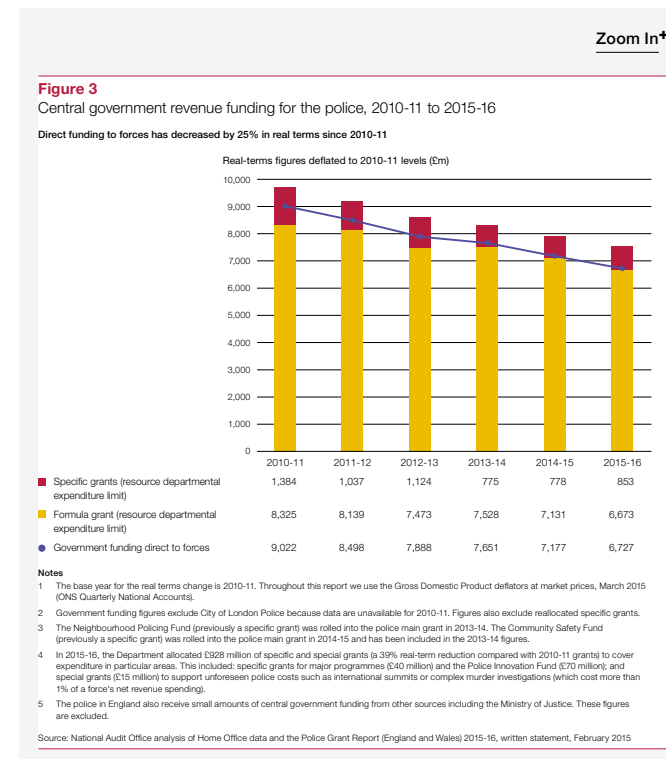
- the Department has insufficient information to determine how much further it can reduce funding without degrading services, or when it may need to support individual forces;

- police forces have insufficient understanding of the demand for services. Forces will need to transform the service they deliver if they are to meet the financial challenge and address the changing nature of crime; and
- the Department needs to be better informed and needs to work with Her Majesty's Inspectorate of Constabulary (HMIC), the College of Policing, commissioners and forces to fill the significant gaps in understanding, particularly around demand and when forces may be at risk of failing to meet the policing needs of local communities.

Events since the report

The Department rejected one of the five recommendations made by the Committee of Public Accounts (see September 2015 [report](#)): it did not accept that it should set out how it proposes police forces make further significant savings via structural reforms, arguing that such decisions are operational matters to be taken by the senior leadership of police forces.

In February 2016, HMIC published [State of Policing: The Annual Assessment of Policing in England and Wales 2015](#), which concluded that eight forces require improvement and one was inadequate in terms of its efficiency. Five were rated outstanding and 29 as good. See the HMIC report for the performance of individual forces.



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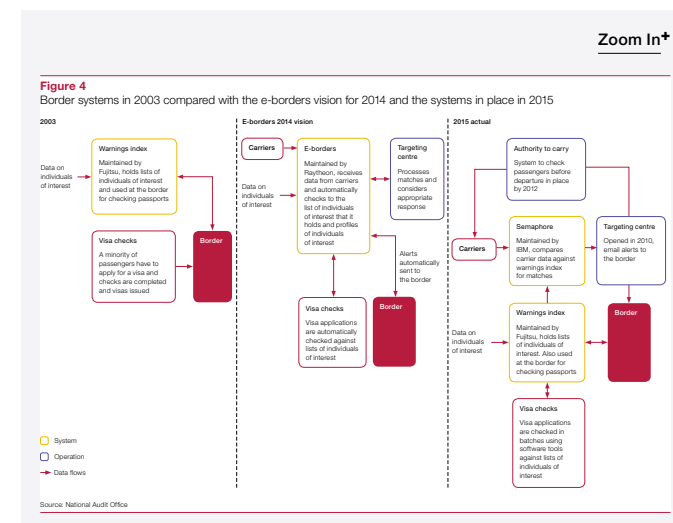
E-borders and successor programmes (December 2015)

In the early 2000s there was a growing realisation in the UK and elsewhere of the need to do more checks before people arrived in the country, and ideally before they left their point of origin. The e-borders programme was intended to gather and make better use of advance information about passengers planning to travel to the UK. In 2010, the Department terminated its contract with Raytheon, the company supplying the system. It later paid £150 million to Raytheon to settle a contract dispute, and also spent £35 million on legal costs. It has since begun a successor programme with a different contractor.

This [report](#) looked at the progress of the Department between 2003 and 2015 on improving the systems that collect and analyse data before people enter the UK (Figure 4).

