



Home Office

Annual Report and Accounts

2011-12

(For the year ended 31 March 2012)



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

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

Annual Report and Accounts presented to the House of Lords by Command of Her Majesty

Ordered by the House of Commons to be printed on
12 July 2012

This is part of a series of departmental publications which, along with the Main Estimates 2012-13 and the document Public Expenditure: Statistical Analyses 2012, present the Government's outturn for 2011-12 and planned expenditure for 2012-13.

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This publication is also available for download at www.official-documents.gov.uk and is also available from our website at <http://www.homeoffice.gov.uk>

ISBN: 9780102978339

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID P002493215 06/12

Printed on paper containing 75% recycled fibre content minimum.

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Foreword by the Home Secretary, Theresa May

The primary responsibility of any Government is the safety and security of the British public. The Home Office is the department that discharges that duty. Helping the police fight crime, controlling immigration and securing our borders, countering terrorism – these remain the tasks on which the Home Office is focused. Our role also now extends to ensuring equality of opportunity and equal treatment for everyone in our society.

This Annual Report and Accounts fully consolidates all the Home Office's non-departmental public bodies within the departmental boundary for the first time. It covers the first full year of our 2011-15 Business Plan, which sets out a comprehensive vision for the future of the department and plots a clear course for how we will deliver our responsibilities over the next few years. The Business Plan sets the strategic direction, allocates resources and ensures value for money for the taxpayer during these tough economic times.

We have already made good progress against the commitments set out in the Business Plan. Over the last year we secured the passage of the Police Reform and Social Responsibility Act, which will mean that in November elections will be held for Police and Crime Commissioners, giving local people a real say in policing in their area. We also made progress on our plans to improve national level policing through the National Crime Agency, which will tackle serious crime, defend our borders, fight economic and cyber crime, and protect children and vulnerable people. We introduced street level crime maps, a new 101 non-emergency number and identified large savings in police bureaucracy. We also continue to work with police forces to help them fight crime at the same time as they make the savings needed to help deal with the budget deficit.

In counter-terrorism, we completely revised and updated our counter-terrorism strategy (CONTEST), introduced a new and more effective approach to counter-radicalisation (Prevent), and brought a new focus to prosecuting terrorist suspects, at the same time as we protect the public, through Terrorism Prevention and Investigation Measures.

We are working to control immigration by capping the numbers coming here to work from outside the EU, reforming student visas to cut out widespread abuse, cracking down on sham marriages and abuse of the family migration route, and breaking the link between temporary migration and permanent settlement. To help secure our borders we made Border Force a separate operational command within the Home Office, allowing it to focus on its key border security task, while allowing the UK Border Agency to concentrate on controlling immigration.

Within equalities, we introduced a consultation on making civil marriage available to same sex couples and we have seen the largest and fastest ever rise in the number of women on the boards of our top companies.

The Home Office faces a number of challenges over the course of the next year, not least in delivering a safe and secure London 2012 Olympic and Paralympic Games. The Games will be a tremendous celebration of sport and I would like to thank all Home Office staff and all of our partner organisations for the effort I know they will put in to delivering a Games that the whole country – and the whole world – can enjoy.

Theresa May
Home Secretary

Foreword by the Permanent Secretary, Dame Helen Ghosh

The past year has seen continued major changes within the Home Office. We incorporated the National Fraud Authority and Government Equalities Office at the start of the financial year, and moved Border Force responsibilities to the core department towards the end of it. These changes will strengthen our focus on the delivery of the Coalition Government's priorities.

During the year, we continued to work on other further organisational changes. In particular, we made good progress in the establishment of the National Crime Agency and the formation of the Disclosure and Barring Service. We focused on reform of the police service and put in place the procedures for the election of the first police and crime commissioners in the autumn of 2012. While in a period of change, we ensured that effective 'business as usual' delivery continued unaffected.

As Accounting Officer my number one responsibility is to ensure that we live within our challenging 2010 Spending Review settlement. We continued to look for value for money across all of our services. The progress we have already made puts us in a good place to delivery the required future savings, and was recognised in the recent Financial Management Review of the department undertaken by the National Audit Office.

During the year we launched the 'Home Office We Want to be' programme. This arose out of staff ideas on the most important actions that we as a department should take to prepare ourselves for the future. It has helped to ensure staff work in a place where we all take pride in what we do, recognising we need to be both high performing and flexible in the future. During the year, Home Office staff won four awards in the 2011 civil service awards.

In the Home Office, we have learned to expect the unexpected, but we do recognise that the Olympics will be centre stage for both the country and the department in 2012. I am very confident that we will continue to deliver our Business Plan priorities through effective partnership working and the commitment of our staff.

Dame Helen Ghosh
Permanent Secretary

CHAPTER 1 – OUR VISION

The Government's vision for the Home Office is set out in our 2011-15 Business Plan. The vision reflects the Coalition Government's principle of taking power away from Whitehall and putting it in the hands of local people to increase accountability and transparency. The Business Plan lists the following seven priorities:

- 1 empower the public to hold the police to account for their role in cutting crime
- 2 free up the police to fight crime more effectively and efficiently
- 3 create a more integrated criminal justice system
- 4 secure our borders and reduce immigration
- 5 protect people's freedoms and civil liberties
- 6 protect our citizens from terrorism
- 7 build a fairer and more equal society

The Home Office's Business Plan was published on 8 November 2010 and updated on 13 May 2011. This sets out the work of the Home Office until March 2015. It can be found at:

<http://webarchive.nationalarchives.gov.uk/+/http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/ho-business-plan-2011-15/>

CHAPTER 2 – OUR ORGANISATION

Crime and Policing

The Crime and Policing Group is responsible for implementing the Government's ambitious programme of reform across crime and policing. In 2011-12, to support the Home Secretary's ambition to enable police and partners to cut crime, we:

- empowered the public to hold the police to account for cutting crime, by legislating for Police and Crime Commissioners (PCCs) in England and Wales in the Police Reform and Social Responsibility Act and laying the groundwork for PCC elections. This is supported by giving communities access to an even wider range of data and information to build on the success of crime maps, publishing national organised crime indicators, and introducing a national nonemergency number (101) for contacting the police
- freed up the police to fight crime more effectively and efficiently, by reducing police bureaucracy and ending unnecessary central interference. This included championing a simplified crime recording process, giving the police more discretion over charging, and reviewing and removing all unnecessary burdens the Home Office impose on the police. To free officers to reinvest in safeguarding those who are most at risk, we improved identification, management and action on the most vulnerable domestic violence cases
- improved national crime fighting capability, by laying the groundwork for the National Crime Agency, including appointing its head and creating an organised crime co-ordination function. We have also made clear the national policing capabilities required to counter national threats through publishing the Strategic Policing Requirement. To support enforcement efforts against drugs and alcohol related disorder, we have introduced legislation to respond to the legal highs market and operated a proportionate drugs licensing regime, as well as rebalancing alcohol licensing to give greater power to local communities and agencies
- laid the groundwork for further police professionalisation by facilitating a new and effective approach to police leadership development and training and working with the police service to establish a new Police Professional Body – an important successor organisation to the National Policing Improvement Agency, which we will close in December 2012
- improved value for money in the Criminal Justice System and the police service and helped the police to maintain and improve service to the public as budgets fall by taking forward the Winsor and Hutton reviews on police pay, conditions and pensions, and making savings from converging police procurement and improving police IT. We have also enabled transformational change and built capacity in the police service to deliver cheaper support services. This is supported by improving inefficiency at all stages of the justice system
- increased local discretion to fight crime, by removing ring-fences in police funding and empowering the police to use neighbourhood and restorative justice approaches. This is complemented by work to ensure that re-offending strategies build on effective local working; including empowering the voluntary, community and social enterprise sector to deliver piloting payment by results for Drug and Alcohol Recovery, and enhancing the contribution of Community Safety Partnerships. We have supported local authorities to provide services to women and girls affected by violence and abuse
- managed risk across Home Office crime and policing business, by managing the transition of the Forensic Science Service's capability; transferring the National Policing Improvement Agency's functions to clearly identified new homes (which will continue into 2012); and ensuring the police have the powers, tactics, intelligence and capacity to meet public order challenges. This is in addition to coordinating work at a national level to respond to the specific risks around the Olympic Games

Border and Immigration

Up until 1 March, the purpose of the UK Border Agency (UKBA) was to regulate the flow of people and goods into and out of the UK. However, the Border Force was de-merged from the UK Border Agency after this date and became a directorate within the core Home Office.

Control migration

Making decisions on applications to travel to or stay in the UK is at the heart of the UKBA's business. Overseas, the agency issues visas to visitors, students, migrants and other people who wish to come to the UK.

The UKBA is responsible for implementing an annual limit on the number of non-EU economic migrants from April 2011 onwards. As a result of this and other policies, it is anticipated net migration will be in the tens of thousands in future.

The UKBA works together with partners to tackle immigration crime in the UK and overseas, using intelligence to ensure that threats are understood and responded to. It provides the UK's capability to deport or exclude foreign national prisoners and removes people who are in the UK with no legal right to remain, prioritising those who threaten national security or public safety. It also manages the asylum system in the UK, protecting those in need of refuge and removing failed asylum seekers.

Border Force

Since 1 March 2012, Border Force has been a directorate within the core department.

Border Force is responsible for:

- carrying out identity, security and intention checks on passengers seeking to enter the UK as European Economic Area (EEA) nationals and on non-EEA nationals including those who must apply for pre-entry clearance, including visas, before travelling to the UK
- ensuring the identification and control of all persons subject to a live immigration, criminal or security warning, and
- identifying and seizing prohibited and restricted goods (including illegal drugs and weapons) at the border and protecting tax revenue by helping to ensure the collection of the appropriate duty and tax

At UK ports and airports Border Force officers, aided by technology, check the identity of new arrivals and confirm their eligibility to enter the UK. The UKBA prevents and tackles the smuggling of weapons, drugs (including so called "legal highs"), alcohol, tobacco and other illicit goods. Intelligence and risk analysis underpins all border operations. It continues to work closely with UK and overseas law enforcement and security agencies.

Border Force plays a key role in addressing organised crime. It is assisting the establishment of a border policing command within the Crime and Policing Group and as part of the Government's drugs strategy is working with them to counter the threats presented by the full range of drugs, chemical cutting agents and precursors.

Border Force plays a significant role in wider Home Office security plans. It enforces the UK's ability to exclude foreign nationals who threaten our national security.

The UKBA and Border Force will continue to support the priorities of other Government departments. They are helping to ensure a safe and successful Olympic and Paralympic Games in 2012, by collecting biometric records overseas from Olympic Games Family members, conducting checks on arrival and supporting government-wide security exercises in preparation for the games.

Border Force plays a significant role in wider Home Office security plans. It enforces the UK's ability to exclude foreign nationals who threaten our national security, and will help to ensure a safe and successful Olympic and Paralympic Games in 2012.

Security and Counter-Terrorism

The Government's objective for counter-terrorism is to continue to keep people safe whilst ensuring that the powers used to do so are proportionate, focused and transparent. The Home Secretary is the lead Minister for counter-terrorism and, for the Home Office, the Office for Security and Counter-Terrorism (OSCT) develops and oversees implementation of the cross-Government strategy for countering terrorism (CONTEST) as well as delivering key aspects of that strategy.

Accordingly, OSCT leads in delivering one of the department's key priorities - Protect our citizens from terrorism – and also has a key role in delivering the priority to Protect people's freedoms and civil liberties.

The UK's Strategy for Countering Terrorism (CONTEST) was reviewed and updated in 2011. The aim of CONTEST is to 'Reduce the risk to the UK and its interests overseas from terrorism, so that people can go about their lives freely and with confidence'. CONTEST also sets the objectives for counter-terrorism work across Government and guides local authorities and other frontline partners in delivering key aspects of their role. OSCT supports the National Security Council in defining and overseeing this work and the DG OSCT chairs the cross-Government counter-terrorism CONTEST Board which brings together security and law enforcement agencies, Whitehall departments, and the Devolved Administrations.

Securing an effective response to terrorism requires us to be genuinely strategic: being clear about what we are seeking to achieve, how we are seeking to achieve it and the resources we have at our disposal.

2012-13 will be a challenging year for Counter-terrorism. The London Olympic and Paralympic Games will be the biggest sporting event in UK history, and terrorism poses a significant security threat to the games. In addition to this, a number of other challenges are already clear. We will:

- continue to implement the conclusions and recommendations from our reviews of counter-terrorism and security powers
- strengthen UK border security by ensuring that CT requirements are firmly rooted as part of UKBA and Border Force business
- introduce new measures to improve joint working between police, fire, ambulance and military services
- progress policy changes to extend the Government's ability to deport foreign nationals who pose security risks to communities and public
- respond to new communication technology and implement a complex, cross-Government programme to maintain technical capabilities and ensure their lawful, targeted and proportionate use
- support efforts against Northern Ireland Related Terrorism, sharing expertise with the Northern Ireland Office and ensuring an effective response to the threat in Great Britain

Freedoms and civil liberties

The Government has continued to be strong in the defence of freedom. Freedom and civil liberties were underpinning themes of the Coalition Agreement, which committed us to implementing a full programme of measures to "reverse the substantial erosion of civil liberties and roll back state intrusion".

The Home Office is responsible for the following, cross-cutting priority:

- to protect people's freedoms and civil liberties

This priority is led and co-ordinated by the Strategy, Immigration and International Group. The first step towards achieving this priority was the decision to scrap ID cards and the National Identity Register. This happened on 10 February 2011. The flagship achievement, though, has been the Protection of Freedoms Bill which received Royal Assent on 1 May 2012. Amongst other things, this will:

- introduce safeguards against the misuse of counter-terrorism and security legislation
- rebalance the DNA database by increasing the number of guilty and reducing the number of innocent people who are on it
- better regulate the use of CCTV
- return the vetting and barring scheme and criminal records regime to common sense levels
- target unscrupulous wheel clamping and unnecessary powers of entry

Identity and Passports

The Identity & Passport Service (IPS) delivers the department's operational responsibilities around administering civil (birth, marriage, death) registration in England and Wales and providing passport services to UK nationals at home and abroad.

The IPS purpose is:

- to provide accurate and secure records of key events and trusted passport services

With effect from 1 April 2011, IPS took responsibility from the Foreign and Commonwealth Office for issuing UK passports overseas.

The agency is replacing and modernising many of its legacy processes, systems and products to deliver maximum value for the customer. Last year this involved the rollout of a new, more secure passport book, IPS is now working on replacing the current passport application system, and introducing a new online passport application channel.

Criminal Records

The Criminal Records Bureau (CRB) provides wider access to criminal record information through its checking service, assisting employers in making safer recruitment and licensing decisions. Its aim is to protect children and vulnerable adults by providing a first-class service to support organisations recruiting people into positions of trust. A CRB certificate provides details of an individual's criminal record and, for certain positions, information held locally by police forces and the Independent Safeguarding Authority (ISA) barred lists. In 2011-12, the CRB processed just over 4 million applications, which was slightly lower than previous years.

Equality

The work of the Government Equalities Office (GEO) moved to the Home Office on 1 April 2011. The aim is to ensure:

“Equal treatment and equal opportunity, which are central to the Government's ambitions for a modern economy and a society where everyone is treated fairly”

From within the Home Office, GEO leads the Government's work on promoting equality of opportunity and equal treatment – putting equality at the heart of Government. The GEO leads on the Government's overall Equality Strategy, having direct responsibility for the legislative framework on equality, including the Equality Act 2010, and implementing the Government's initiatives on women and gender equality, sexual orientation equality, and transgender equality matters. Work on other equality issues is led by other departments.

We deliver our objectives by working with and through others. Our ability to deliver our strategic priorities effectively requires strong partnership working arrangements and we invest in building relationships and regular engagement across Government, the devolved administrations and beyond to ensure early consideration of equality.

Reducing Fraud

The National Fraud Authority (NFA) is an executive agency of the Home Office, sponsored by the Crime and Policing Group. We lead and coordinate the fight to reduce fraud affecting individuals and the private, public and voluntary sectors, a crime which costs the UK £73 billion per year. We work in partnership with all these sectors and law enforcement and regulators.

In addition to our leadership and coordination roles, we deliver Action Fraud, the national reporting centre for victims and potential victims of fraud and financially motivated internet crime. Its primary objective is to protect the public by overseeing the implementation of Fighting Fraud Together, the cross sector strategic plan to reduce fraud (published in October 2011), including producing measures of the effectiveness of the strategy. Our work also helps to deliver important parts of related strategies on organised and cyber crime: 'From Local to Global Reducing the Risk from Organised Crime' and the UK Cyber Security Strategy 'Protecting and Promoting the UK in a Digital World'.

Further information on the work of the NFA can be found at: <http://www.homeoffice.gov.uk/agencies-public-bodies/nfa/>

Serious and Organised Crime

The Serious and Organised Crime Agency (SOCA) is a UK-wide law enforcement organisation with international reach. It is answerable to the Home Secretary. SOCA's main functions are set out in the Serious Organised Crime and Police Act 2005. This includes: to prevent and detect serious organised crime and to contribute to its reduction in other ways and the mitigation of its consequences, and to gather, store, analyse and disseminate information on crime. SOCA also provides support to UK law enforcement partners.

SOCA's approach reflects the strategic tasking letters provided to the agency by the Home Secretary, and also reflects a number of Government strategies, in particular:

- the National Security Strategy (NSS) which considered large scale cyber crime; an increase in the level of organised crime affecting the UK; and a significant increase in the level of organised criminals, illegal immigrants and illicit goods trying to cross the UK border to enter the UK to be among the priority risks to the UK
- the Organised Crime Strategy, published in July, which established a cross-government and multi-agency approach with defined national priorities in respect of organised crime, based on the themes of Stem, Strengthen and Safeguard
- further strategies including on Drugs, Cyber Security, Human Trafficking and Building Stability Overseas

SOCA will become part of the National Crime Agency when it is established in 2013.

Further information on the work of SOCA can be found at: <http://www.soca.gov.uk/>

Independent Police Complaints

The Independent Police Complaints Commission (IPCC) oversees the whole of the police complaints system in England and Wales, and sets the standards by which the police should handle complaints. Police forces deal with the majority of complaints against police officers and police staff, while the IPCC considers appeals from people who are not satisfied with the way a police force has dealt with their complaint.

In addition, police forces must refer the most serious cases – whether or not someone has made a complaint – to the IPCC. The IPCC may decide to investigate such cases independently, or manage the police force's investigation.

The IPCC is also responsible for dealing with serious complaints and conduct matters relating to staff at the Serious Organised Crime Agency (SOCA), Her Majesty's Revenue and Customs (HMRC), and the UK Border Agency (UKBA).

Further information on the work of the IPCC can be found at: <http://www.ipcc.gov.uk/en/Pages/default.aspx>

National Policing Improvement

The National Policing Improvement Agency (NPIA) provides products, services and functions to the police service and partners, nationally and in specific areas, including: operational and specialist support; communications and information technologies; training, development and leadership; procurement; and core intelligence systems. It also supports the service to secure better value for money and build its capabilities to meet current and future challenges.

In July 2010, as part of the Government's reform of the policing landscape, the Home Secretary announced the phasing out of the NPIA. By December 2012, its functions will be transferred to new or existing bodies or decommissioned. The new bodies are a police IT company and a police professional body. The remit for the latter will include research, learning, development and Authorised Professional Practice. Some functions are moving to the Home Office and others to the new National Crime Agency.

During 2011-12, the agency started formal transition with the move of non-IT police procurement into the Home Office. In April 2012, on schedule, certain specialist units moved to SOCA, pending the establishment of the National Crime Agency, their intended long-term destination. The NPIA is playing a major constructive role in the transition of its functions and has provided a firm foundation that will enable successor organisations to support the police service and criminal justice partners in the UK and overseas.

Further information on the work of the NPIA can be found at: <http://www.npia.police.uk/>

Security Industry

The Security Industry Authority (SIA) is the independent regulator for the UK private security industry. It licences some 330,000 individuals working in the industry and 730 businesses are members of the voluntary Approved Contractor Scheme (ACS).

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

The SIA contributes to making communities safer, helping people feel secure and cutting crime, protecting the public from terrorism, controlling immigration and safeguarding identity.

Further information on the work of the SIA can be found at: <http://www.sia.homeoffice.gov.uk/Pages/home.aspx>

Equality and Human Rights

The Equality and Human Rights Commission (EHRC) is an executive non-departmental public body established by the Equality Act 2006. It is accredited by the United Nations as an 'A' status National Human Rights Institution, meaning that it complies fully with the 'Paris Principles' relating to, for example, independence. The EHRC's purpose is to promote equality and tackle discrimination; to promote good relations between groups; and to provide institutional support for human rights across Great Britain, working alongside the Scottish Human Rights Commission.

The EHRC set out its priorities in its Strategic Plan 2012-15:

- to promote fairness and equality or opportunity in Britain's future economy
- to promote fair access to public services, and autonomy and dignity in service delivery
- to promote dignity and respect, and safeguard people's safety

Further information on the work of the EHRC can be found at: <http://www.equalityhumanrights.com/>

Independent Safeguarding

The Independent Safeguarding Authority (ISA) was established in 2008 under the Safeguarding Vulnerable Groups Act (2006) to make independent barring decisions on people who have harmed or posed a risk of harm to children and/or vulnerable adults. A person barred by the ISA is included on the ISA's children's and/or adults' barred lists and the ISA has the power to both add and remove a person from the barred list/s. Barring decisions had previously been made by the Secretaries of State for Health and Education.

The ISA must statutorily bar any individual who has accepted a caution for or been convicted of a serious automatic barring offence. Those convicted or cautioned for specified 'lesser' offences are able to provide representations to the ISA, stating why they believe it is appropriate for the bar to be removed.

The ISA also receives safeguarding referrals from employers or regulatory bodies, when an individual has demonstrated harm or a risk of harm to a vulnerable group. Regulated activity employers have a legal duty to send referrals to the ISA, often following their own disciplinary processes. If the ISA considers it an appropriate response to bar a person following a referral, they will also be offered the opportunity to provide representations as to why they should not be placed upon a barred list/s.

Further information on the work of the ISA can be found at: <http://www.isa.homeoffice.gov.uk/>

Immigration Services

The Immigration and Asylum Act 1999 established the Office of the Immigration Services Commissioner (OISC) as an independent body with responsibility for regulating immigration advice and immigration services.

The OISC is an executive non-departmental public body, financed by a grant in aid from the Home Office. The Commissioner has statutory regulatory, ombudsman and prosecutorial responsibilities. The main roles of her office are: to maintain a robust regulatory regime; to operate a complaints scheme; to seek out and take action against those operating illegally and to promote best practice, as far as possible, within the immigration advice sector.

Further information on the work of the OISC can be found at: <http://oisc.homeoffice.gov.uk/>

CHAPTER 3 – PROGRESS AGAINST STRUCTURAL REFORM PLANS AND BUSINESS PLAN INDICATORS**1. Empower the public to hold the police to account for their role in cutting crime****1.1 *Make the police more accountable through oversight by a directly elected Police and Crime Commissioner, who will be subject to strict checks and balances through Police and Crime Panels formed by elected members of local authorities and independent members***

In 2011-12 the Home Office took forward the legislation and underpinning policy to replace Police Authorities with directly elected Police and Crime Commissioners for each force area within England and Wales. Police and Crime Commissioners will be responsible for the totality of policing within a force area, and accountable to the public rather than to central government.

The Police Reform and Social Responsibility Act received Royal Assent on 15 September 2011 providing the legislative platform to create directly elected Police and Crime Commissioners.

Post Royal Assent we have now entered the implementation phase of the PCC transition programme. The PCC Transition Sponsorship Board chaired by the Minister for Policing and Criminal Justice, Nick Herbert, with representatives from across the policing world is overseeing the delivery of a number of projects that cover the main transition arrangements.

The Protocol and shadow Strategic Policing Requirement (SPR) were both published in November 2011. The Protocol sets out how the new policing governance arrangements will work. It clarifies the role and responsibilities of PCCs, Chief Constables, and Police and Crime Panels. The 'shadow' SPR is a statement of the collective capabilities that police forces will be expected to have in place in order to protect the public from cross-boundary threats such as terrorism, civil emergencies, public disorder and organised crime. A statutory SPR will be issued in the summer.

We have appointed a network of returning officers ahead of the first Police and Crime Commissioner elections, which will be held on 15 November 2012.

In London, the Mayor's Office for Policing and Crime was established on 16 January 2012, and the Metropolitan Police Authority formally abolished.

The Home Office recently ran a series of 17 partner engagement events across England and Wales. The events brought together partners to assist and inform local discussions and preparations for the arrival of PCCs and the setting up of Police and Crime Panels.

1.2 *Make the actions of the police more transparent*

The provision of regular beat meetings (introduced under the Police Reform and Social Responsibility Act 2011) will ensure that police forces work in partnership with their communities to better understand their views on local crime and disorder issues. Police and Crime Commissioners will also use these meetings as a tool to hold Chief Constables to account for the effectiveness and efficiency of their arrangements for engaging with their communities.

On 31 January 2011, the Home Office and the NPIA launched the national crime mapping website, Police.uk, to provide street-level data about crime and anti-social behaviour. Since launch, Police.uk has received more than 47 million visits and 4,500 pieces of feedback. In addition, the underlying crime data is freely available to download and developers have used it to make innovative apps (visit the Police Apps page on Police.uk for more information). We have also made the following improvements to Police.uk in 2011-12 to provide local communities with an even greater level of information:

- mapped all crimes recorded at train stations and started to map crimes on or near key locations such as supermarkets, nightclubs and car parks
- provided more detailed information about crime, including new categories: shoplifting, public disorder and weapons, criminal damage and arson, other theft and drugs
- made it easier to access historical crime data, and

- reduced the privacy threshold from 12 to eight addresses to provide even more accuracy in mapping crimes

In addition, we are working closely with the Ministry of Justice to show what happens after a crime has occurred in terms of a police action or justice outcome. This represents a significant step towards delivering the most transparent criminal justice system in the world.