The report found that:

- by March 2015 the Department had spent at least £830 million on e-borders and its successor programmes. For this it has got some valuable new capabilities to help assess the risk passengers pose before they reach the UK border, although there is limited information available on the effectiveness of these;
- the Department has not yet built an integrated system and as a result **border processes remain inefficient**, with the Department unable to fully exploit the potential of the data it is receiving;
- given the elapsed time since 2011 when the e-borders programme was due to deliver, **the Department cannot be said to have achieved value for money so far**;
- the Department underestimated the importance of stakeholder management, resulting in misunderstandings with its contractor and additional costs;
- there has been **insufficient continuity of key staff** and the programme has had to rely on contractors, making knowledge retention more difficult;
- data collection and manipulation is at the heart of the entire programme, but the Department has been critically weak in this respect; and
- changes since late 2014 give some cause for optimism looking forward. There are some early signs that the Department is beginning to grip this vital programme. However, continued weaknesses in areas such as being clear on how best to deliver the vision, oversight of the programme's progress at a senior level in the Department and using data are not yet fully mitigated.



Events since the report

The Committee of Public Accounts found in its [March 2016 report](#) that the Department does not have a clear picture of the management information it has or needs to manage the UK border. The Department did not accept the Committee's recommendation that it should set out what data it needs to manage the UK border effectively as it considers that it already has the data it needs. It accepted all other recommendations.

The Committee expects an update from the Department on its progress for January 2017.

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Confiscation orders: progress review (March 2016)

In 2013 the NAO reported in [Criminal Justice System: Confiscation Orders](#) on the government's administration of confiscation orders, concluding that the process was not working well enough and did not provide value for money. The [2016 NAO study](#) reviewed the progress the criminal justice bodies made in reforming the confiscation orders system since early 2014.

Confiscation orders are the main way through which the government carries out its policy to deprive criminals of the proceeds of their crimes. The Department is responsible for the government's confiscation policy, but operationally a number of other bodies across the criminal justice system are responsible for investigating, prosecuting and enforcing confiscation orders, such as the police.

The 2016 report found that:

- the criminal justice bodies have made some progress against most of the Committee of Public Accounts' recommendations from 2014 and increased the amounts confiscated by £22 million (17%) in two years. But the Department made the progress the Committee expected on just one recommendation (better enforcement operations);
- more could be done to reduce confiscation order debt, which has risen by **£158 million to £1.61 billion** in the last two years (Figure 5). Much of the debt now relates to orders which are at least five years old and HM Courts & Tribunals Service assessed that only **£203 million** of this total debt can be realistically collected;

£155m

collected by enforcement agencies from confiscation orders in 2014-15 (£133 million in 2012-13)

£1.61bn

total debt outstanding from confiscation orders at September 2015 (£1.46 billion at September 2013)

£203m

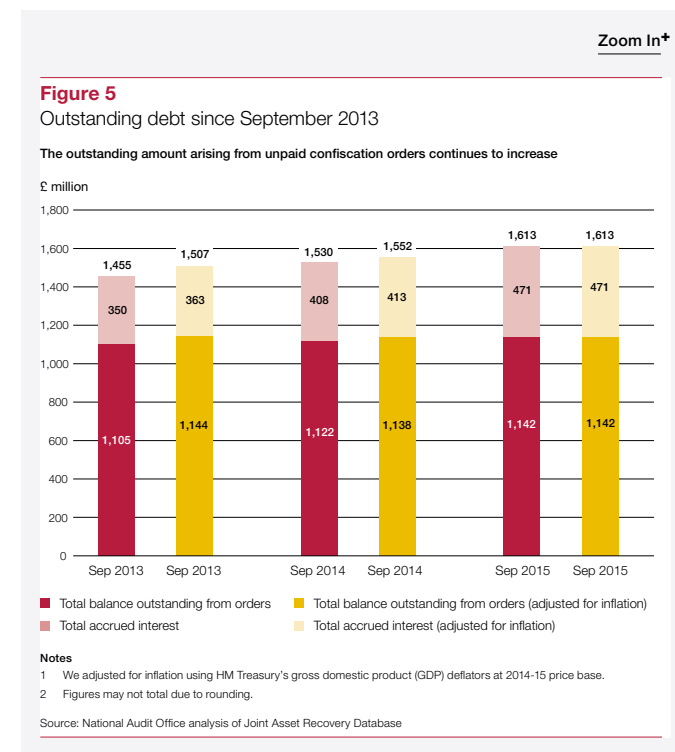
HM Courts & Tribunals Service estimate of realistically collectable debt – 2014-15 Trust Statement (£177 million in 2012-13)

- there are, however, fewer financial investigators, which has reduced the capacity needed to help recover high-value orders, and the use of restraint orders to freeze an offender's assets has also fallen by 12%. Both are vital to successful enforcement; and
- there is also the potential for more collection, for example through greater involvement of the Foreign & Commonwealth Office to find and repatriate assets transferred overseas or changes in the law to stop criminals hiding illicit assets under other people's names.