Building on the success of Police.uk local trailblazer areas across the country, we are testing how we can take transparency even further and faster across the criminal justice system. For example:

- Surrey Police has developed Surrey Police Beat to allow the local community in Runnymede to see what neighbourhood police teams are working on and to vote on local priorities (available to download from Police.uk)
- Community Safety Partnerships in Hampshire and the Isle of Wight have launched Crime Reports which releases more frequent and detailed information www.crimereports.co.uk, and
- Avon and Somerset has developed TrackMyCrime, a case-tracking system for victims www.trackmycrime.police.uk

Police forces are now formally submitting data on recorded hate crimes to the Home Office, and it will be published as official statistics for the first time this summer, providing a clear picture of local patterns and trends in hate crime and helping the police to target their resources more effectively.

1.3 *Empower local communities to take a more active role in their neighbourhoods, providing the incentives, training and encouragement for people from all walks of life to help to police their own communities*

The Home Office rolled out '101' as the national police non-emergency telephone number and by January 2012 the service was fully live across all areas of England and Wales. With over 5 million calls to the number since the start of the roll-out in summer 2011, '101' is already providing communities with one easy way to contact their local police for non-emergency issues.

The National Statistician's review of crime statistics was published on 6 June. Recommendation 8 states that future quality assurance programmes must be refocused on risk areas. HMIC and the Home Office are now considering the implications of this recommendation.

The Community Action Against Crime Innovation Fund was announced on 20 July and launched on 5 September. This provides funding for 267 voluntary and community sector organisations to develop innovative local community safety and crime reduction projects, with £5 million funding made available in 2011-12 and a further £5 million available in 2012-13.

2. **Free up the police to fight crime more effectively and efficiently**

2.1 *Reduce bureaucracy for front-line police officers*

The Home Office is working with the Association of Chief Police Officers (ACPO) to significantly reduce guidance from over 600 pieces to a single interactive pdf document, which consolidates existing guidance into an irreducible core of Authorised Professional Practice (APP).

The Home Office supported the five ACPO and the Crown Prosecution Service led pathfinders pilots, to trial the use of powers for the police to charge directly for more routine offences.

Following successful pilots, the first tranche of the charging transfers from the Crown Prosecution Service to the Police, for routine offences, rolled out from November 2010 to June 2011. A second phase of transferring charging decisions from the CPS to the police (trailing the transfer of charging in shoplifting cases) commenced in September 2011 in five pilot areas (London, Thames Valley, Staffordshire, South Yorkshire and Essex) and will run for 12 months with a mid-term evaluation. When complete, this will increase the percentage of cases dealt with in the first instance by the police to around 80% and result in an estimated saving of a further 40,000 officer hours, on top of the 50,000 officer hours already saved as part of the first phase.

The Home Office has delivered a package of measures to reduce the time for police officers completing case files and attending court to give evidence in conjunction with the Ministry of Justice. Currently there are five Live Links courts that are operational; one in London, three in Kent and one in Hertfordshire. These allow police officers who are called as witnesses to be fully productive performing duties whilst waiting to give evidence instead of time spent travelling to and from and waiting at the courthouse.

2.2 End unnecessary interference from the centre in local policing, paring back the police inspection and targets regime

The Home Office implemented the agreed changes arising from the National Statistician's review of crime statistics to reduce duplication and to reduce the number of crime categories recorded.

2.3 Simplify institutional structures for the police, phasing out the National Policing Improvement Agency (NPIA) and establishing a National Crime Agency (NCA) and Border Police Command

The Organised Crime Strategy was published on 28 July and sets out the Government's plan for combating organised crime from 2011 to 2015. The Home Office will publish the first data on the size, value and nature of organised crime and our success in diminishing it and its profitability on organised crime.

We published the first release of data on size of organised crime on 3 November 2011. Other elements will be published during 2012 as they become available. The first full set of data will be published in October 2012.

The Home Office published the National Crime Agency (NCA) Plan in June 2011. It set out in detail the need and vision for the NCA; its scope, functionality and structure.

Significant progress has been made to establish the new agency and shadow commands, including the appointment, in December, of Keith Bristow as its Director General.

Progress has been made to design and build four 'shadow' commands to help deliver early operational improvements.

In January 2012 the Economic Crime Coordination Board began driving multi-agency operations as a proof of concept for the NCA's multi-agency partnership approach to economic crime.

The shadow Border Policing Command will be established by May 2012 and overseen by the multi-agency Border Policing Command Co-ordination Board and the National Border Security Group.

Work continues to ensure the Child Exploitation and Online Protection centre (CEOP)'s transition into the new agency is delivered in accordance with the principles set out in the NCA plan.

There are ongoing improvements on organised crime to improve the dissemination of intelligence and coordination of law enforcement response.

Significant progress has been made to phase-out the NPIA by December 2012 including the safe transfer of non-ICT procurement staff to the Home Office (in October 2011) and of five operational areas to SOCA (on 1 April 2012), their interim home until the NCA is operational. These early moves indicate the national significance of the NPIA's Crime Operational Support, Central Witness Bureau, Specialist Operations Centre, Serious Crime Analysis Section and Missing Persons Bureau teams. Detailed work to determine the future of most other NPIA services and functions were also announced in March 2012.

Following the Home Secretary's announcement in December to create a police professional body (PPB), considerable work has been undertaken with our policing partners to design a body that will enhance professionalism across the service. The new body will be in place by December to take forward some of the NPIA's functions in leadership and training but it will also drive reform of the whole police workforce in ways not experienced before. Crucially, the new body will free police professionals from unnecessary bureaucracy, allowing them to make greater use of their discretion and judgement. We expect the body to be a great prize for policing that will protect the public interest.

The government announced in July 2011 that it would help the police service to establish an Information and Communications Technology (ICT) company. The company will be owned by Police and Crime Commissioners, with police forces and other law enforcement agencies as primary customers. It will ensure:

- better value to forces for their ICT spend
- greater innovation in police ICT, so that operational officers have better systems
- freedom for chief constables to focus on fighting crime rather than managing ICT, and
- services and products that support forces and other customers in their drive for interoperability

2.4 *Improve the efficiency of local policing*

On 30 January 2012, the Home Secretary announced her decision on the findings of the Police Arbitration Tribunal (PAT) and the recommendations of the Police Negotiation Board (PNB) in relation to the Winsor Review Part 1 Report. The Home Secretary accepted the PAT's recommendations and was minded to implement their package of proposals. She also decided to accept the recommendations of the PNB on those recommendations that it had agreed in principle. Work is now underway to implement these reforms in forces.

- On 15 March, Tom Winsor published the second part of his review which is focused on longer term reform of police officer and staff remuneration and conditions.

The Government has carefully considered the Final Report and believes that it provides a good basis for further discussion and consultation. The Report's recommendations have been referred to the relevant bodies, including the Police Negotiating Board and the Police Advisory Board of England and Wales, to consider.

2.5 *Simplify and improve anti-social behaviour powers so that the police, local authorities and others have powers and tools that are effective and easy to use and provide a real deterrent*

We will announce the Government's formal response to the consultation on more effective powers to tackle anti-social behaviour shortly.

2.6 *Overhaul alcohol licensing to give more power to police and local authorities to meet the concerns of local communities*

We have taken forward an ambitious programme of reform to overhaul the Licensing Act with new powers to enable local communities and agencies to tackle alcohol problems. Measures include:

- removing the 'vicinity test' so that anyone can input in to licensing decisions
- doubling the fine for underage sales of alcohol, and
- consulting on a new late night levy and early morning restriction orders

On 23 March 2012, The Government's Alcohol Strategy was published. The Strategy aims to radically re-shape the approach to alcohol and reduce the numbers of people drinking to excess.

The strategy sets out the wide range of action that is being taken to address this including:

- introducing a minimum unit price for alcohol
- consulting on a ban on multi-buy price promotions in shops
- introducing stronger powers for local areas to control the density of licensed premises including making the impact on health a consideration for this
- piloting innovative sobriety schemes to challenge alcohol-related offending
- asking the Chief Medical Officer to conduct a review of the current alcohol guidelines for adults, and
- providing effective treatment and recovery to help those who need routes out of dependency

3. **Create a more integrated Criminal Justice System**

3.1 *Support the Ministry of Justice to develop a strategy for reducing reoffending, ensuring more effective rehabilitation, especially for drug users, and to conduct a full examination of sentencing policy*

The Home Office was fully engaged in developing the Green Paper, which was published in December 2011. Proposals include Payment by Results, Drug rehabilitation pilots and embedding Integrated Offender Management (IOM).

We have:

- adopted the Local Innovation, Testing and Evaluation approach to help local areas test new ideas
- continued to promote the Integrated Offender Management approach as the strategic framework to prioritise interventions for the most damaging offenders

With the Ministry of Justice and ACPO, the Home Office hosted a national IOM conference in June 2011. The conference was attended by over 400 delegates from a wide range of statutory and non-statutory agencies. It aimed to support local areas in maximising, sharing and developing effective practice. The event also included a focus on a range of support measures and tools to help local areas implement and deliver their local IOM approaches in an effective and efficient way.

We supported the Ministry of Justice review of out of court and restorative disposals. We have also worked with ACPO on national guidance on police use of informal community resolutions and restorative justice and with MOJ on a framework governing the use of out of court disposals.

3.2 *Develop a comprehensive approach to drug misuse, working with other government departments*

During 2011-12, as part of the implementation of the Drug Strategy, the Home Office has strengthened its efforts to reduce drugs supply by:

- introducing Temporary Class Drug Orders that can be used to ban newly identified harmful drugs within days and a new Forensic Early Warning System that enables the identification of a new substance within hours of its emergence
- making the illegal drugs trade less lucrative by taking away the profits of drug traffickers. Through cash seizures and asset recovery, including assets held overseas, we will show that crime doesn't pay
- continuing to build strong, effective working relationships with international partners and leading the way by building international consensus on our approach to new psychoactive substances, such as through sponsoring a 2012 UN resolution. We are sharing information and intelligence, and working closely with source and transit countries to bolster their capacity to tackle drug trafficking that affects the UK
- supporting the development of funding models that incentivise the best outcomes for both individuals in treatment and wider society, such as Payment by Results
- with other departments, we have re-launched the FRANK service, which is recognised as a high quality, credible resource for young people seeking advice and information about drugs. This has received positive feedback from young people, teachers, doctors and nurses. We are currently exploring options for enhancing how young people interact with FRANK including the piloting of a webchat
- re-focussed drug treatment to encourage services to support people to achieve recovery from the drug dependency

3.3 *Support collaboration between the police and other public services, working with the Ministry of Justice and other government departments*

The Home Office supported areas across England and Wales to deliver the Drug Interventions Programme (DIP), as part of their IOM arrangements, including over £60 million in Grant funding. In the first ten months of 2011-12, the DIP had managed over 74,000 Class A drug users into treatment.

The Home Office removed unnecessary bureaucracy regulations for Community Safety Partnerships in England on 1 June 2011 and in Wales on 5 December 2011.

The Tilley Awards programme captured and disseminated effective local crime cutting activity. This concluded on 13 December 2011 with an award ceremony hosted by the Minister of State for Policing and Criminal Justice. An effective practice area on the Home Office website went live in January 2012; a quality assurance framework was successfully developed and published. The effective practice pages, found under the Community Safety Partnerships section, enable partners to submit quality assured case

study examples of local work, or search for peers' effective practice and other useful information. Peer to peer support was enabled through support for sector led organisations the National Community Safety Network (NCSN) and West Midlands Peer Support Programme.

47 hospitals currently share information with the police on knife and gun crime and the remaining hospitals will receive training from June 2012. The Home Office is supporting Department of Health to ensure that all Type 1 Emergency Departments collect and share information.

The Home Secretary is considering proposals from the Secretary of State for Justice to give people greater protection to prevent crime and apprehend criminals.

The Home Office announced on 9 January 2012 that gang injunctions for 14 to 17 years olds were being rolled out across the country.

The Home Office provided £4 million in 2011-12 to fund 11 projects led by national voluntary and community sector (VCS) organisations who worked with around 195 local VCS organisations to deliver targeted prevention and early intervention programmes for vulnerable young people at risk of substance misuse and related offending.

The Home Office worked with its managing agent, Catch22, to develop and roll out a new support programme to all of its Positive Futures projects.

Models for the role of Police and Crime Commissioners in commissioning youth crime prevention services are in place and have been agreed with the Departments of Health and Education and the Ministry of Justice.

3.4 *Help the police, voluntary organisations and local communities to reduce violence against women*

A strategic narrative on violence against women and girls was published 25 November 2011 to coincide with International Day Against Violence to Women.

The Violence Against Women and Girls Action Plan was published on 8 March, International Women's Day.

The first six monthly update of the Violence Against Women and Girls Action Plan was published on 25 November 2011.

Following a consultation, the Home Office laid the Sexual Offences Act 2003 (Remedial) Order before Parliament on 5 March 2012 and is expected to come into effect in June 2012. These Regulations strengthen and extend the notification requirements for registered sex offenders.

4. Secure our borders and reduce immigration

4.1 *Establish a Border Police Command to secure our borders, as part of the new National Crime Agency*

Progress has been made in establishing the Border Policing Command (BPC), which will provide a "controlling hand" and co-ordinate activity amongst agencies operating at the UK border. The BPC has, for the first time, established a multi-agency joint border security threat assessment and has put in place a Shadow BPC, which will initiate operational activity at the border. In future, it will generate intelligence about cross border crime and threats to national security, and will join up multiple strands of intelligence to expose opportunities and previously unknown threats. It will also ensure all law enforcement agencies operating in and around the border work together, by prioritising action and by tasking and co-ordinating National Crime Agency and wider law enforcement resources for the greatest impact.

4.2 *Strengthen the system of granting student visas to reduce abuse with the likely consequence of reducing net migration*

The Government has fundamentally reformed the student visa regime to tackle abuse, whilst ensuring the UK continues to attract the brightest and the best students from across the world. As well as introducing new English language requirements and restrictions on the ability of students to work and bring dependants, the Home Office has tightened the sponsorship system for education providers, requiring higher levels of immigration compliance and introducing a new system of educational oversight by independent

inspectorates. It has also limited the time that can be spent in Tier 4 to five years at degree level, placed tighter restrictions on work placements, and closed the Tier 1 Post Study Work route, while allowing the best graduates to stay in the UK in skilled employment or under a new Graduate Entrepreneur scheme. The Home Office continues to monitor the impact of these changes, and will take further measures to strengthen the student visa regime against abuse if necessary.

4.3 *Strengthen the system of granting spouse visas to reduce abuse and support the integration of long term migrants in local communities*

The family migration consultation, which closed in October 2011, proposed new measures to tackle abuse, promote integration and reduce burdens on the taxpayer. These proposals include a new minimum income threshold for sponsoring the settlement in the UK of a fiancé(e), spouse, partner or dependants of non-European Economic Area nationality, to ensure that the migrant is not a burden on the taxpayer and is well enough supported to be able to participate and integrate in British society. Other proposals include increasing the probationary period from two years to five years before the migrant spouse or partner can apply for settlement, to test the genuineness of the relationship on the basis of which settlement is sought, and requiring those applying for settlement to prove that they can speak English to Common European Framework of Reference level B1, thereby widening the employment and other opportunities available to them. This builds on the requirement for those applying for a fiancé(e), spouse or partner visa to prove that they can speak English to level A1, which was implemented in November 2010. The Government expects to lay immigration rules implementing new policies on family migration during 2012.

4.4 *Set an annual limit on the number of non-EU economic migrants admitted to the UK. As a result of this and other policies we anticipate net migration will be in the tens of thousands in future*

A new limit on economic migrants from outside the EU was introduced from April 2011. Under the annual limit, only 20,700 people from outside the EEA may come to work in skilled professions under Tier 2 (General) of the Points Based System. In addition, a further 1,000 visas were made available for people of 'exceptional talent': world leaders in science, humanities and the arts. At the same time, we closed the Tier 1 (General) route due to widespread evidence of abuse, and increased skills requirements on the Intra-Company Transfer route. In April 2012, following the Migration Advisory Committee report advising on the annual limit and associated policies, it was announced that the Tier 2 (General) limit would remain at 20,700 until April 2014; Tier 2 (General) criteria will be further tightened, however, by the introduction of increased skills requirements from June 2012. In addition, we have broken the link between coming to work and settling permanently by introducing a minimum pay threshold of £35,000 for migrants who wish to settle after April 2016. Together, these changes are essential to increasing the selectivity of the immigration system and ensuring that only the brightest and best are able to come to the UK and work.

4.5 *Speed up the processing of asylum applications*

The Government persists in driving a programme of continuous improvement for asylum, with a focus on maintaining a healthy asylum system across the range of key performance indicators.

We have driven down asylum support costs again this year: we reduced like for like costs by £120 million between 2010-11 and 2011-12, and have underspent against our full year budget by £72 million. This allowed us to re-allocate £49 million to support other Home Office priorities. We have continued to deliver high quality decision-making, and a number of in-house tools have been developed to support longer-term improvements to productivity and efficiency.

4.6 *End the detention of children for immigration purposes*

Implemented

4.7 *Support e-Borders to help protect the UK against terrorist attack, serious cross-border crime and abuses of the immigration system, assessing passengers in advance of their arrival in the UK. Reinroduce exit checks.*

To help secure the border, we use an electronic system called e-Borders to carry out checks on travellers before they begin their journey. The system enables the electronic collection and checking of individual passenger details against UK police, security and immigration watchlists. During 2011, e-Borders checked around 137 million people travelling to or from the UK against watchlists, leading to more than 2,700 arrests.

We will continue to support e-Borders to help protect the UK against terrorism, crime and illegal immigration. We will also use e-Borders to reintroduce exit checks and ensure that we improve our understanding of who is in and out of the country. Following the cancellation of the Raytheon contract in 2010, the programme has been stabilised, all services successfully transferred and scope agreed through to 2015. The programme has now hit its target of 100% coverage of flights on non-EEA routes in advance of the Olympics¹.

4.8 *Stop the removal of asylum seekers who have had to leave particular countries because their sexual orientation or gender identification puts them at proven risk of imprisonment, torture or execution*

Implemented

5. Protect people's freedoms and civil liberties

The Home Office's fifth objective is to protect people's freedoms and civil liberties by reversing unnecessary state interference.

This work has been spearheaded by the Protection of Freedoms Act, a comprehensive package of measures which will restore some crucial civil liberties which have become eroded.

5.1 *Scrap ID cards and the National Identity Register*

On 10 February 2011, we destroyed the National Identity Register which marked the end of the process to scrap Identity Cards and halt biometric passports.

5.2 *Review counter-terrorism and security legislation and implement recommendations to ensure it is necessary, effective and proportionate*

In 2011 we published a review of the most sensitive and controversial counter-terrorism and security powers to ensure that they were necessary, proportionate and effective.

Following this we have re-focused our counter-terrorism and security powers:

- Control Orders have been replaced by Terrorism Prevention and Investigative Measures (TPIMs) Act 2011
- the length of time people can be held before charge for terrorist offences has been reduced to 14 days
- section 44 stop and search powers have been replaced by more focused powers in the Protection of Freedoms Act 2012, and
- greater safeguards against the use of covert surveillance powers have been introduced

This represents a significant step forward in our commitment to amend existing counter-terrorism and security powers to make them more effective and ensure they are proportionate.

Looking ahead, we will continue to keep our powers under review to ensure they strike the right balance between protecting the public and maintaining individual freedoms.

5.3 *End the storage of internet and email records without good reason*

Progress has been made against the Strategic Defence and Security Review commitment to introduce a programme to preserve the ability of the security, intelligence and law enforcement agencies to obtain communications data and intercept communications within the appropriate legal framework.

Work is underway to maintain the UK's communications data capabilities and ensure they keep pace with modern communication methods, firstly by doing as much as possible to preserve capabilities within current legislation. This includes training for the police on how to change investigation methods and strategies to reflect new communications methods.

The Queen's speech on 9 May 2012 also confirmed that the government intends to bring forward measures to maintain the ability of the law enforcement and intelligence agencies to access vital communications data under strict safeguards, subject to scrutiny of draft clauses. The draft Communications Data Bill will be

¹ For more information about the e-Borders programme, see Note 29 of the Home Office Annual Report and Accounts

subject to scrutiny by a bespoke joint committee of both Houses. The Intelligence and Security Committee has also agreed to conduct a parallel inquiry into the Bill, looking in particular at issues where there may be sensitivities relating to national security and where it will not be possible to take evidence in public.

Communications data has played a role in every major Security Service counter-terrorism operation over the past decade and in 95 per cent of all serious organised crime investigations. It is vital to law enforcement, especially when dealing with organised crime gangs, paedophile rings and terrorist groups. It is used by the police and the security agencies in the investigation of all types of crime, including terrorism.

5.4 *In line with the Red Tape Challenge, bring forward proposals to reduce and reform the stock of statutory instruments and regulations for which the Department has overall responsibility*

The Department is committed to reducing and reforming the stock of statutory instruments and regulations. Further information about the progress made can be found in Chapter 4 of this annual report.

5.5 *Introduce a Freedom Bill*

The Protection of Freedoms Bill was introduced on 11 February 2011 and received Royal Assent on 1 May 2012. The Act contains proposals to:

- restrict the retention of DNA and fingerprints, and require parental consent for taking biometric data from children in schools
- improve regulation of CCTV, and restrict local authority use of Regulation of Investigatory Powers Act (RIPA) powers
- address the number of powers of entry held by state officials
- ban wheel clamping without lawful authority
- permanently reduce the maximum length of pre-charge detention to 14 days
- impose greater restrictions on the use of no-suspicion stop and search powers
- scale the Vetting and Barring Scheme and criminal records regime back to common sense levels
- disregard convictions for consensual gay sex
- enhance the Freedom of Information Act, and
- ensure the protection of the right to trial by jury

A key challenge for the Home Office now is to implement the provisions of the Act, including the deletion of hundreds of thousands of profiles of innocent people on the national DNA database and the establishment of the new Disclosure and Barring Service in 2012. This will be the body responsible for administering the scaled back and more proportionate successor to the vetting and barring scheme and for developing the online criminal record check from 2013.

5.6 *Review the operation of the Extradition Act – and the US/UK extradition treaty – to make sure that it is even-handed*

On 8 September 2010, the Government commissioned a review into the UK's extradition arrangements to ensure that they operate effectively and in the interests of justice. The review was led by Sir Scott Baker, assisted by David Perry QC and Anand Doobay, two independent lawyers with experience in extradition cases. The Panel reported in October 2011.

6. Protect our citizens from terrorism

6.1 *Change security and counter-terrorism policies and systems as part of the Strategic Defence and Security Review under the direction of the National Security Council*

In 2011, work under this action focussed on improving the efficiency of the Police CT Network. Working with the Police, we have:

- defined core CT policing requirements

- delivered phase one of Project Atlas, including a review of the existing infrastructure and staffing within the Police CT Network. This standalone project has now closed and work in this area will be taken forward as part of a wider improvement programme
- identified efficiency savings across the Police CT Network in their back office functions and through sharing best practice, and
- identified new processes to allow efficient deployment of staff across the network

6.2 *Extend the UK's ability to deport foreign nationals who threaten our national security*

Our preferred approach to dealing with individuals who pose a terrorist threat to the UK is to prosecute them. Where this is not possible we will consider other options including deporting those that are foreign nationals. We have strengthened our approach to achieving this through a number of methods:

- continued Deportations with Assurances (DWA) negotiations with new countries with an arrangement agreed with Morocco in 2011
- devised an Engagement Strategy for working with international partners and organisations to raise awareness and secure increased support for the UK DWA policy, and
- put in place processes to increase the robustness of our approach to court cases such as the increasing in number of expert witnesses

In January 2012 the European Court of Human Rights (ECtHR) ruled against Abu Qatada's deportation to Jordan, on the grounds that evidence obtained from the torture of others might be used against him in future legal proceedings in Jordan. However the judgment provided broad support to the principle of DWA and the specifics of the DWA Memorandum of Understanding with Jordan. We have since been working closely with the Jordanian Government to get the necessary assurances that Qatada will face a fair trial on his return, and we are confident that the assurances we have secured mean we will ultimately be able to deport Qatada permanently. His case will be heard by the Special Immigration Appeals Commission in October 2012.

6.3 *Review the 'Prevent' strand of the counter-terrorism strategy aimed at stopping people from becoming terrorists or supporting violent extremism, with a clear separation between 'prevent' work (Home Office lead) and 'participation' work (Department for Communities and Local Government lead)*

We published the new Prevent strategy on 7 June 2011. The Strategy aims to prevent people from becoming terrorists or supporting terrorism, and has three core objectives: to challenge the ideology that supports terrorism, to protect vulnerable individuals, and to work with sectors and institutions where there is a risk of radicalisation.

The Prevent strategy has a broader scope, tackling all forms of terrorism, and recognising the impact of non violent extremism where it popularises views that terrorists can exploit. It also recognises the importance of a successful, separate integration strategy. DCLG published the high level policy statement on integration on 21 February 2012.

Following the publication of the Prevent strategy we have:

- established Prevent programmes in the priority areas
- worked with sector leads in education, health, and the criminal justice system to help tackle radicalisation
- expanded the "Channel" programme to provide coverage across England and Wales, and
- carried out rigorous checks on partners to ensure that Prevent does not fund those with extremist views

We are also working to deny extremists the space to promulgate their messages, including taking down and challenging extremist material online.

The Home Secretary will chair an Oversight Board to keep these programmes under review.

6.4 *Revise the 'CONTEST' counter-terrorism strategy to set out a clear policy direction following on from the Strategic Defence and Security Review and the 2010 Spending Review*

The Government's revised strategy for countering terrorism (known as CONTEST) was published in July 2011.

In light of the diversifying threat, the scope of the strategy has been broadened to cover all forms of terrorism including extreme right-wing terrorism and Northern Ireland related terrorism. The revised strategy also makes it clear that our future approach to counter-terrorism will reflect our fundamental values, including our commitment to protect civil liberties. As a result our response will be more effective and proportionate to the risk we face.

Other areas of work have been re-prioritised in line with the changing threat – for example an increased focus on aviation and border security following incidents such as the attempt by Al Qa’ida in the Arabian Peninsula to detonate explosives concealed in air cargo in October 2010.

The aim of the strategy remains:

To reduce the risk to the UK and UK interests from terrorism so that people can go about their lives freely and with confidence.