Events since the report

- The Home Affairs Select Committee was critical of the proceeds of crime regime in its [Proceeds of Crime](#) report in June 2016, with the chair stating that "the Proceeds of Crime legislation has failed to achieve its purpose... Poor enforcement has laid out a welcome mat for launderers and organised criminals".
- The Committee of Public Accounts was also very critical in its June 2016 [report](#), concluding that they were disappointed at the lack of progress made with many weaknesses previously identified remaining, such as unclear objectives, ineffective incentives and poor performance information.

- The Law Commission is currently consulting on whether to review the law governing confiscation orders. It considers that the current law is failing in practice to achieve its purpose of stripping wrongfully acquired assets from those convicted of acquisitive crime.
- In October 2016, the Department published the Criminal Finances Bill (see [Recent or upcoming legislative changes](#)).



Key findings from NAO financial audit

Key findings from value-for-money studies

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Yarl's Wood Immigration Removal Centre (July 2016)

Yarl's Wood is an Immigration Removal Centre that provides secure accommodation for women, adult families and, on a short-term basis, men whose cases are being assessed. The largely female and transient population at Yarl's Wood has complex needs. Residents are often vulnerable and can suffer from mental health issues. Yarl's Wood has been run by private contractors since opening in 2001. Serco has run the residential services under contract to the Department since April 2015 and G4S has run the health services under contract to NHS England since September 2014. Prior to that, Serco provided all services under contract to the Department.

Concerns about operations and the quality of the services and facilities provided at Yarl's Wood were first raised directly with us in late 2014 to early 2015 and came from several sources. Yarl's Wood was also the subject of several independent reviews. The NAO's [investigation](#) focused on the new contract management arrangements (Figure 6 and Figure 7).

The report found that:

- there has been some significant progress since the independent reviews, although 35% of the recommendations from Her Majesty's Inspectorate of Prisons (HMIP) 2015 inspection have not yet been implemented;
- the Department contract is over-engineered and creates large theoretical financial credits for even trivial deviations from the contract. The Department is working on making it more streamlined;
- there are gaps between the service specifications of the two contracts and no clear way to resolve them; and
- contract provisions were not fully implemented: the contracts required that training should be provided but staff at the centre were not adequately trained to deal with the particular concerns, issues and vulnerabilities of those in immigration detention.

Events since the report

The Committee of Public Accounts has not held a hearing on this report.

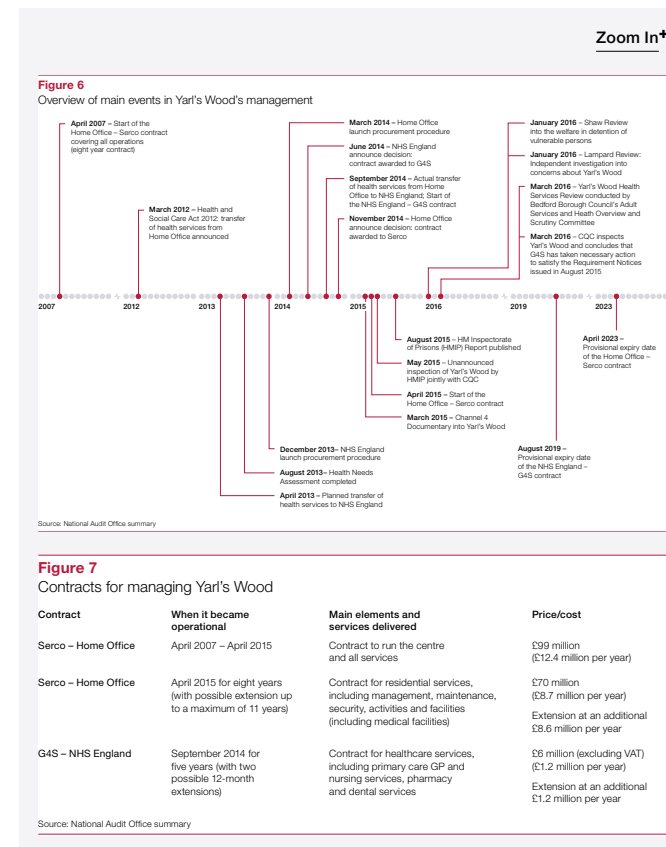


Figure 7
Contracts for managing Yarl's Wood

Contract	When it became operational	Main elements and services delivered	Price/cost
Serco - Home Office	April 2007 - April 2015	Contract to run the centre and all services	£99 million (£12.4 million per year)
Serco - Home Office	April 2015 for eight years (with possible extension up to a maximum of 11 years)	Contract for residential services, including management, maintenance, security, activities and facilities (including medical facilities)	£70 million (£8.7 million per year) Extension at an additional £8.6 million per year
G4S - NHS England	September 2014 for five years (with two possible 12-month extensions)	Contract for healthcare services, including primary care GP and nursing services, pharmacy and dental services	£6 million (excluding VAT) (£1.2 million per year) Extension at an additional £1.2 million per year

Source: National Audit Office summary

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Syrian Vulnerable Persons Resettlement programme (September 2016)

In September 2015, the then-Prime Minister announced that the Syrian Vulnerable Persons Resettlement programme would be expanded to resettle 20,000 of the most vulnerable Syrian refugees in the UK by May 2020. The programme became the joint responsibility of the Home Office, the Department for International Development and the DCLG, who established a joint programme team to manage the programme located in the Home Office.

This report examined the achievements of the programme to date, the processes in place to deliver the programme, progress against the targets set, and the risks to future delivery of the programme and whether these are being addressed.

The report found that:

- the cross-government programme team successfully expanded the original programme at speed to achieve a new target. The target to resettle 1,000 Syrian refugees by Christmas 2015 was achieved;

20,000

government's target of the number of Syrian refugees to resettle in the UK by May 2020

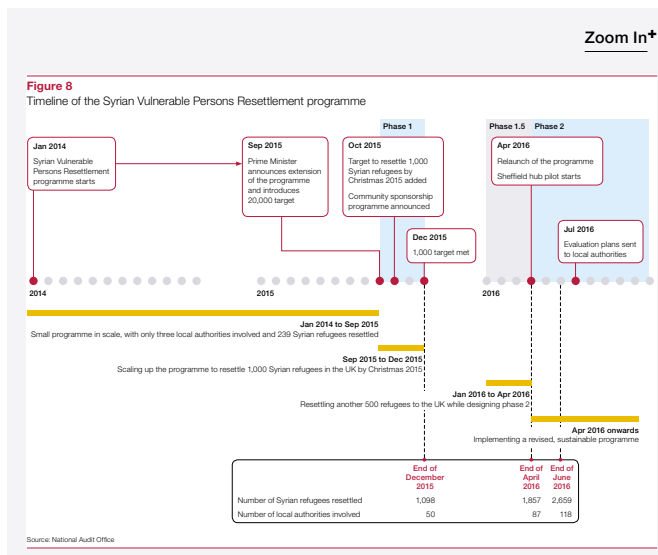
2,659

number of refugees resettled in the UK through the programme to the end of June 2016: 13% of the 20,000 target

£1,112m

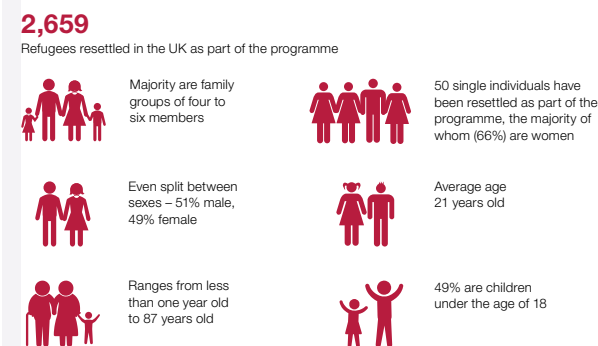
our estimate of the total cost of the programme to the UK government to the end of 2019-20

- the future of the programme could be put at risk by local authorities' lack of suitable accommodation and school places but the programme team are confident they are on track to meet the 20,000 target;
- the programme provides funding to local authorities to support refugees beyond their first year in the UK, unlike other resettlement programmes, but it is not clear what this will cover; and
- there is no estimate of the total cost of the programme to the UK. The total cost will depend on refugees' characteristics and choices, but we estimate the indicative total cost of the programme to the UK could be up to £1,112 million to the end of 2019-20.

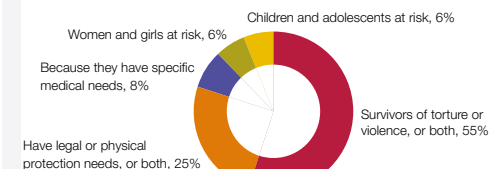


Zoom In+

Figure 9
Characteristics of resettled Syrian refugees to end June 2016



Primary reason for acceptance onto the programme



Notes

- The UK accepts families of six or fewer, only considering larger families on a case-by-case basis. Six families of more than seven members had been resettled by the end of June 2016; 143 were rejected because of family size.
- Refugees may meet more than one of the UNHCR's criteria of vulnerability, but this is not recorded by the programme team.