The four work streams of CONTEST continue to be:

- pursue: to stop terrorist attacks
- prevent: to stop people from becoming terrorists or supporting terrorism
- protect: to strengthen our protection against terrorist attack, and
- prepare: to mitigate the impact of a terrorist impact

6.5 *Make changes to pre-departure checks to better identify people and cargo that pose a terrorist threat and prevent them flying to or from the UK*

We are making significant progress strengthening pre-departure checks to prevent individuals and cargo posing a terrorist threat from boarding aircraft to or from the UK. We have:

- identified criteria for preventing foreign and British nationals from flying based upon immigration and aviation security legislation
- established a watchlist of individuals posing a terrorist threat who meet those criteria
- completed public consultation on proposals for a statutory scheme to deny airlines authority to carry watchlisted foreign nationals to the UK
- developed processes to identify passengers travelling from the UK and British nationals travelling to the UK who pose a terrorist threat
- increased coverage of pre-departure checks through the acquisition by e-Borders of 100% of advance passenger information for flights originating or terminating outside the EEA
- adopted the International Civil Aviation Organisation definition of high-risk cargo
- supported Department for Transport (DfT) to secure adoption of an EU inbound high-risk cargo regime which from February 2012 raises European security standards, and
- established with industry a pilot testing timely delivery of quality data to better identify high-risk cargo and established a cross-government cargo targeting group

6.6 *Strengthen the UK’s protection against and ability to respond to a terrorist attack*

Building on improvements made in 2010-11, over the past year work to improve the police and military response to a Mumbai-style attack has been significantly expanded and accelerated. We have:

- enhanced the firearms capabilities of police armed response units, and supported their work with military units to increase the effectiveness of the response in the event of a terrorist firearms attack in the UK
- improved joint working between police, fire and ambulance services to deal with the unique challenges of treating casualties and protecting the public during a major terrorist firearms incident; including multi-agency procedures, equipment and training
- continued to test and exercise our response to a Mumbai-style attack

Work is ongoing to ensure that we learn lessons from recent event such as the attack in Oslo in 2011 and more recently in Toulouse.

6.7 *Help to ensure a safe and successful Olympic and Paralympic Games in 2012 and legislate as necessary to support this*

Work has continued in 2011-12 to ensure preparatory activity for the safety and security of the Olympic Games is delivered on time and to budget, and to demonstrate confidence that the policing and wider safety and security operations will be effective and efficient. During the last year we have:

- implemented a comprehensive approach to assurance. This will inform our declaration of readiness to host the Games in July and includes independent assurance from HMIC and other agents
- designed and implemented a substantial programme of testing and exercising. Two command post exercises involving many thousands of players tested C3 structures. A live exercise focussed on the interaction between Gamestime and existing crisis response structures and multiple table-top exercises have tested components of the Gamestime operation
- progressed logistics and infrastructure planning, including negotiating contracts for transport, catering and accommodation, completion of the dedicated facility to support national security coordination, refurbishment of the London Gold Command Operations Rooms and provision of dedicated facilities for the VIP protection operation
- completed police personnel supply/demand testing, providing confidence that resource requirements can be met
- provided oversight and support to LOCOG's provision of Gamestime security personnel, responding proactively to scope changes by helping broker cross-government resolution of budget pressures, whilst ensuring that value for money remains a primary driver
- brokered military engagement with LOCOG and the police to enable inter-operability and support to the venue security effort
- designed, resourced and tested Home Office plans for Gamestime
- finalised and locked-down the designs for protective security measures at Olympic venues and associated sites
- continued to enhance our ability to identify and disrupt threats to the Games by further developing the Olympic Intelligence Centre and bringing on-line enhanced national capabilities, such as automatic number plate recognition (ANPR) and CCTV
- opened the Olympic Accreditation Centre to process the security assessments of c. 480,000 potential Games participants, and
- coordinated the agreement of Air Security measures within government and the civil aviation community

7. Build a fairer and more equal society

7.1 Promote transparency on gender equality including equal pay

Working in partnership with leading employers, GEO successfully launched 'Think Act Report'. The new voluntary framework encourages employers with more than 150 employees to improve gender equality within their organisations through greater transparency on issues such as workforce composition. Tesco, BT, Eversheds and Enterprise Car Rental are just some of the employers already signed up to this approach, and the number is growing. GEO has built a strategic partnership with Opportunity Now, a business-led coalition of employers accelerating progress on gender equality, to further promote work in this area. In the public sector, the Public Sector Equality Duty similarly aims to promote greater transparency, with public bodies publishing equality data in January 2012 and equality objectives in April 2012.

GEO has made good progress on its work with the Department for Business, Innovation and Skills (BIS) on proposals to encourage a more fair and flexible approach at work, and tackle the barriers to equal opportunities, including proposals to tackle unequal pay. GEO has taken steps to encourage women entrepreneurs, working with BIS to recruit over 4,000 women business mentors; and established a Women's Business Council to advise Ministers on making sure we maximise women's contribution to the UK's economic growth.

7.2 Promote gender equality on the boards of listed companies

Working closely with the Department for Business, Innovation and Skills, GEO engaged with business, women's professional organisations and FTSE 100 and 350 to encourage recognition of the benefits gained by business, the economy and society by appointing more women to decision-making roles. Reports by Lord Davies, BIS and Cranfield University in March 2012 show significant progress: the percentage of women appointments to Boards has doubled; the number of FTSE 100 all-male Boards has halved; and we are on track to hit the targets set for 2015.

7.3 *Promote equality of opportunity to allow greater participation in society*

In September, GEO published proposals for providing extra support to disabled people who want to apply for elected office. The fund will support disabled people in a variety of electoral contests – national, local, mayoral as well as Police and Crime Commissioners.

Political parties have agreed to publish diversity data on candidate selection, and GEO is working with them to develop an agreed approach. In April, GEO published guidance for political parties on their statutory responsibilities to make reasonable adjustments for disabled people.

GEO is leading the Government's body confidence campaign. GEO works closely with an expert advisory group, who steer the campaign, and have developed teaching packs for primary schools. The UK Government hosted an event at the Commission on the Status of Women, in New York, on body image and the media, with support from Denmark, Thailand and UN Women.

7.4 *Work internationally to encourage mutual recognition of same-sex partnerships*

Working with our embassies and counterparts overseas, GEO is making progress on updating the official list of countries whose same-sex partnerships are recognised in the UK. GEO and the Foreign and Commonwealth Office are also working bilaterally with other countries to overcome the barriers which prevent UK civil partnerships from being recognised abroad.

7.5 *Tackle hatred and violence against lesbian, gay, bisexual and transgender people*

GEO brought in legislation to allow civil partnerships on religious premises in December 2011; and published proposals for equal civil marriage on 15 March 2012.

GEO worked with Ministry of Justice to introduce an amendment to the Criminal Justice Act 2003 to bring sentencing of hate crime directed at transgender people in line with other types of hate crime. This means that any offence that is motivated by hostility towards the victim because they are transgender will automatically attract a more severe sentence.

GEO launched a charter to tackle homophobia and transphobia in sport in March 2011. The charter has now received over 3,000 signatures including from all professional football clubs and Rugby Football League super league teams, as well as celebrities including Stephen Fry, David Furnish and tennis stars Billie Jean King and Martina Navratilova.

7.6 *Streamline and reform the Equality and Human Rights Commission*

In March 2011, GEO consulted on proposals for improving the EHRC's focus on its core functions, the quality of its work, and the value for money it delivers for the taxpayer. Almost 1,000 responses to the consultation were received. On 15 May 2012, we published the government's response to the consultation, which set out a package of legislative and non-legislative reforms to clarify the EHRC's remit – focusing it on those areas where it can add value because of its unique role and functions – and improve its financial and operational performance. These include scrapping some unnecessary powers and duties, tighter financial controls, a budget review, and the recruitment of a new Chairman and a smaller Board with stronger business skills and experience.

As part of the 2010 Spending Review, the EHRC's 2011-12 budget was reduced to £48 million, and to £27 million for 2012-13, (with an additional £9.7m available for one-off transitional costs). GEO is working with EHRC to implement changes that will enable it to deliver and improve within its reduced budget including:

- focussing the EHRC on its core functions in order to deliver maximum value for money across all its activities, including moving to shared services for some corporate functions in 2012 and rationalising its estate
- reducing staff numbers from over 530 in 2009 to 365 in March 2012; and the number of interim contractors from 140 in July 2009 to fewer than 18 in March 2012

These changes are already beginning to deliver results, including the publication of the EHRC's first set of unqualified accounts in November 2011.

GEO also put arrangements in place to introduce a new Equality Advisory and Support Service, replacing the EHRC's helpline and delivering better value for money.

7.7 *Strengthen women's voices in government following abolition of Women's National Commission*

In November, the Government set out its strategy for engagement with women and for ensuring women are central to the UK's growth agenda. GEO's women's newsletter increased its readership to over one million this year, and Ministers have held regular roundtables with women's organisations. In November, the Government formally established the business-led Women's Business Council, to advise on how best to maximise women's contribution to economic growth. Its chair, Ruby McGregor Smith (CEO, MITIE) began in April.

7.8 *Ensure a proportionate and business friendly framework on discrimination law*

The Government's drive to reduce bureaucracy and unnecessary burdens on business – the Red Tape Challenge – focused on equalities in June and July. A targeted package of reforms was announced on 15 May 2012. This includes consultations on repealing some measures in the Equality Act 2010, reviewing the effectiveness of the Public Sector Equality Duty, reforming and simplifying the Equality and Human Rights Commission and working with small businesses on light-touch approaches to compliance with equality law.

Progress in Delivering the Structural Reform Priorities

Performance Indicators

This section contains information and data collected by the department to help measure the impact of our policies and reforms. The Home Office Business Plan includes our input and impact indicators and other data sets. Progress is published regularly on the Home Office website. The input and impact indicators have also been reported quarterly in the Business Plan Quarterly Data Summary. This also includes information on the cost of our common operational areas, financial indicators and how we are deploying our workforce.

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

Contextual information on Spending figures

It is not possible to make direct comparisons between the 2010-11 and 2011-12 figures as we did not have common definitions and data coverage.

In January 2012 Cabinet Office published standard data definitions for common areas of spend <http://www.cabinetoffice.gov.uk/resource-library/common-areas-spend-data-definitions>. Figures for 2011-12 adhere to these definitions, whereas the 2010-11 figures relate to previous definitions. The definitions and data coverage for 2010-11 can be found on the Home Office website (Quarterly Data Summary July 2011 Measurement Annex). We have continued to improve the coverage of our data and the figures for 2011-12 may provide a wider scope than those for 2010-11.

Contextual information on Results figures

The measurement annexes for Input indicators, Impact indicators are available on the Home Office website. Structural Reform Plan figures are based on the Home Office Business Plan 2011-15.

Contextual information on People figures

It is not possible to make direct comparisons between the 2010-11 and 2011-12 figures as we did not have common definitions and data coverage.

In January 2012 Cabinet Office published standard data definitions for people in our organisation <http://www.cabinetoffice.gov.uk/resource-library/common-areas-spend-data-definitions>. Figures for 2011-12 adhere to these definitions, whereas the 2010-11 figures may relate to previous definitions.

The definitions and data coverage for 2011-12 can be found on the Home Office website (Quarterly Data Summary (QDS) May 2012 Measurement Annex), excluding the definition for Recruitment Exceptions which has been footnoted. The definitions and data coverage for 2010-11 data is available on the Home Office website (QDS July 2011 Measurement Annex). We have continued to improve the coverage of our data and the figures for 2011-12 may provide a wider scope than those for 2010-11.

SPENDING								
Budget	£million		Common Areas of Spend	2011-12 ⁱ	2010-11 ⁱⁱ			
	2011-12	2010-11						
Total Departmental Expenditure Limit (DEL)	See Core Table 1		Estate Costs	Total office estate (m ²)	256,858	325,940		
of which Resource DEL (excl. Depreciation)				Total cost of office estate (£million)	128	134		
				Cost per FTE (£)	6,217	5,427		
				Cost per m ² (£)	497	412		
Up to top 5 contributory elements					Procurement	Total Procurement Spend (£million)	2,875.8	2,914.8
						Price of standard box of A4 white copier paper (£/2500 sheets)	11.39	9.57
						Average price of energy (£/KWH)	0.09	Not Available
Purchase of goods and services within Resource DEL					IT	Total 3rd Party ICT Cost (£million)	711	412.9
						Cost of desktop provision per FTE (£)	876	2,396
Payroll within Resource DEL					Corporate Service Cost	Human Resources (£million)	64.43	61.5
Grants within Resource DEL			Finance (£million)	29.21		44.4		
of which Capital DEL			Procurement (£million)	15.21		14.2		
			Legal (£million)	65.68		55.9		
			Communications (£million)	36.4		44		
Up to top 5 contributory elements			Fraud, Error, Debt	Total Identified Fraud (£million)	0.03	0.02		
				Total known Errors (£million)	2.4	11		
				Total Debt (£million)	36.64	382.3		
				Debtor Days	9.4	35.3		
Up to top 5 contributory elements			Voluntary and community sector (VCS)/ Small and medium enterprises (SME)	Procurement spend with SME (£million) ⁱⁱⁱ	185.2	218		
				Procurement spend with VCS (£million) ^{iv}	18.4	Not Available		
				Grants to VCS (£million) ^v	40.51	56.9		
Total Annually Managed Expenditure (AME)			Major Projects (Top 5)					
			A: Compass – Ongoing contract provision for UKBA accommodation and related services (£million)			883		

Financial Indicators	2011-12 ⁱ	2010-11 ⁱⁱ		
Accuracy of Cash Forecasting (+/- %)	6.7	7.49 ^{vi}	B: e-Borders – This programme will create an integrated and more secure border for the 21st century (£million)	801
Working Capital Forecast (% variance of Actual v Forecast)	-43	-176.4	C: Cyclamen – To deter the illicit importation of freight entering the UK, whilst minimising the disruption to legitimate passengers and freight (£million)	747
Net Book Value (% variance of Actual v Forecast)	0.28	14.6	D: Disclosure and Barring Programme – To reduce costs and enhance vetting services offered by CRB and ISA (£million)	708
			E: New Passport Programme – To deliver a new supplier and design for UK passport (£million)	453
			£m whole life cost of ALL major projects (2011-12)	7,088

ⁱ Definitions are available on the Cabinet Office website.

ⁱⁱ Definitions are available on the Home Office website (Quarterly Data Summary July 2011).

ⁱⁱⁱ Figure represents Home Office direct spend with SMEs only.

^{iv} The Home Office is in the process of distinguishing procurement spend with VCS suppliers from data on procurement spend with other suppliers. As the standard definition of VCS is still developing, there is the risk that the figure may be inconsistent to that provided by Other Government Departments.

^v The Home Office are in the process of identifying our VCS suppliers and thus our overall spend. As the standard definition of VCS is still developing, there is the risk that the figure may be inconsistent to that provided by Other Government Departments.

^{vi} Figure represents quarter 4 2010-11, as defined in Quarterly Data Summary July 2011.

^{vii} These figures use the same definitions as the Quarterly Data Summary (QDS). They cannot be reconciled to the numbers in the accounts because the definitions for the QDS are set by Cabinet Office, which have been calculated on a different basis to those in the annual accounts.

RESULTS			
Input Indicators ⁱ	2011-12	2010-11	Context
Cost per head of population of total police force cost	£198 ⁱⁱ	£206	This excludes the Metropolitan Police Service and the City of London police figures.
Cost per case of managing a drug misusing offender into treatment and recovery	Not currently available, to be published on the Home Office website.	£3,063	Drug misuse is often a chronic, relapsing condition, and so individuals may have multiple contacts with the Criminal Justice System/Drug Interventions Programme during any 12 month period, thus the annual cost per contact with an individual is likely to be considerably lower.
Cost per passenger processed at the UK border	£2.90 ⁱⁱⁱ	£3.25 ⁱⁱⁱ	This data may fluctuate as a result of deployment decisions in response to risk and operational requirements, which influence the balance between passenger processing and customs related activity at the border.
Cost per decision for all permanent and temporary migration applications ^{iv}	£223 ^{iv,v}	£212 ^{iv,v}	
The cost of producing and issuing a passport	£64.68	£71	
Impact Indicators	2011-12	2010-11	Context
Crime rates – violent and property crime reported to the police	3,448,334 ^{vii} crimes recorded by the police in the 12 months to the end of December 2011	3,533,597 ^{vii} crimes recorded by the police in the 12 months to the end of December 2010	2011 data is a rate of 63 recorded offences per 1,000 population ^{viii} 2010 data is a rate of 64 recorded offences per 1,000 population ^{viii}

RESULTS			
The size, value and nature of organised crime and our success in diminishing it and its profitability	38,861 known organised criminals at 30 June 2011 7,255 organised crime groups at 30 June 2011	Not available	Organised Crime Group Mapping is based on law enforcement's knowledge and understanding of the problem and the individuals it is aware of. Much of Organised Crime is hidden and difficult to quantify. It is not a police-recorded crime in itself.
Net migration to the UK	252,000 ^{ix}	255,000 ^x	Outturn for 2011 to be published in November 2012.
Annual level of revenue protected through detecting goods where excise duty has not been declared	£311 million ^{xi,xii}	£268 million ^{xi,xii}	Cigarette and hand rolling tobacco seizure information is refreshed each month. Consequently, the information published is subject to change.
Clearance of passengers at the border within published standards	97% ^{xiii}	98% ^{xiii}	Service standards: 95% of European Economic Area (EEA) passengers within 25 minutes; 95% non-EEA passengers within 45 minutes.
Percentage of migration applications decided within published standards	91% ^{xiv}	93% ^{xiv}	
Percentage of asylum applications concluded in one year	63% ^{xiv}	56% ^{xiv,xv}	
Passport application processed within target	100% ^{xvi}	100% ^{xvi}	2011-12: the volume of straightforward passport applications for the year was 3,263,960 of which 3,254,126 were processed within target. 2010-11: The volume of straightforward passport applications for the year was 3,431,296 of which 3,430,991 were processed within target.
Number of private and voluntary sector organisations that voluntarily report on gender equality – by size of the workforce	Not Available	400 organisations voluntarily report on the gender diversity ^{xvii} 100 organisations voluntarily report on their gender pay gap ^{xvii}	These are not based on numbers of known employers who engage in activities, but are an estimate based on a representative sample.

RESULTS			
Other Data Sets	2011	2010	Context
Non-asylum passengers initially refused entry	17,174 ^{xviii}	18,941 ^{xix}	
Total removals and voluntary departures	52,526 ^{xviii}	60,244 ^{xix}	
Number of asylum applications received	19,804 ^{xviii}	17,916 ^{xix}	
Number of hits that the Police.uk has received	469,678,632 ^{xx}	413,000,000 ^{xxi}	
Structural Reform Plan Actions ^{xxii}	2011-12		
Total number of actions completed during the year	69		
Total number of actions overdue at the end of the year	15		
Number of overdue actions that are attributable to external factors	0		
Total number of actions ongoing	36		

ⁱ The measurement annex for the input indicators is available on the Home Office website.
ⁱⁱ Figure quoted is based on internal management information, and is estimated.
ⁱⁱⁱ Figure quoted is based on internal management information, rounded to the nearest 5 pence.
^{iv} Figures are based on internal management information. The numbers may differ from figures published as National Statistics in the Home Office Control of Immigration statistical publications, which are drawn from different snapshots of UK Border Agency databases.
^v Costs associated with all migration applications have been estimated using a full cost allocation model in which unit costs are calculated according to standard accountancy practices. The number of decisions shown here differs from the number of decisions shown as part of the data for the migration decisions in standard transparency indicator. The unit cost per decision has increased as a result of a more complex caseload.
^{vi} The measurement annex for the impact indicators is available on the Home Office website.
^{vii} The list of the offence codes are available on the Home Office website site.
^{viii} Rates are derived using population estimates from Office for National Statistics.
^{ix} The provisional estimate of long-term migration to the UK in the year to September 2011: Migration Statistics Quarterly Report May 2012. Outturn for the year 2011 is planned to be published in November 2012.
^x Provisional data for December 2010 was published in the Home Office Annual Report and Accounts. The outturn data was published in the Migration Statistics Quarterly Report November 2011.
^{xi} Figures are based on internal management information, which are drawn on snapshots of UK Border Agency databases.
^{xii} Figure quoted is rounded to the nearest million pounds.
^{xiii} Figures are based on management information which have been subject to internal quality checks.
^{xiv} Figures are based on internal management information.
^{xv} We previously reported, in the 2010-11 Home Office Annual Report and Accounts that the percentage of asylum cases concluded in one year was 55 per cent. However, new analysis to provide data broken down by gender shows a slightly improved conclusion rate of 56 per cent. This small change reflects the fact that our data sets are not static and changes on individual cases in our management information will occur over time.
^{xvi} Number rounded to nearest percentage. Actual volumes (by month) received and processed within target are available on the Home Office website.
^{xvii} Figures are rounded to the nearest 100 and are subject to some sampling uncertainty.
^{xviii} Figures quoted are for calendar year 2011.
^{xix} Figures quoted are for calendar year 2010.
^{xx} Data is for January 2011 - March 2012.
^{xxi} Data is for January 2011- March 2011.
^{xxii} Figures quoted based on Home Office Business Plan 2011-15 (May 2011 – March 2012).

PEOPLE			
Whole Department Family – Workforce Size		31 March 2012	31 March 2011
Payroll Staff	Department and Agencies	See Core Table 5	
	Non-departmental public bodies		
	Department Family		
Average Staff Costs			
Contingent Labour	Department and Agencies	See Core Table 5	
	Non-departmental public bodies		
	Department Family		

PEOPLE			
Department and Agencies Only		Year ended 31 March 12 ⁱ	Year ended 31 March 11 ⁱ
Workforce Shape	Administrative Assistants and Administrative Officers	32.1%	33.4%
	Executive Officers	37.6%	37.7%
	Higher and Senior Executive Officers	23.0%	22.4%
	Grade 7/6	6.4%	5.8%
	Senior Civil Servants	0.9%	0.7%
	Part Time	19.6%	19.4%
Workforce Dynamics	Recruitment Exceptions	294 ⁱⁱⁱ	29 ^{iv}
	Annual Turnover Rate	10.8%	10.0%
Workforce Diversity	Black and Minority Ethnic	23.2%	23.3%
	Women	52.3%	52.8%
	Disabled	6.7%	6.7%
Workforce Diversity (Senior Civil Servants only)	Black and Minority Ethnic	6.0%	5.6%
	Women	38.5%	32.3%
	Women (Top Management Posts)	29.6%	29.2%
	Disabled	4.4%	3.8%
Attendance (AWDL)	Actual	7.9	7.8
	Standardised		8
Department only; People Survey Metrics (Home Office HQ only)		2011 survey	2010 survey
Engagement Index (%)		58	57
Theme scores (%)	Leadership and Managing Change	40	38
	My Work	76	72
	My Line Manager	67	66
	Organisational Objectives & Purpose	82	80
ⁱ Definitions are available on the Cabinet Office website ⁱⁱ Definitions are available on the Home Office website (QDS July 2011) ⁱⁱⁱ This figure represents the whole year (period 1 April 2011 – 31 March 2012), covering Home Office HQ and its Agencies (excluding NDPBs) ^{iv} This figure represents the period 24 May 2010 – 31 March 2011.			

Overdue actions (at end of March 2012)

2. Free up the police to fight crime more effectively and efficiently

2.1 Reduce bureaucracy for front-line police officers

- (v) Work with Association of Chief Police Officers to significantly reduce the amount of police national guidance and consolidate it into a clear body of Authorised Professional Practice

Authorised Professional Practice will be divided into core practice (e.g. investigation and operations) and specific practice (e.g. counter terrorism and financial investigation). Core practice was agreed in January 2012. Specific practice will be agreed in two stages. The first phase will be completed by the end of June 2012 ahead of the formal issue of the Strategic Policing Requirement. All additional areas of specific practice will be agreed by the end of November 2012 and will go live in early December 2012.

2.4 *Improve the efficiency of local policing*

- (v) Develop a programme to build the capacity and capability and knowledge of the Police Service in transformational change, with services to the public maintained and improved through increased productivity

With the confirmation that Police and Crime Commissioners will be elected in November 2012, the programme of work has been extended until that time.

We have worked with national partners to establish a multi-agency Policing Value for Money Unit to deliver a programme that supports the development and delivery of local police force plans to maintain or improve services to the public whilst budgets reduce. To date, this work has seen police forces supported to a) share knowledge, learning and experience on delivering transformational change, access knowledge from other sectors, and build skills; b) reduce costs through making best use of opportunities for procurement of goods and services through national frameworks; and c) explore the benefits of collaborative working – between forces, other parts of the public sector, and with the private sector.

From November 2012, Police and Crime Commissioners will be responsible for securing value for money in local policing services.

2.6 *Overhaul alcohol licensing to give more power to police and local authorities to meet the concerns of local communities*

- (vii) Analyse consultation responses and draft legislation

The start of the consultation on exemptions to the late night levy was delayed and did not close until 10 April 2012. Analysing consultation responses and introducing legislation need to follow.

- (xi) Review the Mandatory Licensing Code

The Government's Alcohol Strategy, published on 23 March 2012, confirms that we will launch a review of current commitments within the Mandatory Code for Alcohol to ensure they are sufficiently targeting problems. We will also consult on applying the Mandatory Code to all sectors involved in the sale of alcohol, where relevant.

3. **Create a more integrated criminal justice system**

3.4 *Help the police, voluntary organisations and local communities to reduce violence against women*

- (ix) Implement legislation for reviewing lifetime notification of sex offenders

The proposal to make the draft Sexual Offences Act 2003 (Remedial) Order was laid before Parliament on 14 June 2011. The Government gave careful consideration to the representations received during the initial 60 day period that the proposal for the order was laid before Parliament, as required by the non-urgent remedial order process (under section 10 of the Human Rights Act 1998). The government laid the draft order on 5 March for a second 60 day period and expects the order to come into effect by June 2012, subject to Parliamentary business.