Source: National Audit Office analysis of Home Office data

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Upgrading emergency service communications: the Emergency Services Network

Upgrading emergency service communications: the Emergency Services Network (September 2016)

The emergency services rely on radio communication between control rooms and personnel in the field. These communications are currently provided by Airwave Solutions Limited through a series of contracts that now expire in 2019.

The government's chosen option to replace Airwave is the [Emergency Services Network](#) (ESN). The current plan is that the emergency services will start moving onto the new network in September 2017 and complete this process in December 2019. The programme includes providing the network, the handsets, and the software to support them (Figure 10).

70% **£3.6bn** **£1.2bn**

percentage of Great Britain's landmass, as measured for Emergency Services Network (ESN) purposes, covered by EE's 4G network, July 2016. This needs to be increased to 97% to match Airwave's coverage

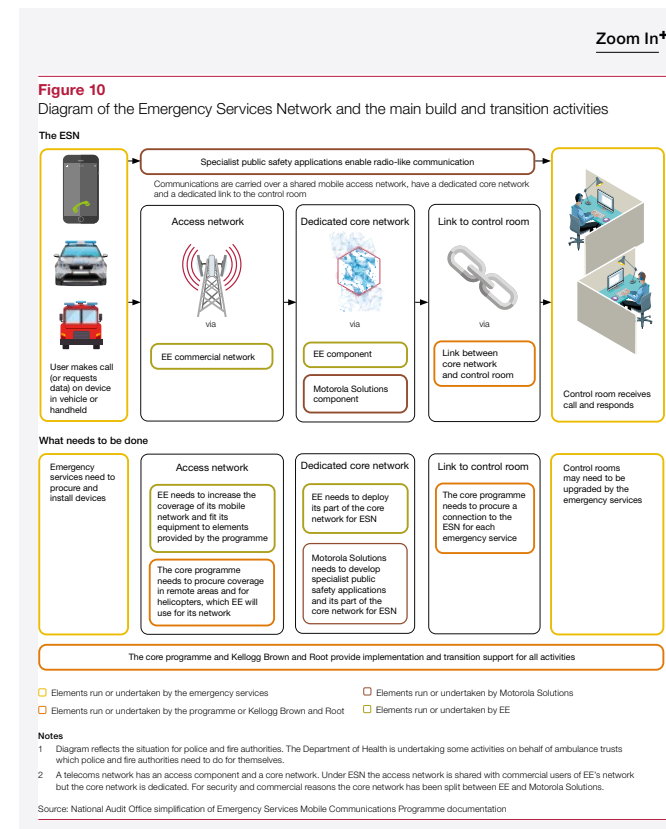
estimated value of the quantified benefits over 17 years resulting from switching to the ESN

estimated cost of ESN, April 2015 to March 2020. After March 2020 ESN is expected to save money compared to Airwave

This report found:

- Airwave has delivered a communication service that has served the emergency services effectively in dealing with life or death situations;

- the replacement service, ESN, is inherently high risk and such an approach has not yet been used, nationwide or anywhere in the world. ESN is technically cutting-edge;
- under Airwave the emergency services make use of a wide range of supplementary communications services. The business case for ESN assumes these stop being needed. However, the emergency services have very little direct recourse for poor service as the contract is managed by the Department. We consider that this creates a risk that the emergency services may continue to make use of supplementary services, reducing the benefits of ESN;
- the programme has adopted a very ambitious timetable. It is behind schedule compared to the full business case and has responded by squeezing the time available rather than extending the overall timeframe; and
- the programme has a positive delivery-focused culture that has helped it retain staff and manage issues as they have emerged. ESN is the right direction strategically and the programme's planned approach to delivery, if successful, will maximise benefits. However, we consider that in seeking to maximise benefits the programme's planned approach to delivery has also maximised risk.



Brexit impact and consequences on the Department

23 June 2016: the UK votes to leave the EU



Once the UK government triggers Article 50, which will start the official negotiation process to leave the EU, it will have two years to successfully negotiate its new relationship with the EU. Several parts of the Department areas will be directly affected by the decision to leave the EU.



Borders

Freedom of movement for EU citizens to the UK and UK citizens to the EU.

Borders of the UK with the EU, notably the Le Touquet Treaty regarding the Calais border arrangement with France and the question of a border in Northern Ireland.



Passports

Possible rise in residency and naturalisation applications from EU citizens living in the UK for more than five years.



Cutting crime and counter-terrorism

The main impact of Brexit would relate to information-sharing: the UK would not automatically remain a member of Europol and could therefore lose capabilities such as data-sharing, European Arrest Warrants, and Passenger Name Records.

Oliver Robbins has left his position as Second Permanent Secretary at the Department to become Permanent Secretary at the Department for Exiting the European Union.

The new Second Permanent Secretary is Patsy Wilkinson.

Recent or upcoming legislative changes

Serious Crime Act 2015

The Act includes measures regarding:

- proceeds of crime (strengthening default sentences for offenders failing to pay confiscation orders);
- computer misuse;
- organised, serious and gang-related crime (creating a new offence of participation in an organised crime group);
- seizure and forfeiture of drug-cutting agents; and
- protection of children and others (including tackling female genital mutilation (FGM) and domestic abuse).

The Act amended the Proceeds of Crime Act to close loopholes and facilitate the enforcement of confiscation orders. With the legislation enacted in summer 2015, it was too early at the time of our [Confiscation orders progress review](#) to conclude whether these changes will be successful.

Modern Slavery Act 2015 and Immigration Act 2016

Modern slavery includes sexual exploitation, domestic servitude, forced labour, criminal exploitation and other forms of exploitation, such as organ removal, forced begging, forced benefit fraud, forced marriage and illegal adoption.

Following on from the 2014 and 2015 Acts, the 2016 Immigration Act introduces new sanctions on illegal working, prevents illegal migrants accessing services and introduces new measures to enforce immigration laws. It will:

- introduce new sanctions on illegal workers and rogue employers;
- provide better coordination of regulators that enforce workers' rights;
- prevent illegal migrants in the UK from accessing housing, driving licences and bank accounts; and
- introduce new measures to make it easier to enforce immigration laws and remove illegal migrants.

The remit of the Gangmasters Licensing Authority, now called the Gangmasters and Labour Abuse Authority (GLAA), has been expanded to tackle labour exploitation, with additional powers to investigate abuse allegations.

Criminal Finances Bill

The Criminal Finances Bill was introduced to the House of Commons on 13 October 2016. The bill contains measures to: enhance government's ability to investigate the proceeds of crime (Part One, Chapter One), strengthen the Suspicious Activity Report regime (Part One Chapter Two), improve government's capability to recover the proceeds of crime (Part One, Chapter Three), combat the financing of terrorism (Part Two) and prevent the facilitation of tax evasion (Part Three).

The Bill is intended to significantly improve the government's ability to tackle money-laundering and corruption, recover the proceeds of crime and counter terrorist financing.

Investigatory Powers Act

The Investigatory Powers Act received Royal Assent on 29 November 2016. Government intends that this Act will ensure that law enforcement and the security and intelligence agencies have the powers they need in a digital age to disrupt terrorist attacks, subject to strict safeguards and world-leading oversight. There has been some concern in the media about the extent of surveillance powers granted by the Act.

Some of the provisions in the bill will require extensive testing and will not be in place for some time. The Home Office is developing plans for implementing the provisions in the bill and will set out the timetable in due course.

Other developments to look out for in Home Affairs



Integration and potential devolution of fire and rescue services

The Police and Crime Bill, which is currently before the House of Lords, has provisions to impose a duty to collaborate on police, fire and ambulance services, and to enable Police and Crime Commissioners to take on responsibility for fire and rescue services, where a clear case can be made. Integrating services can deliver benefits (better services, cost reduction, more efficient use of buildings, equipment and fleets) but is not without risks (duplication, waste, failure to deliver benefits).



Crime and policing developments

The reform of the police funding formula was paused in November 2015 following a statistical error. The reform of the police funding formula is continuing with a process of sector engagement through the Police Core Grant Distribution Review. This review will report early next year. Any new formula could not be implemented before 2018-19.

The College of Policing was established in December 2012 to set technical and professional standards and identify and disseminate best practice. The long-term ambition of the College, laid out in its Five-Year Strategy, is to achieve chartered status. The Home Affairs Select Committee found in its 2015 report that the College is improving but that some of the issues previously identified remain to be resolved.

The 2015 Spending Review protected police funding until 2019-20, as long as each police force maximises precept (the local authority contribution to police funding). The police grant was reduced in real terms by 4.2% between 2015-16 and 2016-17.



Pressures on the asylum system

Asylum applications in the UK from main applicants increased by 41% to 36,465 in the year ending June 2016, the highest number of applications since the year ending June 2004 (39,746).