4. **Secure our borders and reduce immigration**

4.3 *Strengthen the system of granting spouse visas to reduce abuse and support the integration of long-term migrants in local communities*

- (iii) Analyse family consultation responses and develop new Immigration Rules

We completed the family consultation in October 2011 and received over 5,000 responses. The responses have been analysed and new Immigration Rules have been developed. This action is now complete.

4.4 *Set an annual limit on the number of non-EU economic migrants admitted to the UK. As a result of this and other policies we anticipate net migration will be in the tens of thousands in future*

(x) Stop people who owe the NHS £1000 or more from coming to or staying in the UK until the debt is paid off

The relevant data about NHS debtors has been transferred to the Home Office. This action is now complete.

4.6 *End the detention of children for immigration purposes*

(vi) Recruit permanent members of the Family Returns Panel

New members of the independent family returns panel were announced by Immigration Minister Damian Green on 25 April 2012. This action is now completed.

4.7 *Support e-Borders to help protect the UK against terrorist attack, serious cross-border crime and abuses of the immigration system, assessing passengers in advance of their arrival in the UK. Reinroduce exit checks*

(v) Develop the Smart Zones concept which speed up the processing of pre-checked low-risk passengers through border control points at specific ports and airports

The Home Secretary has decided to review the use of Smart Zones following the Independent Chief Inspector's review "An investigation into border security checks" which was published on 20 February. This review will be completed by December 2012.

5. **Protect people's freedoms and civil liberties**

5.2 Review counter-terrorism and security legislation and implement recommendations to ensure it is necessary, effective and proportionate

(iii) Pass legislation through the Protection of Freedoms Bill on other key recommendations in relation to pre-charge detention, stop and search powers and local authority use of surveillance powers

The Protection of Freedoms Bill received Royal Assent on 1 May 2012. This action is now complete.

7. **Build a fairer and more equal society**

7.6 *Streamline and reform the Equality and Human Rights Commission*

(ii) Analyse consultation responses and publish the government's decision on how to streamline and reform the Equality and Human Rights Commission

We published the response to the consultation on 15 May 2012 as part of the announcement on the Red Tape Challenge on equalities. This action has now been completed.

7.8 *Ensure a proportionate and business friendly framework on discrimination law*

(i) Consult on the need for provisions making employers liable for the harassment of employees by third parties over whom they have no direct control

The consultation on employer liability for harassment of employees by third parties was launched on 15 May and closes on 7 August.

(ii) Analyse consultation responses and decide on the way forward

The consultation on employer liability for harassment of employees by third parties was launched on 15 May and closes on 7 August.

(iii) Consider the mechanisms for not bringing forward the Equality Act dual discrimination rules

As part of the Equalities theme under the Red Tape Challenge we have considered the mechanisms for not bringing forward the Equality Act dual discrimination rules.

CHAPTER 4 – REFORM AGENDA PROGRESS INCLUDING BETTER REGULATION

Reporting on Better Regulation

It has been a challenging year for the Home Office regarding the contribution to the Government's drive on Reducing Regulation. The necessity to prioritise public protection has often run counter to the wider Government drive on regulation. The implementation of the migration limit for example has been by far the largest contributor to the Home Office cumulative regulatory cost to business of £49.97 million as measured by the 'one-in-one-out' balance published in the 3rd Statement of New Regulation. This results from the introduction of three changes to legislation, counted as 'IN's under one-in-one-out and the simplification of one other (an 'OUT'). A further five changes were deemed to have no net cost to the business or voluntary sector.

The Regulatory Policy Committee which scrutinises Government Impact Assessments recently published its 4th report 'Improving Regulation' which showed that 17% of Home Office Impact Assessments received Green ratings on initial submission and 33% received Amber ratings. The Home Office continues to work to ensure more Impact Assessments can receive these ratings on first submission and so not require amendment before publication.

While recognising the need to prioritise protection of the public, the Home Office is pushing ahead with regulatory reforms. We are on track to deliver much needed changes which will bring the criminal records and vetting and barring regimes back to common sense levels. We continue to make progress on our commitments to the Red Tape Challenge. For example, the Poisons Board is on track to be reconstituted in the next reporting year. This will allow the Board to examine the range of products covered by the Poisons Act and the effectiveness of the current provisions, and make recommendations for changes. We continue to work to deliver on the proposals to cut red tape in respect of alcohol licensing, currently to schedule.

We continue to search for ways of delivering policy without recourse to regulatory options. For example, the Government's body confidence campaign aims to reduce the burdens that popular culture places on people's wellbeing and self-esteem by working with a range of sectors including health and fitness, fashion and retail, youth and education, media and advertising, and beauty to identify non-legislative solutions to tackling the causes of negative body image. An example of this is the creation of a new body image diversity award for the magazine industry, developed with the Professional Publishers Association, which recognises and rewards best practice in this area.

The adoption of voluntary alternatives to regulation is also evident in the approach the Home Office has taken to tackle equality of opportunity for women in the workplace – a vital part of building a strong economy. One of our initiatives to help reduce the gender pay gap is *Think, Act, Report*. This is a new voluntary framework for gender equality reporting which we developed with the CBI, BCC, Trade Unions and HR Professionals.

We continue to take part in the debate with our EU partners and are firmly committed to preventing gold-plating of EU laws. For example, we propose to 'copy out' most of the provisions of Directive 2010/63/EU on the protection of animals in line with Government Policy on the implementation of European legislation. We will, however, retain higher UK standards in a number of key areas thus maintaining public confidence that animals used in experiments and testing will continue to receive a very high level of protection. We estimate that retaining these UK standards will have no significant impact on costs or competitiveness.

The Home Office is also applying sunset clauses to new regulation where required and will be planning reviews of these regulations as the deadlines for these approach.

Progress on Red Tape Challenge

The Red Tape Challenge website is part of this Government's commitment to transparency and growth. It aims to tackle the burden of excessive red tape, both to free businesses to compete and create jobs and to give people greater freedom and personal responsibility. We have had a significant response to the equalities theme of the Red Tape Challenge – over 7,000 comments over the last twelve months. The vast majority of comments from business and the wider public were in support of equality legislation. We are considering which provisions in the Equality Act 2010 place unnecessary burdens, whilst retaining the important protections for individuals. We hope to announce the results of the Red Tape Challenge Equalities spotlight in the next reporting year.

CHAPTER 5 – DEPARTMENTAL CORE DATA TABLES

Contents

Table 1 – Public Spending	This is a summary based on net budgetary totals from Part II Subhead detail sections. Eight columns: five prior years' outturns (including 2011-12 – the year just ended), and (Spending Review) plans for the following three years. Scope of table will be 2007-08 to 2014-15
Table 2 – Public spending control	This table shows the year just ended outturn figures (from Table 1) against the budgetary control limits, showing original Estimate Supplementary Estimate and final Estimate figures as comparators.
Table 3 – Capital Employed	Sets out the capital employed across the Home Office departmental group. It includes capital employed by agencies and NDPBs but excludes that of bodies such as police authorities, whose spend is not consolidated within those of the department. Five prior year outturns (including year just ended) and (Spending Review) plan for following three years are shown.
Table 4 – Administration Budgets	Shows the administration costs for the Home Office. Administration costs exclude front-line activities such as the police and immigration work at ports and associated casework in order to provide a clearer picture of administrative activities. It provides five prior years' outturns (including year just ended), Spending Review plans for the following three years. The scope is from 2007-08 to 2014-15.
Table 5 – Staff in Post	Provides an analysis of Home Office total staffing showing three prior year outturns (including year just ended), following Cabinet Office guidelines. This also includes numbers of non-payroll staff (consultants, and contingent labour i.e. interim managers, specialist contractors and agency staff).
Table 6 – Total spending by country and region (over spread of years)	These tables provide analysis of the department's spending by country and region, and by function. The data in tables 6, 7 and 8 were taken from the HM Treasury public spending database in November 2011. Therefore the tables may not show the latest position and are not consistent with the other core data tables. The data is for five prior years' outturns (2006-07 to 2010-11).
Table 7 – Total spending per head by country and region (over spread of years)	
Table 8 – Spending by function or programme, by country and region (for latest outturn year, 2010-11)	

Table 1 – departmental spending £'000

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Resource DEL	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
Section A: Crime and Policing Group	5,386,702	5,482,181	5,642,682	5,624,768	5,525,613	5,055,501	4,885,828	4,740,653
Section B: Office for Security and Counter Terrorism	562,448	705,871	814,501	807,786	879,996	1,144,008	747,728	693,577
Section C: UK Border Agency	1,711,786	1,710,051	1,713,561	1,704,999	1,321,703	1,000,600	1,014,537	1,006,807
Section E: Identity and passport Service	50,575	93,105	90,439	5,002	-36,201	6,442	4,252	2,857
Section F: Central Home Office	234,570	266,260	255,846	204,038	272,029	294,039	249,769	181,785
Section G: NDPBs (net)	908,613	924,068	934,029	897,673	852,865	841,987	811,604	785,287
Section H: Area Based Grants	64,371	76,870	80,925	71,243	66,909	30,000	-	-
Section I: Departmental Unallocated Provision (DUP)	-	-	-	-	-	43,191	119,415	119,447
Section J: National Fraud Authority	-	-	3,943	4,021	5,896	3,573	3,382	3,229
Section K: Government Equalities Office	5,969	10,333	13,998	11,611	8,590	19,377	17,644	17,437
Section L: European solidarity mechanism (net)	1,646	1	-1	-	1,474	1	1	1

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
Border Force	-	-	-	-	-	457,728	430,728	409,770
Section D: Criminal Records Bureau	405	-973	-4,616	781	6,717	-	-	-
Central Home Office (net)	-	-	-	-	-103,140	-	-	-
Total Resource DEL	8,927,085	9,267,767	9,545,307	9,331,922	8,802,451	8,896,447	8,284,888	7,960,850
<i>Of which:</i>								
-Pay	1,520,853	1,562,067	1,553,246	1,628,498	1,498,757	1,585,622	1,463,088	1,281,889
-Net current procurement ¹	1,588,739	1,656,101	1,358,109	1,068,765	1,026,350	1,184,847	1,214,900	1,237,455
-Current grants and subsidies to the private sector and abroad	64,918	72,691	438,588	136,744	178,819	443,942	58,519	32,587
-Current grants to local government	6,059,112	6,241,557	6,414,746	6,389,656	6,194,405	5,955,679	5,636,122	5,490,503
-Depreciation ²	141,547	186,437	205,078	486,948	216,254	253,650	231,750	248,750
-Other	-448,084	-451,086	-424,460	-356,643	-325,568	-527,293	-319,491	-330,334
Resource AME								
Section M: AME charges	10,946	44,450	-102,713	179,006	-2,947	8,489	8,477	9,599
Section N: Police superannuation	353,241	668,451	754,193	720,594	1,013,367	1,125,629	1,209,396	1,289,540
AME charges NDPBs (net)	9,122	1,002	30,164	20,603	7,368	-	-	-
Total Resource AME	373,309	713,903	681,644	920,203	1,017,788	1,134,118	1,217,873	1,299,139
<i>Of which:</i>								
-Pay	-	-	-	-	-	-	-	-
-Net current procurement ¹	-	-	-	-	-	-	-	-
-Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-
-Current grants to local government	-	-	-	-	-	-	-	-

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
-Net public service pensions ³	897	-	-	-	-	-	-	-
-Take up of provisions	33,216	189,687	41,620	115,661	79,270	2,227	5,811	5,062
-Release of provisions	-31,029	-23,130	-153,013	-2,019	-92,967	-3,407	-2,779	-2,215
-Depreciation ²	-	4,901	30,126	78,225	7,965	-	-4,224	-2,917
-Other	370,225	542,445	762,911	728,336	1,023,520	1,135,298	1,219,065	1,299,209
Total Resource Budget	9,300,394	9,981,670	10,226,951	10,252,125	9,820,239	10,030,565	9,502,761	9,259,989
<i>Of which:</i>								
-Depreciation ²	141,547	191,338	235,204	565,173	224,219	253,650	227,526	245,833
Capital DEL								
Section A: Crime and Policing Group	261,792	269,788	284,949	261,641	106,704	130,000	120,000	120,000
Section B: Office for Security and Counter Terrorism	134,769	107,644	206,824	153,103	92,100	105,400	91,500	154,500
Section C: UK Border Agency	110,645	187,846	182,750	163,333	176,207	87,800	23,540	4,840
Section E: Identity and passport Service	28,108	24,835	111,382	67,295	23,092	20,000	8,000	8,000
Section F: Central Home Office	2,688	4,873	2,633	-2,497	27,085	18,200	11,900	13,400
Section G: NDPBs (net)	194,532	239,227	210,281	92,711	73,895	46,900	44,500	63,500
Section I: DUP	-	-	-	-	-	41,900	23,200	43,000
Border Force	-	-	-	-	-	50,800	43,360	58,260

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
Section D: Criminal Records Bureau	-	2,917	354	4,054	1,931	-	-	-
Section H: Area Based Grants	18,928	-	-	-	-	-	-	-
Section J: National Fraud Authority	-	-	274	67	207	-	-	-
Total Capital DEL	751,462	837,130	999,447	739,707	501,221	501,000	366,000	465,500
<i>Of which:</i>								
-Net capital procurement ⁴	385,391	484,490	582,547	333,239	274,013	230,689	154,070	189,730
-Capital grants to the private sector and abroad	20,792	24,826	44,604	22,940	30,421	23,562	39,770	61,070
-Capital support for local government	326,351	329,129	317,455	285,971	174,493	169,422	119,000	119,000
-Capital support for public corporations	-	10,000	-	28,700	-	-	-	-
-Other	18,928	-11,315	54,841	68,857	22,294	77,327	53,160	95,700
Capital AME								
Total Capital AME	-	-	-	-	-	-	-	-
<i>Of which:</i>								
-Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-
-Net lending to the private sector and abroad	-	-	-	-	-	-	-	-
-Capital support for public corporations	-	-	-	-	-	-	-	-
-Other	-	-	-	-	-	-	-	-

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Outturn	Outturn	Outturn	Outturn	Estimated outturn	Plans	Plans	Plans
Total Capital Budget	751,462	837,130	999,447	739,707	501,221	501,000	366,000	465,500
Total departmental spending⁵	9,910,309	10,627,462	10,991,194	10,426,659	10,097,241	10,277,915	9,641,235	9,479,656
of which:								
-Total DEL	9,678,547	10,104,897	10,544,754	10,091,893	9,290,238	9,397,447	8,650,888	8,426,350
-Total AME	373,309	713,903	681,644	920,203	1,017,788	1,134,118	1,217,873	1,299,139

¹ Net of income from sales of goods and services.
² Includes impairments.
³ Pension schemes report under IAS 19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.
⁴ Expenditure on tangible and intangible fixed assets net of sales.
⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Spending by local authorities on functions relevant to the department

	2007-08	2008-09	2009-10	2010-11	2011-12
	Outturn	Outturn	Outturn	Outturn	Estimated outturn
Current spending	-	-	-	-	-
of which:					
-financed by grants from budgets above	3,176,327	3,310,635	3,365,356	2,861,560	2,731,985
Capital spending	-	-	-	-	-
of which:					
-financed by grants from budgets above	406,183	509,316	629,620	357,438	328,206

Note: Data has been provided by HM Treasury from the COINS database. The information held in the above table cannot be reconciled to the numbers in the accounts.

£000

Table 2 – Public spending control

Resource DEL	2011-12		2011-12 Supplementary estimate	2011-12 Final outturn
	Original Provision			
Section A: Crime and Policing Group	5,402,329		5,611,794	5,525,613
Section B: Office for Security and Counter-Terrorism	888,017		891,182	879,996
Section C: UK Border Agency	1,581,177		1,436,544	1,321,703
Section D: Criminal Records Bureau	-17,000		-1,160	-6,717
Section E: Identity & Passport Service	8,925		-27,075	-36,201
Section F: Central services	311,162		232,654	272,029
Section G: NDPBs (net)	885,810		881,754	852,865
Section H: Area Based Grants	59,300		59,300	66,909
Section I: DUP	102,312		-	-
Section J: National Fraud Authority	3,795		6,546	5,896
Section K: Government Equalities Office	18,100		11,415	8,590
Section : European solidarity mechanism (net) Central Home Office (net)	-		1	1,474
	-		-	-103,140
Total Resource DEL	9,243,927		9,102,956	8,789,017
<i>Of which:</i>				
Pay				1,498,757
Net current procurement ¹				1,026,350
Current grants and subsidies to the private sector and abroad				178,819
Current grants to local government				6,194,405
Depreciation ²				216,254
Other				-325,568

	2011-12 Original Provision	2011-12 Supplementary estimate	2011-12 Final outturn
Resource AME			
Section L: AME charges	7,713	64,401	-2,947
Section M: Police superannuation	987,832	1,132,000	1,013,367
AME charges NDPBs (net)	-	6,144	7,368
Total Resource AME	995,545	1,202,545	1,017,788
<i>Of which:</i>			
Pay			
Net current procurement ¹			
Current grants and subsidies to the private sector and abroad			
Current grants to local government			
Net public service pensions ³			79,270
Take up of provisions			-92,967
Release of provisions			7,965
Depreciation ²			1,023,520
Other			
Total Resource Budget	10,239,472	10,305,501	9,806,805
<i>Of which:</i>			
Depreciation ²	171,919	171,919	224,219
Capital DEL			
Section A: Crime and Policing Group	87,235	95,106	106,704
Section B: Office for Security and Counter-Terrorism	140,500	125,400	92,100
Section C: UK Border Agency	148,500	175,830	176,207
Section D: Criminal Records Bureau	-	-	1,931

	2011-12 Original Provision	2011-12 Supplementary estimate	2011-12 Final outturn
Section E: Identity & Passport Service	19,000	23,900	23,092
Section F: Central services	13,400	18,976	27,085
Section G: NDPBs (net)	61,000	68,310	73,895
Section H: Area Based Grants	-	-	-
Section I: DUP	33,700	-	-
Section J: National Fraud Authority	-	234	207
Total Capital DEL	503,335	507,756	501,221
<i>Of which:</i>			
Net capital procurement*			274,013
Capital grants to the private sector and abroad			30,421
Capital support for local government			174,493
Capital support for public corporations			-
Other			22,294
Capital AME	-	-	-
Total Capital AME	-	-	-
<i>Of which:</i>			
Capital grants to the private sector and abroad	-	-	-
Net lending to the private sector and abroad	-	-	-
Capital support for public corporations	-	-	-
Other	-	-	-

	2011-12	2011-12	2011-12
	Original Provision	Supplementary estimate	Final outturn
Total Capital Budget	503,335	507,756	501,221
Total departmental spending⁵	10,570,888	10,641,338	10,083,807
<i>of which:</i>			
Total DEL	9,747,262	9,610,712	9,290,238
Total AME	995,545	1,202,545	1,017,788

¹ Net of income from sales of goods and services.

² Includes impairments.

³ Pension schemes report under IAS 19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

⁴ Expenditure on tangible and intangible fixed assets net of sales.

⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Note: Data has been provided by HM Treasury from the COINS database. The information held in the above table cannot be reconciled to the numbers in the accounts.

Table 3 – Capital Employed

	2007-08 outturn £000	2008-09 outturn £000	2009-10 outturn £000	2010-11 outturn £000	2011-12 projected outturn £000	2012-13 plans £000	2013-14 plans £000	2014-15 plans £000
Assets and liabilities on the statement of financial position at end of year:								
Assets								
Non-current assets								
Intangible	104,695	108,803	223,051	283,437	398,451	116,658	110,825	105,284
Property, Plant and Equipment	1,134,415	1,177,624	1,170,331	940,547	927,292	842,648	800,516	760,490
of which:								
Land and buildings	740,310	641,366	559,415	536,892	550,353	484,546	460,319	437,303
Plant and machinery	81,906	71,739	63,607	132,464	128,353	119,550	113,572	107,894
Vehicles	22,613	21,343	13,561	13,709	11,486	12,373	11,755	11,167
Information Technology	86,461	65,745	90,561	116,983	107,686	102,858	97,715	92,829
Furniture and Fittings	28,725	28,664	23,998	21,653	20,170	19,539	18,562	17,634
Payment on Account and Assets under Construction	174,400	348,767	419,189	118,846	109,244	103,782	98,593	93,663
Other	-	-	-	-	-	-	-	-
Investments	67,260	18,068	18,068	1	1	-	-	-
Current Assets	788,449	651,528	803,131	525,458	419,575	402,069	381,966	362,868

	2007-08 outturn £000	2008-09 outturn £000	2009-10 outturn £000	2010-11 outturn £000	2011-12 projected outturn £000	2012-13 plans £000	2013-14 plans £000	2014-15 plans £000
Liabilities								
Payables (<1 year)	-1,590,484	-1,445,927	-1,431,338	-1,392,610	-1,434,247	-1,200,917	-1,107,371	-947,003
Payables (>1 year)	-284,095	-307,456	-299,950	-301,171	-290,709	-271,807	-258,216	-245,306
Provisions	-72,825	-234,803	-87,658	-190,381	-180,297	-119,080	-119,080	-119,080
Capital employed within main department	147,415	-32,163	395,635	-134,719	-159,934	-230,429	-191,360	-82,747
NDPB net assets	-184,361	-30,077	-166,359	8,290	-24,122	-3,853	-3,853	-3,853
Total capital employed in departmental group	-36,946	-62,240	229,276	-126,429	-184,056	-234,282	-195,213	-86,600

Table 4 – Administration costs £000

	2007-08 Outturn £000	2008-09 Outturn £000	2009-10 Outturn £000	2010-11 Outturn £000	2011-12 Estimated outturn £000	2012-13 Plans £000	2013-14 Plans £000	2014-15 Plans £000
Section A: Crime and Policing Group	59,745	52,329	32,143	39,576	33,579	42,279	34,918	32,235
Section B: Office for Security and Counter- Terrorism	11,131	25,798	57,028	56,557	54,473	57,492	54,455	53,408
Section C: UK Border Agency	365,979	377,075	236,310	240,748	178,028	183,698	170,512	159,279
Section D: Criminal Records Bureau	405	-973	-4,616	6,269	-29	-	-	-
Section E: Identity & Passport Service	-	-	47,579	2,631	3,834	3,485	3,184	2,943
Section F: Central Home Office	196,927	167,331	226,696	179,881	146,883	175,013	163,775	164,467
Section G: NDPBs (net)	53,514	38,167	156,508	144,746	126,116	120,246	107,912	92,987
Section I: DUP	-	-	-	-	-	30,197	35,983	34,204
Section J: National Fraud Authority	-	-	3,943	-	702	1,403	1,292	1,179
Section K: Government Equalities Office	5,208	7,857	9,396	8,651	7,342	8,377	6,144	5,437
Border Force	-	-	-	-	-	10,207	9,605	9,137
Total administration budget	692,909	667,584	764,987	679,059	550,928	632,397	587,780	555,276
<i>Of which:</i>								
Paybill	464,930	416,997	279,563	284,916	325,325	352,507	309,786	301,291
Expenditure	345,446	391,983	638,765	536,380	351,042	386,118	322,464	298,112
Income	-117,467	-141,396	-153,341	-142,237	-125,439	-106,228	-44,470	-44,127

Note: Data has been provided by HM Treasury from the COINS database. The information held in the above table cannot be reconciled to the numbers in the accounts.

Table 5 – Staff in post

Home Office Staff Numbers – Headcount Full Time Equivalent 2008-09 to 2011-12^{1, 4, 5, 11}

	2008-09			2009-10			2010-11			2011-12			Key workforce changes during 2011-12 ²		
	Outturn ³	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	1.4.2011 Machinery of Govt Change	1.3.2012 Machinery of Govt Change	2011-12 Leavers ¹⁰	
Home Office – Headquarters															
Civil Servants Paid ⁶	2,828	2,989	2,720	2,989	2,720	10,245	88	7,466	711						
Civil Servants Unpaid ⁷	88	141	321	141	321	646	8	306	177						
Non-Civil Servants ⁸	273	589	309	589	309	250	-	75	-						
Total	3,189	3,719	3,350	3,719	3,350	11,141	96	7,847	888						
United Kingdom Border Agency															
Civil Servants Paid	17,097	17,297	20,480	17,297	20,480	10,831		-7,466	1,148						
Civil Servants Unpaid	492	528	917	528	917	477		-306	266						
Non-Civil Servants	614	978	228	978	228	208		-75	-						
Total	18,204	18,803	21,625	18,803	21,625	11,516		-7,847	1,414						
Identity and Passport Service															
Civil Servants Paid	3,878	3,922	3,501	3,922	3,501	3,046			338						
Civil Servants Unpaid	95	95	114	95	114	80			77						
Non-Civil Servants	-	-	14	-	14	8			-						
Total	3,973	4,017	3,629	4,017	3,629	3,134			415						
Criminal Records Bureau															
Civil Servants Paid	545	625	623	625	623	481			97						
Civil Servants Unpaid	13	13	12	13	12	7			27						
Non-Civil Servants	-	-	-	-	-	-			-						
Total	558	638	635	638	635	488			124						
National Fraud Authority															
Civil Servants Paid	-	-	-	-	-	42	42		0						
Civil Servants Unpaid	-	-	-	-	-	5	5		1						

	Key workforce changes during 2011-12 ²							
	2008-09		2009-10		2010-11		2011-12	
	Outturn ³	Outturn	Outturn	Outturn	Outturn	Outturn	Leavers ¹⁰	
Non-Civil Servants	-	-	-	-	2	-	-	
Total	-	-	-	-	49	1	-	
Total Home Office including Agencies								
Civil Servants Paid	24,348	24,840	27,324	24,645		2,294		
Civil Servants Unpaid	689	781	1,364	1,214		549		
Non-Civil Servants	887	1,620	551	468		-		
<i>Unknown</i> ⁹	92	63	54	57		-		
Total	26,016	27,304	29,293	26,384	144	0	2,843	
Non Departmental Public Bodies ¹²								
Paid Staff	-	-	-	6,075		-		
Unpaid Staff	-	-	-	63		-		
Agency/Contractors	-	-	-	190		-		
Total	-	-	-	6,328	144	0	2,843	
Total Home Office including Agencies and Non Departmental Public Bodies	26,016	27,304	29,293	32,712	144	0	2,843	
Grand Total	26,016	27,304	29,293	32,712	144	0	2,843	

Notes:

- (1) This information has been extracted from Data View, the department's Office for National Statistics (ONS) compliant source of Corporate HR Data.
- (2) Key workforce changes in 2011-12 include: Machinery of Government changes: 95 (FTE) Government Equalities Office employees transferred to Home Office Headquarters, 49 (FTE) National Fraud Authority (NFA) employees transferred to the Home Office, when NFA became an executive agency of the department, 7,846 (FTE) Border Force employees transferred from United Kingdom Border Agency to Home Office Headquarters employees leaving the department; 2,843 employees left the department and its agencies during the period.
- (3) Figures are accurate as at 31 March of each year, and include all current employees on that date.
- (4) Figures are subject to rounding +/- 1.
- (5) Figures are reported using ONS classifications.
- (6) Civil Servants Paid includes permanent, temporary, fixed-term appointments (FTA), incoming loans paid (OGD), outgoing loans paid (OGD) and outgoing secondments paid (Non OGD).
- (7) Civil Servants Unpaid includes permanent unpaid, FTA unpaid, career break, incoming loans unpaid (OGD), outgoing loans unpaid (OGD) and outgoing secondments unpaid (Non OGD).
- (8) Non-Civil Servants includes agency employees, contractors, incoming secondments, contractors non-paid, outgoing secondments paid/unpaid, outgoing loans.
- (9) Unknown: these Civil Servants were moving between businesses within the department at 31 March each year.
- (10) The Home Office, in line with all government departments, is committed to reducing its workforce. The number of leavers during 2011-12 has been included to demonstrate the department's progress in this regard.
- (11) Staff numbers are national statistics quoted on the ONS website and have been collated on a different basis to the staff numbers in Note (7) of the annual accounts.
- (12) The Non Departmental Public Bodies (NDPBs) are: Equality & Human Rights Commission (EHRC) Independent Police Complaints Commission (IPCC) Independent Safeguarding Authority (ISA), National Policing Improvement Agency (NPIA), Office of the Immigration Service Commissioner (OISC), Security Industry Authority (SIA) and Serious Organised Crime Agency (SOCA).
- Figures for the NDPBs are included in the Department's Annual Report and Accounts for the first time this year.