Income generation

The Department's ambition is to develop fee-charging, so that the Border, Immigration and Citizenship service as a whole will recover its costs. Within this, some areas, including passports and visas and immigration fees, recover more than they cost whereas other areas, including the Border Force, cost more than they recover.



CONTEST strategy, the UK's counter-terrorism strategy is being refreshed

The 2015 Strategic Defence and Security Review committed the Department to updating the CONTEST strategy, which was last published in 2011. There is some evidence to suggest that the strategy is highly regarded internationally, with France reportedly interested in the work to prevent people being drawn into terrorism, known as Prevent. The Prevent element of the strategy does not enjoy such a strong reputation domestically, however; the Home Affairs Select Committee recently found that many considered the Prevent brand to be toxic and recommended that it was renamed.

Arm's-length bodies in the Home Office Group

Executive non-departmental public bodies

[Disclosure and Barring Service](#)

Helping employers make safer recruitment decisions and prevent unsuitable people from working with vulnerable groups, including children.

[Independent Police Complaints Commission](#)

Overseeing the police complaints system in England and Wales and setting the standards by which the police should handle complaints.

[Office of the Immigration Service Commissioner](#)

Regulating immigration advisers, ensuring they are fit and competent and act in the best interest of their clients.

[Security Industry Authority](#)

Regulating the private security industry in the UK.

[Gangmasters Licensing Authority](#)

Regulating businesses who provide workers to the fresh produce supply chain and horticulture industry, to make sure they meet the employment standards required by law.

Other entities

[College of Policing](#)

Established as a limited company on 1 December 2012, with responsibility for raising the professional status of police officers and police staff. It operates at arm's-length from the Department.

Advisory non-departmental public bodies

[Advisory Council on the Misuse of Drugs](#)

Making recommendations to government on the control of dangerous or otherwise harmful drugs, including classification and regulations.

[Animals in Science Committee](#)

Providing impartial, balanced and objective advice to the Secretary of State, to animal welfare bodies and within the EU on issues relating to the Animals Act 1986.

[Migration Advisory Committee](#)

Advising the government on migration issues.

[National DNA Database Ethics Group](#)

Providing independent advice on ethical issues surrounding the operations of the National DNA Database to Home Office ministers and the National DNA Database Strategy Board.

[Police Advisory Board for England and Wales](#)

Considering draft regulations under the Police Act 1996 with respect to matters such as recruitment, diversity and collaboration between forces.

[Technical Advisory Board](#)

Advising the Home Secretary on whether the obligations imposed on communications service providers under the terms of the Regulation of Investigatory Powers Act are reasonable.

Tribunal non-departmental public bodies

[Investigatory Powers Tribunal](#)

Investigating human rights claims and interference complaints against public authorities.

[Office of Surveillance Commissioners](#)

Overseeing the use of covert surveillance by designated public authorities.

Relevant NAO publications in 2015-16



[A Short Guide to the Home Office](#)
National Audit Office, June 2015

NAO reports

[Financial sustainability of police forces in England and Wales](#) (Jun 2015)

[E-borders and successor programmes](#) (Dec 2015)

[Confiscation orders: progress review](#) (Mar 2016)

[Yarl's Wood Immigration Removal Centre](#) (Jul 2016)

[Syrian Vulnerable Persons Resettlement programme](#)
(Sep 2016)

[Upgrading emergency service communications:
the Emergency Services Network](#) (Sep 2016)

Other relevant reports

[Home Office Single Departmental Plan 2015–2020](#)
(Feb 2016)

[State of Policing: The Annual Assessment of Policing
in England and Wales 2015](#), HM Inspectorate of
Constabulary, February 2016

[Home Office Improvement Plan](#) (Feb 2014)