Table 6 – Total Spending by Country and Region, 2006-07 to 2010-11

National Statistics					£ million
Home Office	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn
North East	67	67	77	79	63
North West	182	184	211	218	173
Yorkshire and the Humber	130	131	152	158	126
East Midlands	103	104	120	125	100
West Midlands	139	140	162	167	132
East	130	133	153	160	128
London	275	281	329	332	261
South East	192	196	226	235	189
South West	118	121	138	144	116
Total England	1,336	1,357	1,568	1,618	1,288
Scotland	68	67	71	80	67
Wales	75	76	86	89	71
Northern Ireland	21	22	24	27	23
UK identifiable expenditure	1,500	1,522	1,749	1,814	1,449
Outside UK	0	0	0	0	0
Total identifiable expenditure	1,500	1,522	1,749	1,814	1,449
Non-identifiable expenditure	2,001	2,065	2,070	2,182	1,770
Total expenditure on services	3,501	3,587	3,819	3,996	3,219

1. Tables 6, 7 and 8 show analysis of the department's spending by country and region, and by function. The data presented in these tables is consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2011. The data for these tables are derived from a snapshot taken during the summer of 2011. The data comprises final outturn for the periods 2006-07 to 2010-11 and does not include estimated outturn or plans. Therefore the tables do not show the latest position and are not consistent with other tables in the Annual Report and Accounts. It is anticipated that CRA data up to period 2011-12 will first be published in October 2012.
2. The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.
3. TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2011.
4. The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.
5. Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

Table 7 – Total Identifiable Expenditure on Services by Country and Region, per Head 2006-07 to 2010-11

National Statistics					<i>£ per head</i>
Home Office	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn
North East	26	26	30	30	24
North West	27	27	31	32	25
Yorkshire and the Humber	25	25	29	30	24
East Midlands	24	24	27	28	22
West Midlands	26	26	30	31	24
East	23	24	27	28	22
London	36	37	43	43	33
South East	23	24	27	28	22
South West	23	23	27	28	22
England	26	27	30	31	25
Scotland	13	13	14	15	13
Wales	25	25	29	30	24
Northern Ireland	12	13	14	15	13
UK identifiable expenditure	25	25	29	29	23

Table 8 – Total Identifiable Expenditure on Services by Function, Country and Region, for 2010-11

Home Office	Data in this table are National Statistics														Totals				
	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure		OUTSIDE UK	Total identifiable expenditure	Not identifiable	£ million
Public order and safety																			
Police services	50	137	100	79	105	102	209	151	92	1,025	53	56	18	1,152	-	1,152	1,770	2,922	
<i>of which: immigration and citizenship</i>	2	5	4	3	4	4	5	6	4	37	4	2	1	44	-	44	1,770	1,814	
<i>of which: other police services</i>	48	132	96	76	101	98	203	145	89	988	49	54	17	1,108	-	1,108	-	1,108	
R&D public order and safety	1	2	1	1	1	1	3	2	1	13	1	1	0	15	-	15	-	15	
Public order and safety (not elsewhere classified)	10	26	19	15	20	19	42	28	17	196	9	11	3	219	-	219	-	219	
Total public order and safety	61	165	120	95	126	122	254	181	110	1,234	63	68	21	1,386	-	1,386	1,770	3,156	
Economic affairs																			
General economic, commercial and labour affairs	3	7	5	5	6	6	8	8	5	53	5	3	1	63	-	63	-	63	
Total economic affairs	3	7	5	5	6	6	8	8	5	53	5	3	1	63	-	63	-	63	
TOTAL HOME OFFICE	64	172	125	100	132	128	262	189	115	1,287	68	71	22	1,449	-	1,449	1,770	3,219	

¹ The functional analyses of spending in Table 8 are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentation of spending by function is consistent with those used in chapter 9 of PESA 2011. These are not the same as the strategic priorities shown elsewhere in the report.

CHAPTER 6 – OUR STAFF

Enabling our people to deliver

Delivering our day-to-day business and the priorities from our business plan with fewer staff and a tighter budget is challenging. The 'Home Office We Want To Be' programme was established in summer 2011 to meet this challenge, and drive forward the improvements that are needed across the department. These improvements were identified by ministers, Home Office board members and staff at all levels in all parts of the country.

Departmental action is being managed through six project streams which focus on:

- identifying existing organisational capability and planning future needs
- developing a stronger performance management culture and supporting processes
- identifying ways of working which enable flexibility
- exploring opportunities to improve internal and external relationships
- developing the leadership behaviours to drive the change we want to achieve
- being as lean as we can

The projects are led by Director Generals and supported by a project team made up of volunteers from across the organisation. The programme is being guided by staff feedback via the people survey, staff events and online forums. It is also aligned with the outcomes of the 2012 capability assessment.

Key achievements in 2011-12 include:

- development of a cross Whitehall performance management system, supported by a new core competency framework that focuses on how we deliver as well as what we deliver
- good practice guidance for working with ministers, and submissions templates
- identification of flexible deployment models to pilot, and a skills directory for staff to register experience, interests and skills
- business intelligence to give managers up to date information about their staff
- piloting of 'partner insight days' to better understand our internal and external partners
- a 'Home Office We Want To Be week' to raise awareness of the programme, provide a platform for people to get involved and contribute to it, and offer a range of opportunities for staff to learn from each other

Staff health and wellbeing

The employee assistance program we currently run remains a useful resource for both staff and management. A new contract has been agreed for the provision of eyesight testing and corrective lenses in respect of Display Screen Equipment, including specialist testing such as airside driving. It is envisaged that this will provide a more comprehensive service and also deliver significant savings. Two e-learning packages have been revised and launched by Civil Service Learning that focus on Health and Safety awareness and Health and Safety for Managers, complementing the face to face training provided by the Health & Safety teams.

Our diversity strategy

We continued to support departmental progress on our diversity strategy. This covers five strategic aims around leadership, creating a representative workforce, an inclusive working environment, meeting our statutory obligations and how we deliver services to the public.

Actions during 2010–11 included:

- we met the Specific Duty requirements to publish Equality Information and Equality Objectives
- we delivered a less bureaucratic means to evidence 'due regard' to the Public Sector Equality Duty
- we continued to drive improvements against the diversity strategy

Further progress will be made in 2012-13 by:

- supporting achievement of strategic diversity objectives and milestones
- providing advice and support tools for business areas on equality compliance

Employment of disabled persons policy

The Home Office is committed to the employment and career development of disabled people and is the holder of Jobcentre Plus 'Positive about disabled people' Two Tick symbol. The symbol is a recognition given by Jobcentre Plus to employers who can demonstrate they are serious about achieving equality of opportunity for disabled people. The department has been a symbol holder since its inception.

We actively ensure that disability is not regarded as a barrier to recruitment or promotion and selection is based upon the ability of the individual to do the job. The department is committed to ensuring that disabled staff have access to the same opportunities as other staff, not only when they first join the department but at all stages in their career. Additionally we provide internal support to staff with disabilities through HODS, our disabled staff support network.

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

Staff are encouraged to record their disability on our employee records system or their personnel files.

The department has also become the first organisation to achieve the 'Clear Assured' assessment for good practice on recruiting and retaining disabled talent. Clear Assured is a benchmark which helps ensure a consistent level of best practise across employers and talent providers. Furthermore the department works closely with the Employers Forum on Disability (EFD) to improve its disability confidence and competence. It is currently rated at the gold standard by EFD.

Capability

As the organisation re-shapes, we will ensure that our people have the competencies, the skills, knowledge and behaviour to deliver the work of the Home Office in a challenging and changing environment. To help make this happen, we will need to embed the Civil Service core competency framework, consider the future of professions, manage poor performance and build high performance within the Civil Service. This is alongside the need to ensure that Civil Service Learning works and meets the needs of the learning and skill strategy.

In particular, we will focus on the development of core skills identified as part of the Home Office We Want To Be, which will help take the organisation forward with its capability assessment. The core skills that have been identified as a priority are:

- working with Ministers and Parliament
- leadership and management
- influencing skills
- knowledge access and sharing
- business planning
- commercial skills

Consultation with employees

The Home Office has in place a consultative framework, known as the Whitley system, for engaging workforce representatives. There are four recognised Trade Unions and facility time is provided to allow employee representatives to take part in industrial relations duties. Alongside this, the department has specific bodies for consulting minority groups – these include *The Network* covering members of staff from black and minority ethnic communities, HODS covering staff with disabilities and *Spectrum* covering lesbian, gay, bisexual, and transgender members of staff. The department provides resources for these and other representative bodies.

In addition, the department has a variety of communication channels in place to provide information on organisation and business developments to staff, and to provide an opportunity for feedback. The channels used range from timely electronic communications to face-to-face briefings.

Distribution of Headcount of Senior Civil Service (SCS) salaries (actual) as at end of March 2012

Salary Bands	SCS within the range as at end of March 2012	Percentage
£55,000 – £60,000	5	2.36%
£60,000 – £65,000	18	8.49%
£65,000 – £70,000	31	14.62%
£70,000 – £75,000	31	14.62%
£75,000 – £80,000	24	11.32%
£80,000 – £85,000	25	11.79%
£85,000 – £90,000	18	8.49%
£90,000 – £95,000	8	3.77%
£95,000 – £100,000	10	4.72%
£100,000 – £105,000	10	4.72%
£105,000 – £110,000	5	2.36%
£110,000 – £120,000	7	3.30%
£120,000 – £130,000	6	2.83%
£130,000 – £150,000	9	4.24%
£150,000 – £155,000	1	0.47%
£155,000 – £175,000	0	0.00%
£175,000 – £180,000	1	0.47%
£180,000 – £185,000	2	0.94%
£185,000 – £200,000	0	0.00%
£200,000 – £205,000	1	0.47%
Total	212	100.00%

Notes:

- 1 This information has been extracted from Data View, the Department's Office for National Statistics (ONS) compliant source of Corporate HR Data, using actual salaries as at the end of March. They are not reconcilable to the staff numbers in the accounts which are based on average figures.
- 2 Staff numbers are Headcount of SCS, including grade equivalents in Home Office Headquarters, UK Border Agency(UKBA), Identity & Passport Service(IPS),Criminal Records Bureau (CRB) and National Fraud Authority (NFA).
- 3 As of 1 April 2011, the NFA and Government Equalities Office (GEO) joined the Home Office due to Machinery of Government changes. These changes have added 4 and 8 to the SCS Headcount respectively.
- 4 Figures are for paid civil servants only, in line with Office for National Statistics guidelines on Headcount reporting.
- 5 Where individual bands have less than five individuals, some have been combined as per Office for National Statistics statistical disclosure controls. However, those earning above £150k are subject to full disclosure.

Spend on consultancy and temporary staff

The Home Office monitors consultancy and contingent/agency staff costs to ensure that the continuing expenditure represents best value for money for the organisation.

Consultancy Costs	2011-12 total expenditure (£000)
Home Office HQ	27,222
UK Border Agency	3,023
Identity & Passport Service	1,871
Criminal Records Bureau	195
National Fraud Authority	0
National Policing Improvement Agency	515
Security Industry Authority	45
Independent Safeguarding Authority	150
Equality and Human Rights Commission	38
Serious Organised Crime Agency	242
TOTAL	33,301

Contingent Labour/Agency Costs	2011-12 total expenditure (£000)
Home Office HQ	11,382
UK Border Agency	8,919
Identity & Passport Service	849
Criminal Records Bureau	152
National Fraud Authority	129
National Policing Improvement Agency	1,452
Independent Police Complaints Commission	888
Security Industry Authority	1,582
Independent Safeguarding Authority	211
Equality and Human Rights Commission	3,802
Serious Organised Crime Agency	8,406
TOTAL	37,772

Total Consultancy and Contingent Labour/ Agency Costs	2011-12 total expenditure (£000)
Home Office HQ	38,604
UK Border Agency	11,942
Identity & Passport Service	2,720
Criminal Records Bureau	347
National Fraud Authority	129
National Policing Improvement Agency	1,967
Independent Police Complaints Commission	888
Security Industry Authority	1,627
Independent Safeguarding Authority	361
Equality and Human Rights Commission	3,840
Serious Organised Crime Agency	8,648
TOTAL	71,073

CHAPTER 7 – SUSTAINABILITY REPORT

Introduction

Our aim is to reduce the environmental impact of our estate and travel related activities, by:

- complying with legal, regulatory and other requirements
- managing CO₂e emissions from our building energy use and official travel
- managing water use and waste responsibly on our estate
- purchasing goods and services that meet government standards, and
- actively encouraging our suppliers and staff to support us

Improving our performance in these areas is closely linked to our efforts to achieve greater efficiency and value for money across shared corporate services. Sustainability informs our decision making.

We plan to deliver the Greening Government Commitments (GGC). They require us to significantly reduce our impact on the environment by 2015 (compared to a 2009-10 baseline) and to be more transparent (<http://sd.defra.gov.uk/gov/green-government/>). We also participate in the CRC Energy Efficiency Scheme.

Our Highlights

We continue to make good overall progress in delivering our sustainability commitments. A summary of our performance is shown below.

In 2011-12 we:

- reduced our CO₂e emissions from our buildings by 22% against the revised and expanded 2009-10 baseline, a reduction of over 14,000 tonnes of CO₂e emissions
- reduced the number of domestic flights, water used, waste generated and paper purchased against baselines
- further developed our payment by results mechanism as an incentive for two of our suppliers to deliver enhanced energy savings. This has directly resulted in savings this year of over £497,000
- improved the efficiency of IT use (for example device rationalisation, server virtualisation and reducing the ratio of printers to users)
- delivered several projects and activities to promote our actions and develop skills. For example we participated in Climate Week and Earth Hour, delivered an e-learning package for staff on sustainability and climate change, developed our on line energy-use portal (<http://www.ecodriver.uk.com/homeoffice/>) and held a suppliers' workshop on climate change

Performance – Summarised

Area	Metric	2009-10	2010-11	2011-12
Total greenhouse gas emissions (GHG)	Amount (tonnes CO ₂ e)	87,547	80,660	75,051
Net GHG (GHG less accredited carbon offsets)	Amount (tonnes CO ₂ e)	83,411	78,541	71,829
Building energy	Amount (tonnes CO ₂ e)	66,452	61,206	53,924
	Amount (GWh)	156.8	142.1	125.8
	Expenditure £ million	11.696	11.669	10.844
Travel	Amount (tonnes CO ₂ e)	21,094	19,453	21,127
	Amount km (million)	119.9	120.1	126.5
	Expenditure (£ million) (excludes GCOF)	20.937	17.987	20.101
Domestic flights	Amount (number)	10,390	8,935	6,068
Water	Amount (m ³)	346,604	287,586	274,544
	Expenditure (£'000)	583	451	459
Office waste	Amount (tonnes)	5,243	4,584	4,429
	Expenditure (£'000)	648	531	499
	Total recycled (tonnes)	3,999	3,274	2,937
A3 and A4 copier paper	Amount (reams)	398,001	376,832	287,220

Governance Arrangements

The Parliamentary Under Secretary for Equalities and Criminal Information has responsibility for sustainability. Leadership is provided by the Sustainable Development Team who report to the Sustainability Implementation Group (chaired by the Director of Shared Services and comprising key Home Office bodies and business units) which meets quarterly. It ensures that necessary action is taken to meet GGC and reports to the Estates and Sustainability Board (chaired by Director General Financial and Corporate Services Group, who is also a member of the Home Office Supervisory Board and Executive Management Board).

Sustainability Reporting within the Home Office

This is our second sustainability report. This year all our agencies and arms length bodies have been consolidated into this report except the Office of the Immigration Services Commissioner which is not required to report. We have restated the figures from last year's Sustainability Report to take account of this wider reporting scope and data improvements.

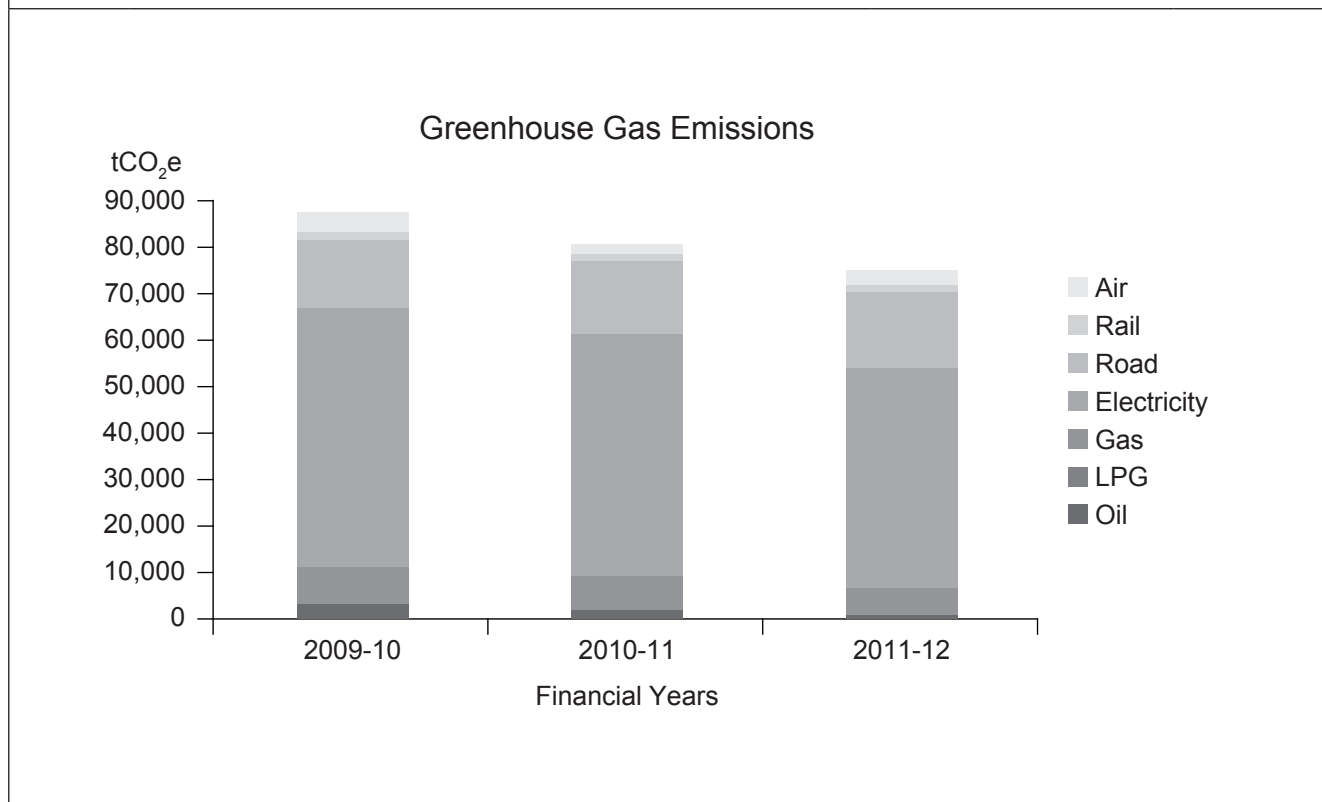
More detailed Home Office performance information, when it is available, will be linked from or provided at: <http://www.homeoffice.gov.uk/about-us/sustainable-development/>

There are limitations to the accuracy of our financial and non-financial sustainability data and we continue to both limit and improve estimations and improve the quality of our internal controls and validation.

Detailed Performance and Analysis by Year

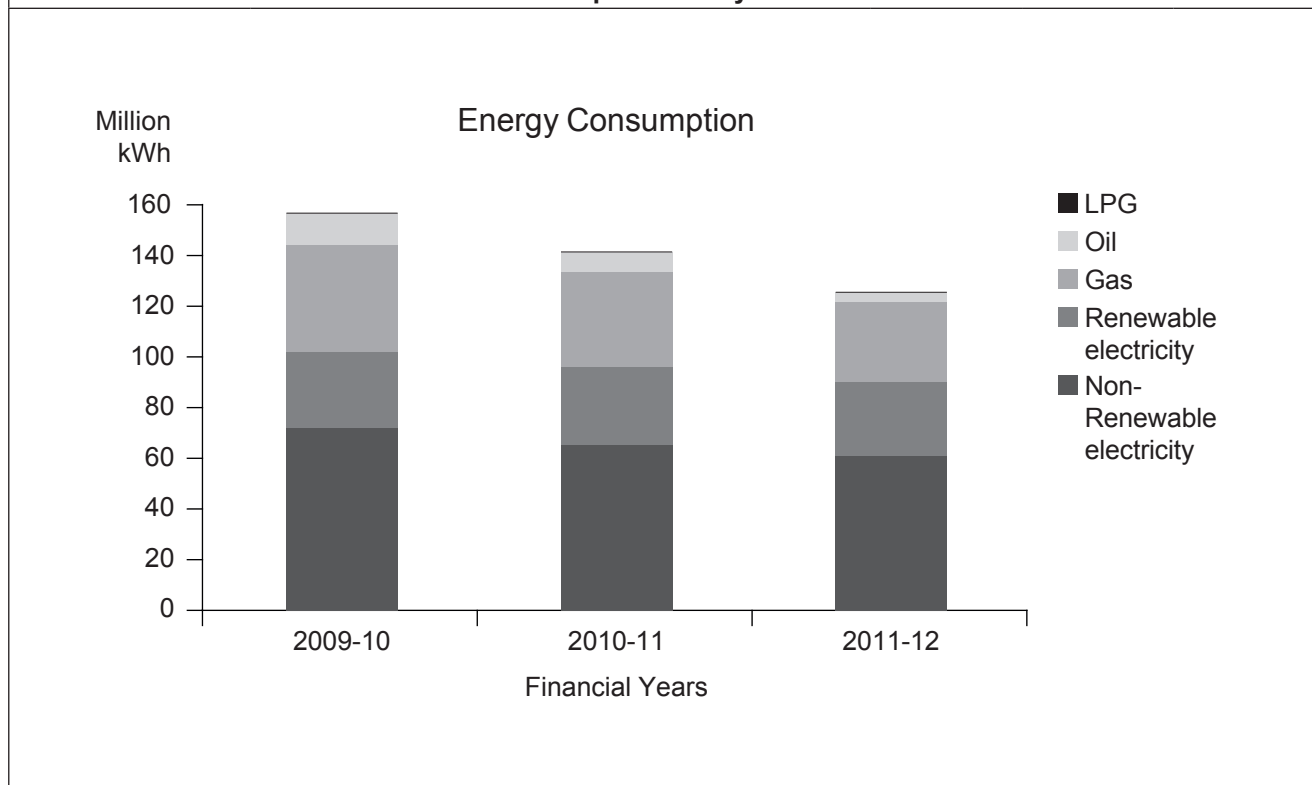
Greenhouse gas emissions		2009-10	2010-11	2011-12
t CO ₂ e	Gross emissions for scopes 1 & 2	78,336	73,150	67,120
	Gross emissions scope 3 business travel	9,120	7,509	7,931
	Total reported greenhouse gas emissions	87,547	80,659	75,051
	Net emissions (Total less accredited carbon offsets for non-operational business air travel)	83,411	78,541	71,829
£k	Energy Expenditure	11,696	11,669	10,844
	CRC Registration and License Expenditure	2	3	3
	Expenditure on accredited carbon offsets	57	26	23
	Expenditure on official business travel	20,994	18,009	20,123
	Total expenditure	32,749	29,707	30,993

Graphical Analysis



Managing energy use from buildings		2009-10	2010-11	2011-12
Energy Consumption GWh	Electricity: Non-Renewable	71.565	64.904	59.808
	Electricity: Renewable	29.711	30.944	29.852
	Gas	43.102	38.119	33.218
	LPG	0.297	0.221	0.327
	Other (Oil)	12.103	7.943	2.584
	Total	156.778	142.131	125.789
Total Energy Expenditure £ million		11.696	11.669	10.844

Graphical Analysis



Commentary

The Greening Government Commitments (GGC) require us to reduce greenhouse gas emissions from a 2009-2010 baseline by 25% by 2015. We are on track to achieve this.

Total greenhouse gas emissions have fallen by almost 7% against the previous year (5,609 tonnes of CO₂e) and over 14% (12,496 tonnes of CO₂e) against the 2009/10 baseline.

Actual CO₂e emissions from our buildings have fallen against the 2009-10 baseline by almost 19%. This is due to investment in energy saving infrastructure (such as more efficient lighting, variable speed drives and boiler controls), a payment by results mechanism as an incentive for two of our suppliers and tighter management of heating, cooling and lighting. Relocating to more efficient office space, estate consolidations and building closures have also contributed to our reduced emissions. This built upon the programme to deliver the Prime Minister's pledge to cut energy use by 10% across central government in 12 months. By May 2011 we had exceeded this target, achieving a 17.6% energy reduction from 29 key sites. We are applying best practice as identified in the Government Green ICT Workbook. We have published a set of Green principles for ICT covering printing and power guidance.

The number of domestic flights has fallen by over 41% against the baseline. The distanced travelled has increased by 5.5% and CO₂e emissions have risen by less than 2% rationalising our vehicle fleet, introducing measures to restrict travel and offering alternative ways of working (such as ICT solutions for communications and meetings).

Controllable Impacts

Our main impacts are from electricity use in buildings and from road travel. Our property portfolio is varied: it includes a large PFI Head Office, UKBA Reporting Centres, Police Training centres, Passport Offices, Warehouses and dog kennels. Our vehicle fleet comprises around 1,400 vehicles. Road travel includes our own fleet (administrative and operational), hire cars, taxis and staff travel in their own vehicles where this is reimbursed. We endeavour to meet the construction standards required by GGC. We have provided a design support service to the Police for new build projects.

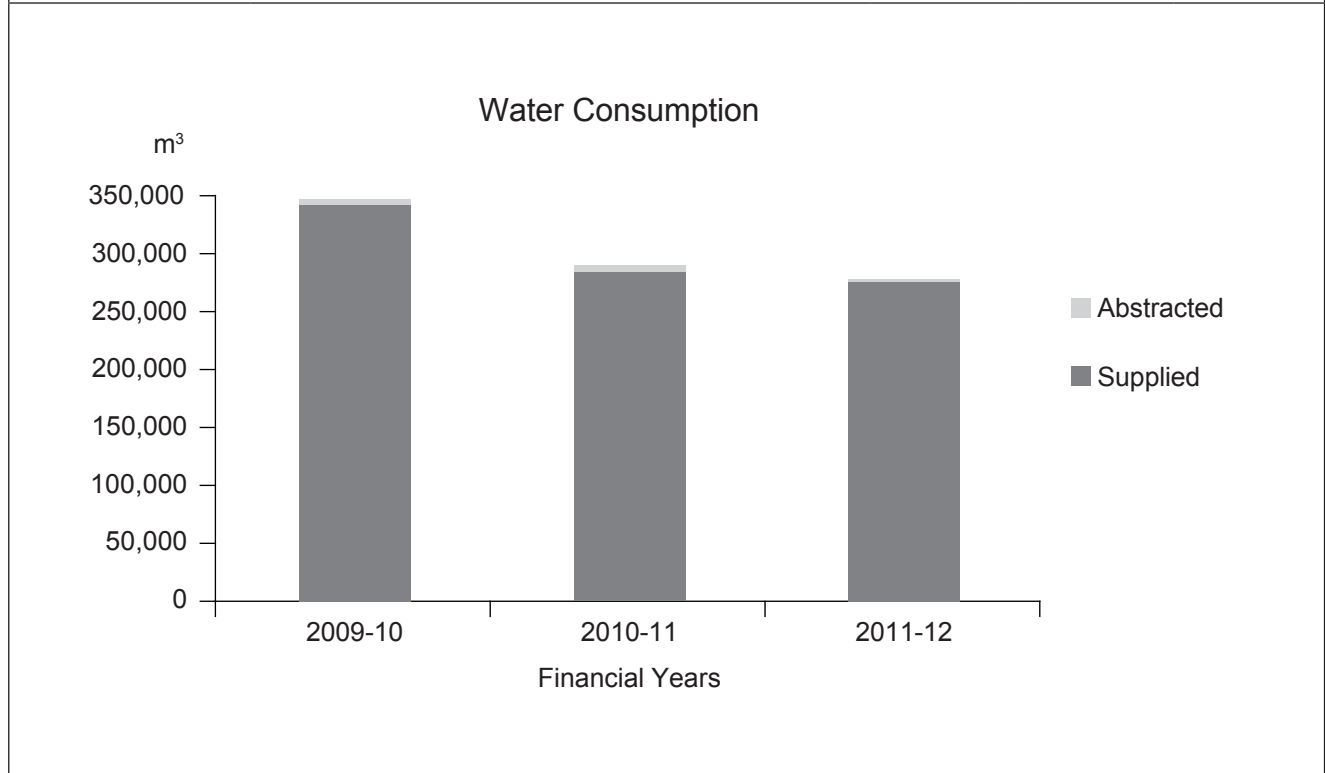
Influenced Impacts

We have directed our suppliers to improve our performance through good procurement choices and specifications, for example information, communication and technology rationalisation and payment by results with our facilities management suppliers and that of our customers (e.g. Police Forces). We are also working with our key suppliers, through the “CAESER” online self-assessment tool to identify their own CO₂e emissions and consider actions to reduce these. We actively encourage staff to consider their own impacts. We promote good energy practice to our visitors in 2 Marsham Street (<http://www.ecodriver.uk.com/homeoffice/>) and by displaying Display Energy Certificates. We share best practice with other government departments and Police Forces.

We have produced an action plan setting out how we plan for climate change: <http://archive.defra.gov.uk/environment/climate/documents/dept-adapt-plans/dap-home-off-110512.pdf>.

Managing water		2009-10	2010-11	2011-12
Water Consumption 1000 m ³	Supplied	343	283	272
	Abstracted	4	5	2
	Total Water	347	288	274
Invoiced Water Supply Costs £'000		583	451	459

Graphical Analysis



Commentary

The Greening Government Commitments (GGC) also require us to reduce water consumption from a 2009-10 baseline. Reported water use from our buildings fell against the 2009-10 baseline by over 20%.

Controllable Impacts

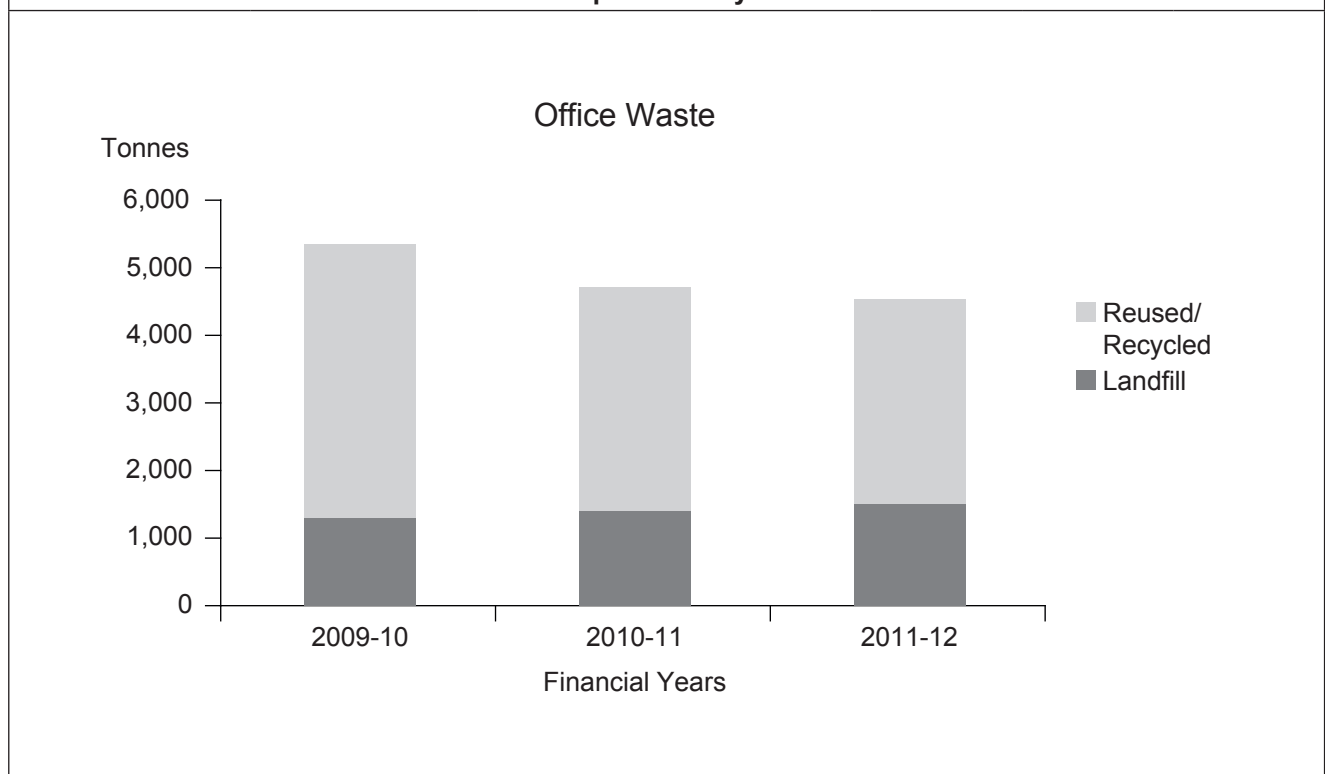
The main impacts are from water use for showers, washrooms, drinking, restaurant facilities or similar, and heating and ventilation systems.

Influenced Impacts

Through good procurement choices and specifications our suppliers have been directed to improve our performance. We work with suppliers using "CAESER" to identify their own impacts and consider actions to reduce these. We actively encourage staff to consider their own impacts.

Managing office waste			2009-10	2010-11	2011-12
Tonnes	Non hazardous waste	Reused/Recycled/Recovered	3,999	3,274	2,937
		Landfill	1,244	1,310	1,492
	Total waste		5,243	4,584	4,429
£'000	Reused/Recycled/Recovered		549	427	380
	Landfill		100	105	119
	Total disposal cost		649	532	499

Graphical Analysis



Commentary

The Greening Government Commitments (GGC) require us to reduce the amount of waste generated by 25% from a 2009-10 baseline. We are on track to achieve this. So far reported office waste has fallen by over 15% against this baseline. We have cut paper use in 2011-12 and exceeded the 10% target and we ensure that redundant ICT equipment is re-used or responsibly recycled. We are reviewing the requirement to buy 100% recycled paper and implementation of a closed loop paper system.

Controllable Impacts

Office waste streams include shredded and un-shredded paper, dry mixed recyclables, food waste and packaging. Work continues with our three facilities management suppliers to increase the types of waste that can be recycled.

Suppliers are required to use an online tool in order to record data on waste generated from construction projects with the aim of halving the amount sent to landfill.

Influenced Impacts

The Home Office uses the "CAESER" online self-assessment tool as well as active dialogue with all large and key suppliers. Electrical and ICT waste is treated in accordance with the Waste Electrical and Electronic Regulations (WEEE Regulations) by the Home Office facilities management and ICT providers. We also actively encourage staff to consider their own impact.

Our Queen's Warehouses provide secure facilities for receiving, storing and disposing of seized goods including tobacco, alcohol, oil, vehicles and counterfeit goods. Many tonnes of goods are seized each year and measures taken to reduce the environmental impact of their disposal include:

- packaging materials all recycled
- tobacco products shredded on site and used to generate electricity for the National Grid
- alcohol put through anaerobic digestion to extract methane which is then used for electricity production
- hydrocarbon oils (which are often contaminated) used to power cement furnaces, and
- vehicles are either sold or scrapped locally, with proceeds returned to HM Treasury

Innovative trials are underway for disposing of counterfeit goods; for example instead of sending items such as trainers and boots to landfill, they have been shredded and used to surface racehorse training areas. Other goods are being disposed of through other government agencies, sale or charity; ensuring items are put to good use or monies raised.

Managing other impacts

Procurement of Food and catering services – all Home Office catering suppliers have outlined their performance: <http://www.homeoffice.gov.uk/publications/about-us/transparency/food-procurement/>

Biodiversity is not material for the Home Office estate and we do not currently undertake data collection on this aspect of sustainability.

Terms

CO₂e _ Carbon dioxide equivalent- the greenhouse gas global warming potential expressed as a standard unit

Scope 1 – Direct Greenhouse Gas Emissions are from sources owned or controlled by the organisation. For this report this is emissions resulting from gas for heating and fuel used in our vehicles

Scope 2 – Energy Indirect Emissions are from the usage of purchased electricity

Scope 3 – Other Indirect Emissions are a consequence of our actions but occur at sources which are not owned or controlled directly by us and are not classed as scope 2 emissions. In this report these are only from business travel using public transport, taxis and commercial airlines

Notes

No separate data was available in time for this report from Her Majesty's Inspectorate of Constabulary nor the Equality and Human Rights Commission. Some of their reportable impacts are included within the scope of other departmental properties or services.

For energy and water this report only includes locations where we pay for utilities directly. We do not include costs or data where we receive the service as part of a landlord service charge (except for one site). We only report waste from buildings where we receive data from sites directly managed by one of our three facilities management suppliers. Travel data includes travel by all our staff regardless of their location.

More detailed notes, when they are available, will be found on our website at: <http://www.homeoffice.gov.uk/about-us/sustainable-development/>

Priorities for Next Financial Year

Our priorities for 2012-13 include:

- maintaining momentum in the drive to reduce our CO₂e emissions
- further reducing our water use
- embedding further sustainable practices into our supplier's provision of goods and services
- supporting the Government Procurement Service to develop a cross government tool for Corporate Social Responsibility (and information assurance) that will record supply chain emissions from Government's key suppliers, and
- supporting academic research on the carbon cost of crime

CHAPTER 8 – PUBLIC INTEREST DISCLOSURES (INCLUDING COMPLAINTS TO THE PARLIAMENTARY OMBUDSMAN)

Value for Money

The Home Office's strong focus on efficiency and value for money continues to challenge all areas of the department and support the police service to secure savings, while protecting frontline delivery to the public.

Key areas of focus were:

- operational and workforce productivity – people comprise the majority of costs for the department. Continuous Improvement programmes continue to yield substantial savings across the department. In UKBA and Border Force, programmes to automate Visa and Immigration casework, reform asylum support arrangements and utilise staff more effectively have yielded £251 million of savings during 2011-12, forecast to reach £593 million total in the period to 2015
- commercial and procurement savings – including initiatives such as consolidating building use and pushing down associated costs, (savings of £12 million delivered in 2011-12 and on course to deliver savings of £50 million by 2015), and focusing on consultant and contingent labour spend, which saved £47 million across the year. We also continue to drive down other costs through rigorous application of spending controls across main categories of spending
- shared services for support functions – needing less IT, telephony, messenger and guarding support. Further use of services offered by the rest of the Home Office group as well as other government departments yielded savings of £31 million in 2011-12
- re-shaping the Home Office workforce – whilst delivering key services well. For example savings were delivered in 2011-12 by staff in UKBA moving to annualised hours contracts, and by reducing the size of the Home Office by more than 6,000 posts by the end of 2014-15
- supporting the police service – the Home Office has continued to work with our national policing partners to take forward the agreed programme of action to help the police drive for value for money. This includes maximising savings through national procurement which has yielded savings of £53 million in non-IT procurement

We have put in place structured cost reduction plans, across the breadth of our business, to reduce costs whilst maintaining performance. We have made good progress in adopting a cost-conscious culture in a) making sure it has a grip and robust data to make decisions, b) strengthening leadership capability to drive effective value for money work across the department and c) focusing on end-to-end delivery systems, particularly where they span business areas organisational boundaries.

We are using a systematic process of assurance activity to underpin our VfM strategy and ensure savings and programme objectives are met. Coupled with rigorous spending controls in collaboration with the Cabinet Office and active capital management, we continue to ensure strategic deployment of resources to meet the public's needs.

Home Office Science

Home Office science provides a sound scientific evidence base to support strategy and policy; scientific advice and technology for front-line operations, for new capabilities and more efficient working; statistical publications relevant to areas of Home Office responsibility; and efficient and effective regulation of animal scientific procedures, forensic science and CCTV.

The Chief Scientific Adviser (CSA), Professor Bernard Silverman, leads this effort and provides independent scientific advice and challenge across the range of Home Office activities; he also contributes more widely to Government Science as a member of the cross-Whitehall network of CSAs, and represents the department internationally on scientific matters.

Scientific support is also provided by expert independent advisory bodies, including the Advisory Council on the Misuse of Drugs, the Animal Procedures Committee, and the Home Office Scientific Advisory Committee.

Achievements during 2011-12 included:

- the CSA has led joint work with US Department of Homeland Security on the future of biosecurity involving scientific leaders in academia, industry and government

- we continued to ensure that front-line agencies have the technical equipment and capabilities they need, including surveillance, and protective equipment
- we coordinated forensic and enforcement activity for identification of new psychoactive substances and identified 17 new substances in the past year (including controlled and non-controlled drugs), that have never been seen in the UK before
- we provided technical support to numerous security operations and advised on Olympic security as well as aviation security matters
- we published an analytical assessment of the August riots and contributed to the evidence base for the Home Office's policy response
- we supported the Winsor Review with modelling and operational research, and provided social research input including reviewing the evidence base on performance related pay
- to encourage greater dialogue between government and academic researchers, we established the Organised Crime Research Virtual Network, a commitment in the Organised Crime Research Strategy
- following extensive consultation, we introduced a new presentation of Home Office immigration statistics using webpage topic briefings, together with detailed tables that allow users more freedom to undertake their own analysis
- we developed our analysis and forecasts of net migration and published a wide-ranging evidence-base for the developments in migration policy. We also agreed an approach for evaluating the coalition government's commitment to end the detention of children for immigration purposes
- we continue to work with the UK Border Agency and the Office for National Statistics on the statistical benefits of e-Borders data and the potential use of the 2011 Census and other data sources to enhance our evidence on migration matters
- we developed quantitative modelling approaches to examine assumptions, benefits and deployment of operational resources in security contexts
- good progress against the challenging coalition agreement pledges:
 - ending use of animals in testing household products is being addressed through industry agreements and licensing conditions
 - working towards reduction in the use of animals in research is being progressed through National Centre for the Replacement, Refinement and Reduction of Animals (NC3Rs)
- Government Equalities Office social scientists are involved in the development of policy on women's economic contribution, Lesbian, Gay, Bisexual & Transgender (LGB&T) and EHRC reform. Impact assessment has resulted in positive outcomes in a variety of policy areas including equal civil marriage, compromise agreements, victimisation and equality pay

Performance in Responding to Correspondence from the Public

In 2011-12, Home Office Headquarters received 12,466 letters and emails from the public. We replied to 91% of the correspondence within the target of 20 working days.

Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman received a total of 800 complaints against the Home Office during 2010-11. This is the period for which the most recently published Parliamentary Ombudsman's annual report is available.

The Ombudsman's report also shows that complaints against the Home Office had fallen since the previous 12 months from 952 in 2009-10 to 800 in the most recent report.

Of the 800 complaints that were received by the Ombudsman, 20 were accepted for investigation.

Complaints	2010-11	2009-10	<i>These figures were taken from the Parliamentary and Health Ombudsman's Annual Report for 2010-11 and 2009-10. (The percentages do not add up to 100 per cent due to rounding).</i>
Reported On	26	53	
Fully upheld	62%	55%	
Partly upheld	31%	42%	
Not upheld	8%	4%	

In its most recent annual report the Ombudsman highlighted a case study involving the Home Office which has been reproduced in full below:

Intervening to ensure fair treatment

Mr C and his family arrived in the UK on a four-year visa in 2004. Before the visa expired Mr C applied for an extension, but his card payment for the fee was declined and his application was rejected by the UK Border Agency. Mr C reapplied shortly afterwards and was granted leave to remain until 2013.

In 2009, Mr C applied for indefinite leave to remain in the UK, but because of the short gap between when he first applied for a visa extension and when it was granted, his application was turned down by the Agency.

Mr C contacted his MP, who referred the complaint to us.

During our assessment, Mr and Mrs C supplied bank statements showing there was enough money in their account when they applied for the visa extension. They also provided their bank card number which was two digits longer than the number held by the Agency. With this new information, the Agency agreed to reconsider Mr C's application and he and his family were granted indefinite leave to remain.

There have been no new reports on the Home Office, or its agencies or arms length bodies published since the last annual report when two reports had been highlighted:

The Ombudsman's assessment of the loss of personal data by a Home Office contractor

23 March 2010

The Ombudsman outlines her decision not to investigate 449 complaints from prisoners and former prisoners about the loss of an unencrypted data stick containing personal information about them.

Fast and fair? A report by the Parliamentary Ombudsman on the UK Border Agency

09 February 2010

'Fast and Fair?' includes eleven case studies that reflect the large number and wide range of complaints referred to the Ombudsman by Members of Parliament.

For further information on both of these reports please refer to: http://www.ombudsman.org.uk/improving_services/special_reports/pca/index.html

During 2010-11 the Home Office and its agencies were fully compliant with Ombudsman recommendations.

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>

CHAPTER 9 – LEAD NON-EXECUTIVE BOARD MEMBER'S REPORT

These are my views, and those of my colleagues, on the first year of operation of the new Home Office enhanced departmental board (the Supervisory Board).

Induction

As three of the four non-executive Board members (NEBMs) are new to the Home Office, extensive induction programmes were organised for us. These included meetings with key officials, briefings from Directors and others, and, in particular, on-site visits to front line operations e.g. police work, including going out on patrol; site visits to UK Borders operations; and to passport and visa offices, among others. The induction programme proved invaluable in providing the context for our contributions to the Board, and we hope that these regular visits and briefings may continue.

Board Composition

The 'tri-partite' composition of the Board, with Ministers, Civil Servants, and Non-Executive Board Members (NEBMs) in attendance for the first time, has provided opportunities for debate, challenge and support for the work of the Home Office. It has been extremely useful that each of the three parties has been present to listen, to exchange views, and to hear concerns and issues discussed first-hand. The real value of the Board's work has been derived from this composition, and it is to be hoped that the high attendance levels so far will be maintained in future, as this is seen as essential to the success of the governance structure.

Progress & Performance

The Board has made a good start but is still maturing. The atmosphere of the meetings has been business-like and efficient, with a frank exchange of views and a significant level of challenge. The Chair has encouraged full participation from all members, and agendas and time have been well-managed.

Information provided to the Board, including financial data, and risk and performance, is of a high quality, timely and well presented.

Areas for improvement include setting more time aside for informal discussion, balancing long-term priorities with short-term pressures, and ensuring Board members are alerted ahead of any major issues or announcements.

Impact in Key Areas

As a Board which is in the main advisory, the impact which members, in particular NEBMs, may have is limited. However in monitoring Home Office strategy to implement the Business Plan and Spending Review settlement, in monitoring progress against key priorities, and the allocation of resources on major projects, we have been able to explore potential risks or weaknesses, and to offer suggestions for improvement from our own varied business experience. Particular areas of focus have included the Capability Assessment and Change programmes in UK Border Agency and Border Force, where external experience has been brought to the Board discussion.

NEBMs are well placed to evaluate major contract arrangements, cost reduction and efficiency plans, organisational change, and leadership initiatives. It is hoped that, with the positive environment already established for Board discussions, informed debate and contribution will continue to develop and add value to the work of the Home Office.

Update on Board Arrangements & Governance

There have been no changes in non-executive members this year. However, Philip Augar has taken on the additional role of non-executive Chairman of UK Border Agency.

Two sub-committees have been established: the Audit and Risk Assurance, and Nominations and Governance sub-committees. Both are chaired and attended by NEBMs.

The Audit and Risk Assurance committee (ARAC) is responsible for reviewing the comprehensiveness of assurances and the integrity of financial statements. This body supports the Board by reviewing the systems put in place to ensure the sound management of finances, risk and governance.

The Nominations and Governance committee is responsible for scrutinising the succession planning for the Home Office Supervisory Board and the senior leadership of the department, and for setting bonus payments for senior staff where appropriate.

Evaluation of Board Effectiveness

An evaluation of board effectiveness was carried out at the end of this financial year. Board members were issued with a questionnaire and were asked to rate the group's performance on a number of key areas, including the performance of sub-committees. Board members also had the opportunity to discuss the outcomes of the evaluation and feedback any additional comments at a Supervisory Board meeting. The following actions were agreed as a result of this review:

- Board to commission further work on improving communications – to include information flows to the Board and improving communication of strategic direction within and outside the department
- Performance data to be reviewed – to include clear articulation of the performance and risk management of Arms Length Bodies, and consider whether information on relationships and stakeholders could be developed as part of the performance pack in future
- Board to agree whether more time should be spent discussing departmental leadership development and training, or whether this should be considered by the Nominations and Governance Committee or Executive Management Board
- Board to continue to encourage input from all members at meetings, and to develop a positive and open culture for discussion
- Board to discuss how informal time together could be used and consider what information could be shared effectively in-between meetings and
- Audit and Risk Assurance Committee (ARAC) to consider whether more could be done to grip the Internal Audit programme and integrate ARAC into the overall risk management process, and communicate this to the Board

Concluding Remarks

Overall the Board has operated effectively in its first year, and it is encouraging to see that members are keen to continue to improve the contribution the Board can make to the work of the Home Office.

I would like to thank colleagues for their support in establishing the Board and, in particular, to express our gratitude to all the Home Office people, who have worked hard in a challenging year, and who have helped us with informative and open communication.

Val Gooding

Home Office Lead Non-Executive

FOREWORD TO THE ACCOUNTS

These accounts relate to the Home Office for the year ended 31 March 2012. The Home Office is the lead department for policies on immigration, passports, counter-terrorism, policing, drugs, crime and equalities.

ANNUAL REVIEW

Principal Activities

The central headquarters of the Home Office set the framework of objectives, financial allocations, strategy and performance management for the key services for which the Home Secretary is responsible, along with providing common support services and driving towards achievement of objectives. The Home Office also has responsibility for the UK Border Agency, the Identity & Passport Service, the Criminal Records Bureau and the National Fraud Authority, as well as lead responsibility for a number of Non-Departmental Public Bodies.

The Home Office relies on parliamentary voted funding to finance its operations.