Staff attitudes and engagement

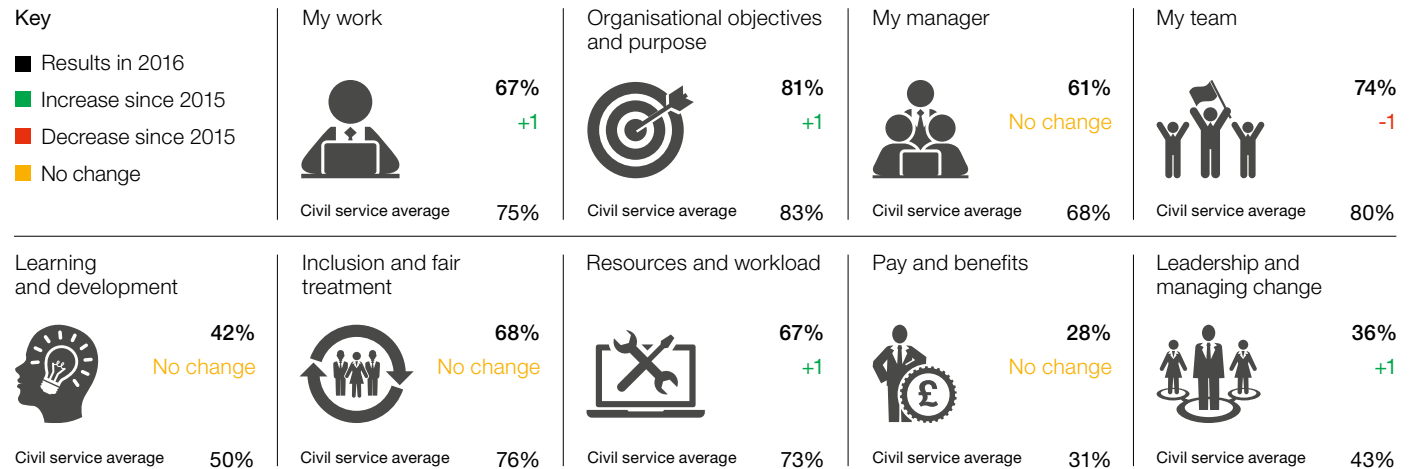
The government has conducted its [Civil Service People Survey](#) annually for the past six years. The most recent survey was carried out during October 2016.

The central Department (excluding HM Passport Office, Border Force, Immigration Enforcement, UK Visas & Immigration or Policy and enablers – see chart) scored less than the civil service average for all key themes within the survey, but its scores have increased slightly in four categories since 2015.

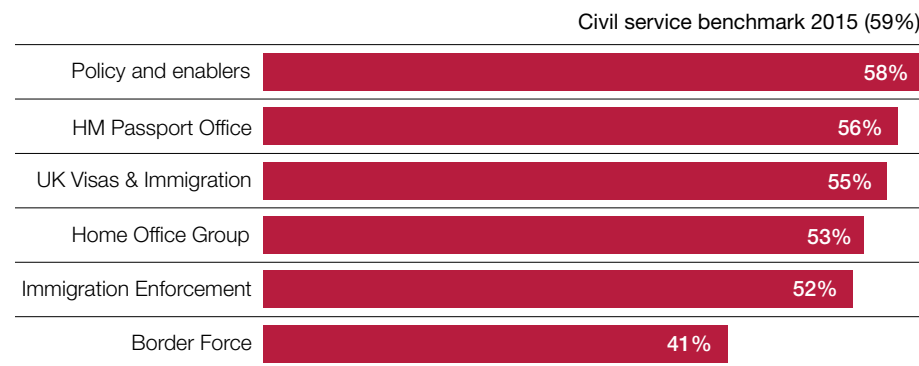
The main measure from the People Survey is the employee engagement index, which measures an employee's emotional response to working for their organisation.

The central Department and its constituent bodies each scored below the civil service average for employee engagement (59%). The engagement index is notably lower for staff working within the Border Force (41%).

Attitudes of staff in 2016 compared with 2015 – Home Office Group



Engagement index 2015



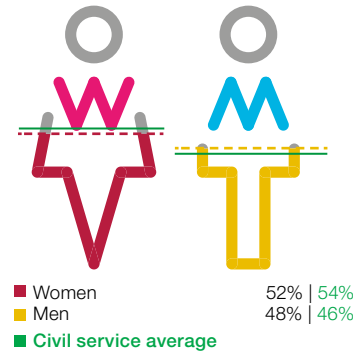
Sources: Civil Service People Survey 2016 and 2015

Staff breakdown and pay

In **2015-16** the Department employed **32,506 staff** at a cost of **£1.3 billion**, most of whom worked with Border Force, UK Visa & Immigration and Immigration Enforcement.

Workforce in Home Office 2015-16

Staff gender



Pay median of directors 2015-16

The ratio of directors' pay to median staff pay within the core Department was 6.5 in 2015-16 (5.8 in 2014-15)

Ratio	6.5
Highest remuneration (£000)	200-205
Median total remuneration	31,052

Staff breakdown 2016-16 (FTE)

Department	Staff numbers	Costs (£m)
Counter Extremism	22	1.4
International & Immigration Policy Group	457	24.9
Office of Security and Counter Terrorism	719	38.5
Crime and Policing group	3,361	197.7
Back-office functions ¹	4,125	169.6
HM Passport Office	4,199	125.6
Immigration Enforcement	5,171	203.4
UK Visa & Immigration	6,541	229.7
Border Force	7,911	363.2
Total	32,506	1,354



¹ Back-office functions include corporate services, communications, human resources and strategy, and private offices.