Home Office Priorities

Our priorities are to:

- empower the public to hold the police to account for their role in cutting crime
- free up the police to fight crime more effectively and efficiently
- create a more integrated criminal justice system
- secure our borders and reduce immigration
- protect people's freedoms and civil liberties
- protect our citizens from terrorism
- build a fairer and more equal society

Other major responsibilities include:

Civil registration in England and Wales

The Home Office, via the Registrar General who is also the Chief Executive of the Identity & Passport Service, is responsible for the administration of the policy and legislation relating to civil registration in England and Wales. This is operationally discharged in partnership with local authorities.

The Identity & Passport Service also provides passport services to UK nationals at home and also provides them to UK nationals abroad.

Counter-terrorism

The Home Secretary is the lead Minister for counter-terrorism. The Home Office develops, directs and oversees implementation of the UK's cross-government strategy countering international terrorism (CONTEST).

Equalities

The Home Office takes the lead on issues relating to women, sexual orientation and transgender equality matters and has responsibility within government for equality strategy and legislation.

Headquarters

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

Ministers

The following ministers were responsible for the department during 2011-12:

Rt Hon Theresa May MP	Secretary of State for the Home Department and Minister for Women and Equalities
Lord Henley	Minister of State for Crime Prevention and Anti Social Behaviour Reduction (from 16 September 2011)
Baroness Browning	Parliamentary Under Secretary of State for Crime Prevention and Anti Social Behaviour Reduction (from 9 May 2011 to 16 September 2011)
Baroness Neville-Jones	Minister of State for Security and Counter-Terrorism (until 9 May 2011)
Damian Green MP	Minister of State for Immigration
Nick Herbert MP	Minister of State for Policing and Criminal Justice
James Brokenshire MP	Parliamentary Under Secretary of State for Crime and Security
Lynne Featherstone MP	Parliamentary Under Secretary for Equalities and Criminal Information

Role of the Supervisory Board (SB)

The Secretary of State-chaired Supervisory Board (SB) monitors the department's performance against its business plan and provides the overall strategic and operational leadership of the department. It consists of ministers, non-executive directors, drawn primarily from the commercial private sector, and senior departmental officials. It advises on five main areas:

- performance – agreeing the department's business plan, including strategic aims and objectives; monitoring and steering performance against plans; scrutinising performance of sponsored bodies; and setting the department's standards and values
- strategy and learning – setting the vision and/or missions and ensuring all activities, either directly or indirectly, contribute towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of policy issues; using outside perspective to ensure that the department is held to account for its outcomes
- resources and change – approving the distribution of responsibilities; signing off large projects or programmes; ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the plan; ensuring organisational design supports attaining strategic objectives of the board and its members, and succession planning
- capability – ensuring the department has the capability to deliver and to plan to meet current and future needs
- risk – setting the department's risk appetite and ensuring controls are in place to manage risk

It is supported by the Audit and Risk Assurance Committee, chaired by a suitably experienced non-executive director.

Membership of the Home Office Supervisory Board

The membership of the Supervisory Board during 2011-12 is listed below:

Ministers	
Rt Hon Theresa May MP	Secretary of State for the Home Department
Lord Henley	Minister of State for Crime Prevention and Anti Social Behaviour Reduction
Damien Green MP	Minister of State for Immigration
Nick Herbert MP	Minister of State for Policing and Criminal Justice
James Brokenshire MP	Parliamentary Under Secretary of State for Crime and Security
Lynne Featherstone MP	Parliamentary Under Secretary for Equalities and Criminal Information
Officials	
Dame Helen Ghosh	Permanent Secretary
Helen Kilpatrick	Director General, Financial and Commercial
Stephen Rimmer	Director General, Crime and Policing Group
Charles Farr	Director General, Office for Security and Counter-Terrorism
Rob Whiteman	Chief Executive, UK Border Agency
Mike Anderson	Director General, Strategy, Immigration and International Group

Non-Executive Directors	
Val Gooding	Chair of Premier Farnell PLC and non-Executive Director of the BBC and Standard Chartered PLC
Philip Augar	Formerly Group Managing Director of Schrodgers
Dianne Thompson	Chief Executive of Camelot UK Lotteries Limited
John Allan	Chairman of Dixons Retail PLC

Role of the Executive Management Board (EMB)

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

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

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

Officials	
Dame Helen Ghosh	Permanent Secretary (Chair)
Helen Kilpatrick	Director General, Finance & Corporate Services Group
Stephen Rimmer	Director General, Crime and Policing Group
Charles Farr	Director General, Office for Security and Counter-Terrorism
Rob Whiteman	Chief Executive, UK Border Agency (from 26 September 2011)
Jonathan Sedgwick	Chief Executive, UK Border Agency (to 25 September 2011)
Mike Anderson	Director General, Strategy Immigration and International Group
Yasmin Diamond	Director, Communications
David Seymour	Legal Adviser
Kevin White	Director General, Human Resources

Non-Executive Directors	
Philip Augar	Formerly Group Managing Director of Schroders

Appointment of Senior Officials

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

Ministers' and Board Members' Remuneration

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

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

Further details on remuneration are set out in the Remuneration Report beginning on page 82.

Entities Consolidated

The Home Office departmental accounting boundary encompasses the central government department, four executive agencies and seven non-departmental public bodies (NDPBs). The executive agencies are the Identity & Passport Service, the Criminal Records Bureau, the UK Border Agency and the National Fraud Authority. The NDPBs are the Serious Organised Crime Agency, the National Policing Improvement Agency, the Independent Police Complaints Commission, the Security Industry Authority, the Independent Safeguarding Authority, the Office of the Immigration Services Commissioner and the Commission for Equality and Human Rights. The accounts of these entities form part of the Home Office's consolidated financial statements.

Identity & Passport Service (IPS)

The Identity & Passport Service is responsible for issuing UK passports and for administering the civil registration process in England and Wales.

Criminal Records Bureau (CRB)

The Criminal Records Bureau helps protect children and other vulnerable people through safer recruitment, by making information from police records and other data sources more readily available to employers, ensuring greater consistency of vetting.

UK Border Agency (UKBA)

The UK Border Agency regulates the flow of people and goods into the UK, strengthening our borders before, on, and after entry.

National Fraud Authority (NFA)

The National Fraud Authority works with the counter-fraud community to make fraud more difficult to commit in and against the UK.

Serious Organised Crime Agency (SOCA)

The Serious Organised Crime Agency prevents and detects serious organised crime and contributes to the reduction of such crime in other ways and to the mitigation of its consequences.

National Policing Improvement Agency (NPIA)

The National Policing Improvement Agency's remit is to improve public safety through the provision of providing critical national services; building capability across the police service and providing professional expertise to police forces and authorities.

Independent Police Complaints Commission (IPCC)

The Independent Police Complaints Commission's job is to make sure that complaints against the police in England and Wales are dealt with effectively. It sets standards for the way the police handle complaints and, when something has gone wrong, it helps the police learn lessons and improve the way it works.

Security Industry Authority (SIA)

The Security Industry Authority is responsible for regulating the UK private security industry.

Independent Safeguarding Authority (ISA)

It is the role of the Independent Safeguarding Authority to decide, often following an employer's disciplinary process, whether it is appropriate and proportionate to bar a person from working with a vulnerable group or groups because of the ongoing risk of harm they present.

Office of the Immigration Services Commissioner (OISC)

The Office of the Immigration Services Commissioner is responsible for regulating immigration advisers by ensuring they are fit and competent and act in the best interest of their clients.

The Commission for Equality and Human Rights (known as "The Equality and Human Rights Commission" (EHRC))

The Equality and Human Rights Commission is the independent advocate for equality and human rights in Britain. It aims to reduce inequality, eliminate discrimination, strengthen good relations between people and promote and protect human rights.

Entities not consolidated

Public bodies carry out functions on behalf of the government but are operationally independent of the sponsoring department, allowing them to focus on their own objectives and make unbiased recommendations and decisions. The public bodies for which the Home Office had lead policy responsibility within government during 2011-12, but which are outside the consolidation boundary for accounting purposes, are set out below:

Forensic Science Service Ltd (FSS)

FSS was principally responsible for supplying scientific support for criminal investigations and for providing expert evidence to the courts. It ceased operational activity on 31 March 2012.

OPERATING AND FINANCIAL REVIEW

Funding

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

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

Outturn

The Summary of Resource Outturn, which is the main parliamentary control schedule, reports the outturn against Estimate (the Estimates Boundary). Additional detailed actual spending during 2011-12 against Estimate sub-heads is reported in the Analysis of Net Resource Outturn by Section. Estimates for each sub-heading are finalised in the Supplementary Estimate with work to formulate these numbers taking place in December each year.

Alignment

As a result of the implementation of the Treasury’s Alignment project in 2011-12 most differences between the Home Office’s accounts and budgets have been removed. The majority of transactions are recorded in budgets at the same value and with the same timing as in the accounts. The outstanding misalignments relate to the treatment of capital grants, PFI arrangements and retainable income.

The differences between the various boundaries

Estimate and the Accounts

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

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

The budgeting boundary excludes:

- capital grants provided by the Home Office to Local Authorities. Capital budgets are outside the resource budget boundary

The budgeting boundary includes items which are not reported in the Estimate or accounts:

- on balance sheet PFI. Payments to suppliers are classified as resource expenditure for budgetary purposes
- the expenditure of the NDPBs net of Grant in Aid* provide by the Home Office, which is included in the Estimate and accounts

* note Grant in Aid has been provided in excess of budget, as Grant in Aid also covers Capital related spend.

Explanation of Significant Variances between Actual and Estimates

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

The total Delegated Expenditure Limits (DEL) resource at £8,835 million shows an under spend for 2011-12 of £268 million (3%). This is broken down as follows:

- DEL admin shows an under spend of £72 million
- DEL programme shows an under spend of £196 million

Within these figures:

UKBA shows an under spend of £125 million. This was primarily driven by a reduction in the number of supported asylum seekers (£23 million) and lower depreciation costs (£37 million). The balance includes reduced Foreign and Commonwealth Office costs, lower core departmental IT costs and slippage of a number of smaller projects.

Crime and Policing Group (CPG) shows an under spend of £57 million. Of this, £75 million relates to under spends on programme grants including £55 million related to the public disorder in August 2011 and £8 million in relation to the closure costs of the Forensic Science Service. The balance relates to a £20 million over spend by the Arms Length Bodies. This includes the impact of a change in accounting treatment of SOCA Asset Recovery Incentivisation Scheme (ARIS) funds which were previously treated as income, but is now funding and is non-budget. The result of this is a £9 million increase to net expenditure.

The Office for Security and Counter-Terrorism (OSCT) under spent by £11 million. This is the net effect of an increased spend against the Olympic security programme as a result of bringing some expenditure forward from 2012-13, and an increase in the requirement for venue security guards as operational plans were developed. Across other programmes there were under spends resulting from a range of factors including re-prioritisation of spend and identified efficiency savings.

Central Home Office (CHO) had an under spend of £58 million, due largely to unused central contingency for exit costs (£45 million) and a small residual Departmental Unallocated Provision (DUP) balance (£15 million). Individual groups within the CHO under spent in total by £20 million. This was due, in the main, to all groups having higher than anticipated number of vacancies.

The Identity & Passport Service (IPS) had an under spend of £16 million. This was due largely to strong demand for passports, resulting in higher income, coupled with lower IT costs due to delays in project approvals and savings in pay costs due to earlier than expected restructuring.

Annually Managed Expenditure (AME), at £1,060 million, shows an under spend of £142 million. This is due to a reduction of the provision made for the summer disturbances under the Riot Damages Act.

Capital at £494 million shows an under spend of £13 million. During 2011-12 capital has been closely managed by the Capital Management Project Board. This forum, made up of finance directors from each business, identified under spends in capital emerging through the year and sought to actively reallocated available funds to new initiatives throughout the year. This included contributing £25 million to Department for Communities and Local Government (DCLG) for the Growing Places Fund.

Cash Requirement

The overall cash requirement at 31 March 2012 was £9.991 billion, compared with a net control total figure of £10.527 billion. This was in line with expectations, reflecting both cash drawn down and in year movements in working capital.

Contingent Liabilities

As required by the FReM, Note 24 also discloses the department's contingent liabilities not required to be disclosed under IAS37, but which have been reported to Parliament in accordance with *Managing Public Money*. The department is taking steps to help minimise the risks of these contingent liabilities crystallising as part of its normal risk management processes.

Machinery of Government Changes

A number of Machinery of Government changes were announced towards the end of 2010-11 which have taken place in 2011-12. These were:

- the National Fraud Authority (NFA), an executive agency of the Attorney-General's Office, transferred to the Home Office
- the Government Equalities Office (GEO) ceased to be a separate department and transferred to the Home Office
- responsibility for issuing British passports overseas transferred from the Foreign and Commonwealth Office to the Home Office

In addition to these changes the Home Secretary announced on 20 February 2012 that from 1 March 2012, the Border Force would no longer be a constituent part of the UK Border Agency but would be included within the core Home Office. These accounts have been prepared showing Border Force as a constituent part of the core department, with the 2010-11 comparator figures restated on the same basis.

Going Concern

The Consolidated Statement of Financial Position as 31 March 2012 shows taxpayers' equity credit of £184 million, (2010-11 £126 million).

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

Forensic Science Service (FSS)

The FSS is a government owned company which is a supplier of scientific support for criminal investigations and a provider of expert evidence to the courts. Following a period of losses, and increased challenges in the forensics market, it was announced on 14 December 2010 that the Government would support the managed closure of the FSS by 31 March 2012.

An original provision of £71 million was established to cover the cost of winding up the FSS. During 2011-12, this provision has been reduced as winding up costs have been incurred, whilst at the same time we have sought to minimise these costs where possible through the sale of elements of FSS business (with associated staff) and/or assets to the private sector. A small element of provision remains in relation to further costs expected to be incurred throughout 2012-13.

The FSS closed as a forensic business provider at the end March. It remains a government owned company and is treated as an investment within the Home Office Statement of Financial Position. It will continue to exist legally as an entity for the longer term in order to provide a small residual archiving solution, and to retain the pension scheme.

External Auditor

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

The total notional NAO audit fee for the core department and its agencies was £1,046,000 (2010-11 consolidated, £1,014,000), of which that for the core department alone was £421,000 (£432,000, 2010-11). The audit fee for the department's non-departmental public bodies was not notional and totalled £481,000 (£499,000, 2010-11). No remuneration has been paid to the NAO during 2011-12 for non-audit work (£nil, 2010-11).

In so far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditor is unaware. The Accounting Officer has quarterly meetings with the Head of Internal Audit and has taken all the steps that she ought to have taken to make herself aware of any relevant audit information, and to establish that the Comptroller and Auditor General is aware of that information.

Political and Charitable Donations

The Home Office has not made any political or charitable donations during 2011-12.

Future developments

The 2010 Spending Review (SR2010) imposed significant future reductions in departmental expenditure. The SR2010 period covers the financial years 2011-12 through to 2014-15. Over this period, the department's resource expenditure limits (excluding depreciation) will reduce to £7,813 million, which equates to a real reduction of 23 per cent over the four years compared to the 2010-11 baseline. Within this resource settlement, the department's administration budget (excluding depreciation) will reduce to £538 million, equivalent to a real reduction of 33 per cent over the four years on the 2010-11 baseline. The department has put in place the systems and controls required to ensure that future departmental expenditure does not exceed control totals.

On 8 June 2011, the Home Secretary confirmed that a new National Crime Agency (NCA) will be operational by late 2013. The NCA will be created as a non-Ministerial department by merging existing organisations to give a more integrated approach to four distinct parts – Organised Crime, Border Policing, Economic Crime and the Child Exploitation and Online Protection Centre.

The Protection of Freedoms Bill was introduced on 11 February 2011 and received Royal Assent on 1 May 2012. Included within the provisions of the Act will be the establishment of the new Disclosure and Barring Service in 2012. This will be the body created from the merger of the Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA) and will be responsible for administering the scaled back and more proportionate successor to the vetting and barring scheme and for developing the online criminal record check from 2013. The new organisation will be created as a non-departmental public body in late 2012.

Events since the Year end

Yasmin Diamond, Director of Communications, left the Home office on 9 April 2012 and was replaced in this role by Simon Wren on 16 April 2012.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) comprises the non-executive chairs of three agencies and a non-executive Home Office Supervisory Board member plus one independent external member. Philip Augur's last meeting as Chair of the Committee was on 28 November 2011. He was replaced by John Allan, whose first meeting as Chair was on 13 March 2012. Philip Augur replaced John Heywood in September 2011. During 2011-12 the other committee members were Mike Hawker (UKBA), Anne Tutt (IPS), Charlie Pienkowski (CRB), and Peter Conway (Independent member).

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

The committee's oversight extends to associated agencies and non-departmental public bodies. They each have their own audit committee but arrangements are in place for audit assurances and significant issues arising within the group to be notified to the Home Office Audit & Risk Assurance Committee and the Principal Accounting Officer.

During the year the committee sat five times. Members reviewed the comprehensiveness of the internal audit coverage in meeting the Supervisory Board and Accounting Officer's needs and assessed the reliability and integrity of these assurances.

In particular, members gave consideration to the:

- accounting policies and resource accounts including the Statement on Internal Control and the development of the Governance Statement
- activity and results of both internal and external audit, including assessment of the adequacy of management response to issues identified by the audit activity
- provisions and contingent liabilities in a format to ensure that those members can more easily gain a view as to whether the circumstance giving rise to the provision or liability requires action
- assurances relating to the corporate Home Office Risk Management policies and processes
- assurance over the timetable for delivering the Clear Line of Sight initiative
- assurance that the HO is sufficiently compliant with the Bribery Act
- high level assurance framework spanning the bodies and units within the activities of the Internal Audit Unit

Following each meeting the Chair updates the Supervisory Board on the work of the committee and submits an annual report in respect of the department's control framework.

Public Bodies

The Home Office currently sponsors 18 Non-Departmental Public Bodies (NDPBs) and 11 other public bodies and statutory office holders. Each public body is supported by a sponsor team which manages the body's relationship with the department, acting as a point of liaison and driving accountability through work that includes monitoring performance and finance and undertaking public appointment campaigns. A list of our public bodies can be found using this link: <http://www.homeoffice.gov.uk/agencies-public-bodies/public-bodies-list/>. The landscape of Home Office public bodies is undergoing change, notably the creation of the National Crime Agency and the Disclosure and Barring Service. Changes will be reflected on the Home Office website.

Public Appointments

Appointments to Home Office sponsored public bodies follow the Commissioner for Public Appointments Code of Practice as best practice whether they are regulated by the Commissioner or not. This ensures that the principles of openness and transparency and appointment on merit permeate all of our appointment campaigns. Looking ahead, the department is prepared to comply with the new Code of Practice which will be launched by the Commissioner on 1 April 2012. We will continue to adhere to the principles laid out by the Commissioner.

To ensure that Ministers can select appointees from the widest possible pool of talent the Home Office welcomes applications from candidates regardless of ethnic origin, religious belief, gender, sexual orientation, or other irrelevant factor.

Risk Management

Risk management is one of the critical processes in the Home Office, which we have continued to strengthen throughout 2011-12.

In June of 2011 the National Audit Office published their 'Managing risks in government' report which highlighted the good practice employed by the Home Office and others. One of the principles reported on in the document was around how clear ownership and accountability of risk ensured the process was effective. Specifically, they found that the Home Office showed good practice in relation to this principle, as it had a representative from each business area at its Risk Committee (a sub-board of the main Home Office Boards). This approach ensured that those responsible are clear about the ownership of both each risk and the agreed mitigating actions.

Our focus throughout has continued to be the identification and effective management of the key threats to the public. At the senior level this culminates in the Home Office Risk Committee advising the Home Office Executive Management Board (which supports the Home Office Supervisory Board) of emerging risks so they can agree actions being taken to counter them. They regularly review the Corporate Risk Register as part of this process.

Our risk management approach is to be clear about what we are trying to achieve; to identify what might stop us from achieving these objectives; to assess the risks identified; to take action to mitigate them to an agreed level and then to review progress. This framework comprises:

- clear accountabilities for the action to tackle risks
- a structured process for identifying, assessing, communicating, escalating and managing risks, detailed in the Home Office Risk Management Policy and Guidance document
- expected behaviours

Our risk assessments and the actions being taken to address risk are documented in risk registers at corporate, directorate/group/agency, non-departmental public body and unit/project levels. Our approach to risk appetite is both embedded within our risk processes and overseen and moderated by our Risk Committee when it reviews our top level risks and advises the top of the office on the prevalent level of risk exposure.

During 2011-12 the Home Office has continued work to build our risk capability. A detailed programme of work to improve the effectiveness of risk management in the Home Office was started in Autumn 2007. This programme, based around behavioural change, remains the key to the continual improvement of risk management capability in the department. This programme is tracked through the Home Office Risk Management Maturity Model which focuses on improving knowledge and skills, in order to change behaviours, that can then be clearly seen and monitored by way of a series of measurable metrics.

Improvements to our risk systems and capability this year include the following:

- the autumn 2011 launch of the updated web-based guidance and re-launch of our policy statement, following endorsement by all the Home Office Executive Management Board and business leads. This has ensured that the profile of the discipline has remained high in the department and the policy refreshed so all staff in the department are clear that:

- “We are here to keep the British public safe and the risk management culture we have built in the department underpins and supports this”
- “When we do this well, we ensure that the public are better protected and that we as a department and our boards and ministers are not surprised by things we could have and should have foreseen.”
- in line with the new code of corporate governance, published in 2011, the respective risk management roles of both the Executive Management Board and the Supervisory Board have been clarified to ensure they are complementary and mutually supporting without duplication of focus
- the increased frequency of Home Office Risk Committees, from quarterly to bi-monthly, has ensured that risk management has an even higher profile and that top-level registers are updated more frequently, and scrutinised more often
- as the last 12 month period has been one of major organisational change, as well as the need to respond to external events, the Home Office Central Risk Team has made it their priority to ensure that all the new areas of the department have adopted the Home Office framework and systems as soon as they were able

To assure the risk process, the Home Office Audit and Assurance Unit collaborates closely with the Home Office Central Risk Team. It undertakes audits to provide reassurance that there is evidence to support the risk maturity assessments. If necessary, steps are taken to address shortfalls in capability or to address issues that have been identified.

Corporate Risks

The key top-level risks to the department are held on the Home Office Corporate Risk Register which is updated frequently, and at least bi-monthly. The main corporate risks are listed below:

- potential disruption caused by industrial action
- public concern around the failure to detain or remove foreign national offenders
- failure to prevent a terrorist attack
- failure to counter serious crime or violent extremist attack
- failure to effectively manage the transition and absorption of former National Policing Improvement Agency activities
- concerns around spending reductions impacting on frontline policing
- the complexity of the programme, or delays in bringing forward legislation, jeopardise the timely launch of the National Crime Agency
- Olympic security
- failure to reduce net migration
- weaknesses or vulnerabilities in our border control systems or processes

All the current corporate risks have full mitigation strategies and contingency plans in place, as required by the Home Office Risk Management Policy and Guidance.

Health and Safety

Within this reporting period a revised Health and Safety policy was issued by the Permanent Secretary that further committed to sensible risk management of Health and Safety issues based on proportionality to ensure significant risk takes priority. This has led to local business initiatives to improve risks in areas such as manual handling and from a group perspective the introduction of an on-line Display Screen Equipment assessment; leading to earlier identification of health issues/mitigation, enhanced compliance and significant savings via this in-house process.

Information Management

The overarching Home Office Group Information, Systems and Technology Strategy sets out four principle objectives:

- sharing and reusing systems and technology
- joining up information flows and processes
- exploiting information and
- compliance with technology and information related legislation, regulation and government strategies

The Home Office Information Management Strategy builds on the IST strategy and sets out a strategic approach to managing the department's information. It supports business units and Arms Length Bodies in taking a common approach to managing information effectively, re-using it where possible, sharing it appropriately and ensuring that it is adequately protected, whilst promoting re-use and transparency.

Data Losses and Information Security

The Home Office has a longstanding information assurance programme for all protectively marked IT systems. Accreditation is the security management process by which assurance is given that a system's assets are adequately protected by the security measures that have been implemented. The Home Office accreditation programme is certification directed and has been implemented by a team of experienced IT accreditors in the Departmental Security Unit. Senior staff awareness of IT security requirements has been a priority throughout the year, ensuring that there is a proper balance between essential security and business requirements.

Every accreditation has been risk analysis based, fully documented and signed off by the accreditor responsible. Risk management strategies are based on Her Majesty's Government IT Security Policy, Her Majesty's Government Infosec Standards 1 to 5, Communications-Electronics Security Group memoranda and central guidance from Cabinet Office. Specialist input from CESG has been regularly sought, with technical reviews of security documents at the design stage and penetration tests after a system is built. Accreditation aftercare is provided to ensure the continuing validity of accreditation status.

Personal Data Related Incidents

Notwithstanding all of the activities described above, given the scale and range of our information handling and the number of delivery partners and staff through whom we deliver, there is a risk of incidents occurring. The tables below provide details of personal data related incidents and also loss of ICT equipment.

TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2011-12

A total of six incidents have been formally reported to the Information Commissioner's Office during the 2011-12 reporting period.

- Five of the incidents are still being progressed with the ICO
- UKBA – four incidents still in progress
- IPCC – one incident still in progress

The sixth incident was closed culminating in an undertaking being signed by SOCA and is available on the ICO website

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA INCIDENTS IN 2011-12

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	3
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	17
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	0
IV	Unauthorised disclosure.	6
V	Other	18

In 2010-2011 five Category I, three Category II and ten Category IV incidents were reported.

TABLE 3: SUMMARY OF LOST/STOLEN BLACKBERRIES, MOBILE PHONES, LAPTOPS AND REMOVABLE MEDIA FOR 2011	TOTAL
Lost Blackberries / Mobile Phones	30
Stolen Blackberries / Mobile Phones	12
Lost Laptops	1
Stolen Laptops	4
Lost Removable Media	1
Stolen Removable Media	1
Recovered Blackberries / Mobile Phones	3
Recovered Laptops	1
Notes:	
1. For the purpose of reporting, "Home Office Group" includes core Home Office, UK Border Agency, Identity & Passport Office Service (IPS), Criminal Records Bureau (CRB), National Fraud Authority (NFA) and excludes non-departmental public bodies (NDPBs) and other Arm's Length Bodies (ALBs).	
2. Each year's figures represent thefts, losses and recoveries reported between 1 January and 31 December.	
3. Examples of removable media include CDs, DVDs, memory cards, USB memory sticks, external hard disk drives and tapes.	
4. It has been departmental policy to encrypt all portable systems and removable media holding sensitive data since 2008. All laptops included in the above figures were compliant with this policy.	

Community Issues

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

The Home Office recognises that staff who undertake voluntary work not only benefit the communities in which they live and work, but also gain skills and experience that may be useful in the workplace. Links to a wide range of volunteering opportunities are advertised on the departmental intranet.

Staff Sickness

The rolling year average working days lost to sick absence for the Home Office as at 31 March 2012 is 7.88 days. This figure is per staff year which is in line with cross-Government guidelines from Cabinet Office.

Pension Scheme Liabilities

Employees in the core department are primarily members of the Principal Civil Service Pension Scheme (PCSPS). This scheme is an unfunded multi-employer defined benefit scheme with benefits paid by the Cabinet Office as they fall due, secured against future tax yield. The Cabinet Office produces a separate annual PCSPS scheme statement. The Home Office pays contributions to meet the actuarially calculated cost of pensions and is responsible for certain costs associated with early retirements. These costs are charged to the Statement of Consolidated Net Expenditure. The Home Office (in common with other departments) is unable to identify its share of the underlying PCSPS assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the Civil Superannuation Resource Accounts at <http://www.civilservice.gov.uk/my-civil-service/pensions/governance-and-rules/resource-accounts.aspx>

Civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus) which are now closed to new members, but which continue to take new contributions from existing members; or a 'whole career' scheme (nuvos). Nuvos has been available to new members since 30 July 2007. Since 1 October 2002, civil servants have also been able to opt for a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Direct recruits from within the police service will be members of the Police Pension scheme. The Police Pension is an unfunded defined benefit pension scheme, which is administered at police force level. Employer contributions are paid by police authorities (including SOCA and NPJA), and employee contributions by police officers, to meet the actuarially assessed cost of the scheme. Pension benefits in payment are funded by a pensions account in each police force (including SOCA and NPJA), offset by the employee and employer contributions paid in respect of current contributing members. The pensions account in each force is balanced on an annual basis, with any

deficit being funded by top-up grant from the exchequer, and any surplus recovered, by central government.

Ministers of the Home Office are members of the Ministerial Pension Scheme (MPS) which is a part of the Parliamentary Contributory Pension Fund (PCPF) and provides benefits on a 'final salary' basis. It is a funded scheme and is administered by the House of Commons Pensions Unit. These accounts include the Home Office liabilities for undischarged contribution payments, and for the future costs of early retirement compensation payable to the PCSPS. They do not show the total pension liability in respect of employees or pensioners within the departmental boundary.

Payment of Suppliers

The Home Office has signed up to the Confederation of British Industry's (CBI) prompt payment code and BS7890, the British Standard for payment. Through the adoption of measured Service Improvement, accurate and timely management information and effective Business engagement, the Home Office have maintained their prompt payment performance throughout 2011-12, to pay all compliant invoices within 5 days of receipt of the compliant invoice. During the year, 87% of invoices were paid within the prompt payment target against a target of 80%.

These numbers only refer to the core Home Office and its agencies. For prompt payment information relating to the NDPBs refer to their respective annual report and accounts.

Estates Strategy

Our estate must be fit for purpose and support the Business Plan. We are improving our use of buildings, surrendering leases, consolidating the number of buildings we use and using them more efficiently and effectively by introducing flexible working and targeting 8 sq. m. of office space per full time equivalent for major refurbishments and new acquisitions.

We have already completed major consolidations in Croydon, Liverpool and Sheffield and we are now consolidating our use of buildings in Greater London. In 2011-12 the annualised costs avoided through building disposals across the departmental group was £12 million and we are on course to deliver £50 million by 2015 against 2009-10 costs.

We do not routinely obtain alternative use valuations for freehold properties but have instead separately examined the redevelopment potential and existing viability of the larger two out of the three freehold properties for which valuations were obtained in 2011. The property analysis found that the two properties had limited redevelopment potential.

Environmental Issues

The ambition of the Home Office is to be recognised as a green organisation for the way we do our business.

The period covered by this Annual Report and Accounts is also the first year for the production of a Sustainability Report (following the dry-run last year) which is included in Chapter 7 of the Annual Report and Accounts. This report aims to provide information that is consistent and comparable between different public sector bodies and also between different accounting periods for the same body.

Remuneration Report

Remuneration Policy

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

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances, on Peers' allowances and on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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

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

In making recommendations, the Review Body considers any factors that the Government and other witnesses may draw to its attention. In particular it has 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 of particular posts
- the need to maintain broad linkage between the remuneration of the three main remit groups, while allowing sufficient flexibility to take account of the circumstances of each group, and
- the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability

The Review Body takes 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.ome.uk.com.

The disclosures within this Remuneration Report are subject to audit.

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, all the named 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.

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

The start and end date of the non-executive director whose appointment ended during the year is as follows:

Non-Executive Director	Start Date	End Date
John Heywood	2 January 2007	30 September 2011

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

Non-Executive Director	Start Date	Current End Date
Philip Augar	22 February 2010	21 February 2013
Val Gooding	4 January 2011	3 January 2014
Dianne Thompson	4 March 2011	3 March 2014
John Allan	4 March 2011	3 March 2014

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 2010-11 performance year the committees comprised:

Pay Band 3 Remuneration Committee
Dame Helen Ghosh (Chair), Philip Augar, Sally Hulks
Pay Band 2 Remuneration Committee
Dame Helen Ghosh (Chair), Kevin White, Helen Kilpatrick, Yasmin Diamond, Charles Farr, Stephen Rimmer, Jonathan Sedgwick, Peter Makeham, and David Seymour
Pay Band 1 Remuneration Committee
Dame Helen Ghosh (Chair), Kevin White, Helen Kilpatrick, Yasmin Diamond, Charles Farr, Stephen Rimmer, Jonathan Sedgwick, Peter Makeham, and David Seymour

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

- Group 1 – top 25% of performers
- Group 2 – next 40% of performers
- Group 3 – next 20-30% of performer
- Group 4 – bottom 5-15% of performers

For the 2010-11 performance year, only Group 1 was eligible for a non-consolidated performance payment.

The Senior Salaries Review Board (SSRB) determines the percentage of SCS pay that can be used for non-consolidated performance payments. Following SSRB recommendations, the Cabinet Office set the guidelines on senior civil service bonuses for all government departments.

For the 2010-11 performance year Cabinet Office guidelines allowed for up to 5% of the SCS paybill to be used for these payments. The Home Office paid out 1.7% of the SCS paybill which equates to £283,500.

Bonus payments for the 2010-11 performance year were paid in July 2011. These were up to £10,000 (Pay Band 3); £7,000 (Pay Band 2) and £4,500 (Pay Band 1).

The assessment and review of performance for the 2011-12 performance year will be undertaken shortly.

Remuneration (including salary) and pension entitlements

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

Remuneration (salary and payments in kind)

Where an individual has only served for part of the year, the full year equivalent salary is reported in brackets. Ministers do not receive bonuses.

Ministers	2011-12		2010-11	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Rt Hon Theresa May MP Home Secretary (from 12 May 2010)	68,827	-	61,056 (68,827)	-
Lord Henley ¹ (from 16 September 2011)	62,111 (115,257)	-	-	-
Baroness Browning ^{1,2} (10 May 2011 until 15 September 2011)	60,166 (115,257)	-	-	-
Baroness Neville-Jones ^{1,3} (from 13 May 2010 until 9 May 2011)	8,887 (82,651)	-	73,097 (82,651)	-
Damian Green MP (from 13 May 2010)	33,002	-	29,187 (33,002)	-
Nick Herbert MP (from 13 May 2010)	33,002	-	29,187 (33,002)	-
James Brokenshire MP (from 18 May 2010)	23,697	-	20,639 (23,697)	-
Lynne Featherstone MP (from 14 May 2010)	23,697	-	20,894 (23,697)	-

¹ Lord Henley, Baroness Browning and Baroness Neville-Jones sit in the House of Lords and are not in receipt of an MP's salary; therefore, their full ministerial salary is reported here. The salary shown for other ministers only relates to the difference between their MP's salary and their minister's salary, as the MP element is paid via the House of Parliament and not the Home Office.

² Baroness Browning's salary includes a payment of £19,733 in lieu of notice on leaving the Home Office.

³ Baroness Neville-Jones' 2010-11 annualised equivalent salary has been restated to include an allowance of £3,760.

Officials	2011-12			2010-11		
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Dame Helen Ghosh Permanent Secretary (from 1 January 2011)	180-185	-	-	45-50 (180-185)	-	-
Helen Kilpatrick Director General, Financial and Commercial	210-215	10-15	-	210-215	10-15	-
Stephen Rimmer Director General, Crime and Policing Group ¹	125-130	-	-	125-130	-	-

Officials	2011-12			2010-11		
	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Charles Farr <i>Director General, Office for Security and Counter-Terrorism</i>	140-145	5-10	-	135-140	5-10	-
Mike Anderson <i>Director General, Strategy, Immigration and International Group (from 18 July 2011)²</i>	95-100 (130-135)	-	-	-	-	-
Rob Whiteman <i>Chief Executive, UK Border Agency (from 26 September 2011)</i>	85-90 (175-80)	-	-	-	-	-
Jonathan Sedgwick <i>Acting Chief Executive, UK Border Agency (from 10 January 2011 until 25 September 2011)</i>	55-60 (115-120)	-	-	25-30 (115-120)	-	-
Yasmin Diamond <i>Director, Communications</i>	130-135	5-10	400	130-135	10-15	600
David Seymour <i>Legal Advisor (Board Member from 10 January 2011)³</i>	145-150	-	-	30-35 (145-150)	-	-
Kevin White <i>Director General, Human Resources</i>	140-145	-	-	140-145	5-10	-
Peter Storr <i>Acting Director General, Strategy and International Group (from 4 April 2011 until 17 July 2011)^{2,4}</i>	35-40 (115-120)	-	-	-	-	-
Peter Makeham <i>Director General, Strategy and International Group (until 16 May 2011)^{2,4}</i>	20-25 (160-165)	-	-	160-165	5-10	-

¹ Stephen Rimmer has declined payment of the bonuses he was awarded in respect of performance year 2010-11 (in the range of £5,000-£10,000) and 2009-10 (in the range of £5,000-£10,000).

² On 1 March 2011, the Permanent Secretary announced the Strategy and Reform Group was being reshaped as the Strategy and International Group to include immigration and border policy. Peter Makeham remained Director General of this restructured group until his retirement. Peter Storr was the acting Director General of this group until Mike Anderson was appointed as the Director General of the reconfigured group of Strategy, Immigration and International.

³ Although David Seymour was in post in 2010-11 he did not sit on the Board until January 2011. The 2010-11 figures reflect the time he actually served on the Board and the annual salary.

⁴ Although Peter Makeham's last day of service was 16 May 2011, accrued leave meant his last day in the office was 1 April 2011, hence Peter Storr covered the role of Acting Director General, Strategy and International Group as well as his permanent post as International Director from 4 April 2011. Peter Storr was not eligible for a bonus payment in the time covered by this report.

Non-Executive Directors	2011-12		2010-11	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Philip Augar	-	-	-	-
John Heywood (until 30 September 2011)	10-15 (20-25)	-	20-25	-
Val Gooding (from 4 January 2011)	20-25	-	0-5 (20-25)	-
John Allan (from 4 March 2011)	15-20	-	0-5 (15-20)	-
Dianne Thompson (from 4 March 2011)	15-20	-	0-5 (15-20)	-

The non-executive directors listed above are those who sat on the Home Office Board, the Home Office Supervisory Board and the Executive Management Board. Non-executive directors do not receive bonuses. Other non-executive directors are employed by the Home Office's agencies and NDPBs and their details can be found in the accounts of these bodies. Philip Augar has declined a salary in the range of £15,000-£20,000 for his role as a non-executive director.

Remuneration ratio

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

	2011-12	2010-11
Band of Highest Paid Director's Total Remuneration (£'000)	210-215	210-215
Median Total (£)	28,773	27,723
Remuneration Ratio	7.4	7.7

The pay multiple has decreased due to the increase in the median salary brought on by the reduction of employees in the lower pay grades of AA-EO.

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 (£65,738 from 1 April 2010) 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 employer and treated by HM Revenue & Customs as a taxable emolument. Benefits reported are calculated as the taxable value and include the private use of a car, travel and accommodation.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonus payments disclosed in this report for 2011-12 are bonus payments for the 2010-11 performance year which were paid in July 2011. Payments relating to 2011-12 are yet to be finalised.

Pension Benefits

Ministers	Accrued pension at pension age as at 31 March 2012	Real increase / (decrease) in pension at pension age	CETV at 31 March 2012	CETV at 31 March 2011	Real increase / (decrease) in CETV
	£000	£000	£000	£000	£000
Rt Hon Theresa May MP Home Secretary	0-5	0-2.5	41	18	14
Lord Henley (from 16 September 2011)	5-10	0-2.5	107	81	12
Baroness Browning (10 May 2011 until 15 September 2011)	0-5	0-2.5	13	0	10
Baroness Neville-Jones (from 13 May 2010 until 9 May 2011)	0-5	0-2.5	32	29	2
Damian Green MP	0-5	0-2.5	27	14	9
Nick Herbert MP	0-5	0-2.5	22	11	6
James Brokenshire MP	0-5	0-2.5	15	7	4
Lynne Featherstone MP	0-5	0-2.5	22	11	7

Ministerial Pensions

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

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

Benefits for ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are revalued annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60 accrual rate, 7.9% of salary if they have opted for the 1/50 accrual rate or 11.9% of salary if they have opted for the 1/40 accrual rate. There is also an employer contribution of 28.7% of the Ministerial salary paid by the Exchequer representing the balance of cost as advised by the Government Actuary. Increase to member and Exchequer contributions will apply from 1 April 2012.

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

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. Where the individual was not in post for the full year, the CETV at 31 March 2011 represents the value as at their start date and the CETV at 31 March 2012 represents the value as at their end date.

The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2011 and 31 March 2012 have both been calculated using the new factors, for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Officials	Accrued pension at pension age as at 31 March 2012 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2012	CETV at 31 March 2011	Real increase / (decrease) in CETV ¹	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Dame Helen Ghosh <i>Permanent Secretary</i>	65-70 plus lump sum of 195-200	2.5-5 plus lump sum of 10-12.5	1,325	1,146	79	-
Helen Kilpatrick <i>Director General, Financial and Commercial</i>	80-85	(0-2.5)	1,353	1,268	(25)	-
Stephen Rimmer <i>Director General, Crime and Policing Group</i>	40-45 plus lump sum of 130-135	(0-2.5) plus lump sum of (0-2.5)	738	691	12	-
Charles Farr <i>Director General, Office for Security and Counter-Terrorism</i>	55-60 plus lump sum of 170-175	0-2.5 plus lump sum of 0-2.5	1,060	968	8	-
Mike Anderson <i>Director General, Strategy, Immigration and International Group (from 18 July 2011)</i>	15-20	0-2.5	269	237	19	-
Rob Whiteman <i>Chief Executive, UK Border Agency (from 26 September 2011)</i>	0-5	0-2.5	15	15	(2)	-

Officials	Accrued pension at pension age as at 31 March 2012 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2012	CETV at 31 March 2011	Real increase / (decrease) in CETV ¹	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Jonathan Sedgwick <i>Acting Chief Executive, UK Border Agency (from 10 January 2011 until 25 September 2011)</i>	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 2.5-5	392	353	19	-
Yasmin Diamond <i>Director, Communications</i>	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 2.5-5	359	313	17	-
David Seymour <i>Legal Advisor</i>	65-70 plus lump sum of 195-200	(0-2.5) plus lump sum of (2.5-5)	1,483	1,465	(36)	-
Kevin White ² <i>Director General, Human Resources</i>	30-35 plus lump sum of 95-100	(30-32.5) plus lump sum of (95-97.5)	729	1,409	(732)	-
Peter Storr <i>Acting Director General, Strategy and International Group (from 4 April 2011 until 17 July 2011)</i>	50-55 plus lump sum of 150-155	0-2.5 plus lump sum of 2.5-5	1,113	1,073	25	-
Peter Makeham <i>Director General, Strategy and International Group (until 16 May 2011)</i>	85-90	2.5-5	1,619	1,567	42	-

¹ Where this figure is negative, taking account of inflation, the CETV funded by the employer has decreased in real terms.
² A pension sharing order has taken place during the financial year being reported and this is the reason for the difference in figures provided this year to those submitted for the 2010-2011 financial year.

Civil Service Pensions

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2012. Benefits in **classic** accrue at the rate of 1/80 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 1/60 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 up rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/my-civil-service/pensions/index.aspx

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. Where the individual was not in post for the full year, the CETV at 31 March 2011 represents the value as at their start date and the CETV at 31 March 2012 represents the value as at their end date.

The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2011 and 31 March 2012 have both been calculated using the new factors, for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Dame Helen Ghosh
Accounting Officer
5 July 2012

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Home Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental public bodies designated by order made under the GRAA by Statutory Instrument 2011 No.723 (together known as the 'departmental group' consisting of the department and sponsored bodies listed at note 28 to the accounts). The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows of the departmental group for the financial year.

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

- observe the Accounts Direction issued by Treasury, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental public bodies
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual (FReM) have been followed, and disclose and explain any material departures in the accounts and
- prepare the accounts on a going concern basis

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

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

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

Dame Helen Ghosh
Accounting Officer
5 July 2012

Statement of Corporate Governance

Scope of Responsibility

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

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

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

This Governance Statement covers the year ending March 2012 but will remain open until the Home Office Annual Report and Accounts are signed.

Governance, Control and Risk Management Framework

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

- the Home Office Supervisory Board (SB), which is responsible for setting the department's strategic direction. This has been delivered through a series of standing agenda items (discussed at bi-monthly meetings), including corporate reporting (performance, risk and resource); in-depth discussion of particular risks from the Corporate Risk Register; updates on major programmes and projects; and updates from the sub-committees on Audit and Risk Assurance and Nominations and Governance. The SB met on 7 occasions between its introduction in March 2011 and March 2012. Attendance has been high, with only five board members missing more than one meeting across the year, and none missing more than two
- the Home Office Executive Management Board (EMB), which is responsible for driving the development of the department's leadership and wider capability. It also discusses and challenges the development of the Home Office's key policies and programmes and ensures that all parts of the organisation are working together effectively. This has been delivered through a wide ranging programme of discussions at monthly board meetings, led by individual board members. The EMB met on 11 occasions between April 2011 and March 2012. 8 members attended 9, 10 or all 11 meetings. One member attended 5 meetings and another member 7
- the Home Office Audit and Risk Assurance Committee (ARAC), which provides independent advice to the Accounting Officer and SB members on the adequacy of arrangements for corporate governance, internal control and risk management. The ARAC met 5 times between April 2011 and March 2012. Four members attended all 5 meetings and two members attended 4 meetings
- the Home Office Risk Committee (RC), which provides the EMB with advice on the top risks that it should consider for escalation to the corporate risk register. The RC is a sub-committee of the EMB

The main controls are:

- the Operating Reviews (OR), which the Accounting Officer holds on a risk-based frequency, and monthly for the main operational business areas, to consider current and future performance, risk and financial issues faced by each Home Office business unit
- the Group Investment Board (GIB), which approves and monitors at key stages, projects above threshold criteria based on priority, risk, value, complexity and sensitivity
- the Internal Audit Unit (IAU), who complete a risk based programme of audits annually and provide independent advice to the ARAC

- the Senior Information Risk Owner (SIRO), who provides an assessment of the department's information risk exposure and provides assurance on this and
- the application of the Home Office Assurance Framework. This is designed to supplement risk management arrangements. The framework describes 'what good control looks like' in the context of the Home Office business and it describes the benchmark standards that management is to follow.

Risk Management

Risk management is one of the critical processes in the Home Office, which we have continued to strengthen throughout 2011-12.

In June of 2011 the National Audit Office published their 'Managing risks in government' report which highlighted the good practice employed by the Home Office and others. One of the principles reported on in the document was around how clear ownership and accountability of risk ensured the process was effective. Specifically, they found that the Home Office showed good practice in relation to this principle, as it had a representative from each business area at its Risk Committee (a sub-board of the main Home Office Boards). This approach ensured that those responsible are clear about the ownership of both each risk and the agreed mitigating actions.

Our focus throughout has continued to be the identification and effective management of the key threats to the public. At the senior level this culminates in the Home Office Risk Committee advising the Home Office Executive Management Board (which supports the Home Office Supervisory Board) of emerging risks so they can agree actions being taken to counter them. They regularly review the Corporate Risk Register as part of this process.

Our risk management approach is to be clear about what we are trying to achieve; to identify what might stop us from achieving these objectives; to assess the risks identified; to take action to mitigate them to an agreed level and then to review progress. This framework comprises

- a structured process for identifying, assessing, communicating, escalating and managing risks, detailed in the Home Office Risk Management Policy and Guidance document
- clear accountabilities for the action to tackle risks
- expected behaviours

Our risk assessments and the actions being taken to address risk are documented in risk registers at corporate, directorate/group/agency, Non-Departmental Public Body and unit/project levels. Our approach to risk appetite is both embedded within our risk processes and overseen and moderated by our Risk Committee when it reviews our top level risks and advises the top of the office on the prevalent level of risk exposure.

During 2011-12 the Home Office has continued work to build our risk management capability. A detailed programme of work to improve the effectiveness of risk management in the Home Office was started in Autumn 2007. This programme, based around behavioural change, remains the key to the continual improvement of risk management capability in the department. This programme is tracked through the Home Office Risk Management Maturity Model which focuses on

- improving knowledge and skills, in order to change behaviours, that can then be clearly seen and monitored by way of a series of measurable metrics

Improvements to our risk systems and capability this year include the following:

- the autumn 2011 launch of the updated web-based guidance and re-launch of our policy statement, following endorsement by all the Home Office Executive Management Board and business leads. This has ensured that the profile of the discipline has remained high in the department and the policy refreshed so all staff in the department are clear that
 - "We are here to keep the British public safe and the risk management culture we have built in the department underpins and supports this"
 - "When we do this well, we ensure that the public are better protected and that we as a department and our boards and ministers are not surprised by things we could have and should have foreseen."

- in line with the new code of corporate governance, published in 2011, the respective risk management roles of both the Executive Management Board and the Supervisory Board have been clarified to ensure they are complementary and mutually supporting without duplication of focus
- the increased frequency of Home Office Risk Committees, from quarterly to bi-monthly, has ensured that risk management has an even higher profile and that top-level registers are updated more frequently, and scrutinised more often, in line
- as the last 12 month period has been one of major organisational change, as well as the need to respond to external events, the Home Office Central Risk Team has made it their priority to ensure that all the new areas of the department have adopted the Home Office framework and systems as soon as they were able

To assure the risk process, the Home Office Internal Audit Unit collaborates closely with the Home Office Central Risk Team. It undertakes audits to provide reassurance that there is evidence to support the risk maturity assessments. If necessary, steps are taken to address shortfalls in capability or to address issues that have been identified.

Home Office Audit and Risk Assurance Committee (ARAC)

The Audit and Risk Assurance Committee (ARAC) comprises the non-executive chairs of the equivalent Committees of three of its agencies and two non-executive Home Office Supervisory Board members, together with one independent external member. The fourth Agency, National Fraud Agency, is represented at the ARAC by the Director General for Finance and Commercial.

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

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

From April 2011 to March 2012, the Committee sat 5 times. Members reviewed the comprehensiveness of the internal audit coverage in meeting the Supervisory Board and Accounting Officer's needs, and assessed the reliability and integrity of these assurances.

In particular, the Committee gave consideration to the

- activity and results of both internal and external audit, including assessment of the adequacy of management response to issues identified by that activity
- the format of provisions and contingent liabilities so that its members can more easily gain a view as to whether the circumstance giving rise to the provision or liability requires remedial action
- assurances relating to the corporate Home Office Risk Management policies and processes
- assurances on the timetable for delivering the 'Clear Line of Sight' project under the department's Financial Improvement Programme
- assurance that the Home Office is sufficiently compliant with the Bribery Act and
- high level assurance framework spanning the bodies and units within the activities of the IAU.

Following each meeting, the Chair updates the Supervisory Board on the work of the Committee and submits an annual report which includes an assessment of the effectiveness of the department's control framework.

Nominations and Governance Committee

The Nominations and Governance Committee (NGC) comprises two non-executive Home Office Supervisory Board members one of whom is the chair, the Permanent Secretary, the Director General of Human Resources and the Director General and Finance Director of Financial and Commercial Services Group.

The Committee supports the Supervisory Board in its responsibilities in relation to identifying and developing leadership and high potential; succession planning for senior/pivotal roles; and governance arrangements.

The committee met for the first time on 23 February 2012. Members reviewed Home Office processes for identifying leadership and high potential, and succession plans for Senior Civil Service (SCS) roles. The committee agreed that appropriate processes were being adhered to and talent management had progressed significantly. The committee would review the succession plans on a yearly basis.

The Chair updates the Supervisory Board on the work of the Committee.

Governance Compliance

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

The Home Office meets the vast majority of provisions outlined in the Code. This has been achieved through the Home Office Supervisory Board, which follows the enhanced departmental board structure outlined in the Code. There are three areas where the code is not completely met, and we have partial compliance in these areas. In relation to board compliance, there has not yet been an opportunity for Non-Executive Board Members (NEBMs) to collectively meet with the Secretary of State chair alone. However, they have met regularly as part of the wider board meetings (every two months) and had the opportunity to feedback individually through the Board Evaluation. All other provisions of this section have been met. In relation to risk management, the Chief Internal Auditor (CIA) does not receive an invitation to attend the Supervisory Board, however any Internal Audit interest is represented by the Director of Finance and Performance at these meetings. The third area of the code partially met covers the visibility of the Terms of Reference for the Audit and Risk Assurance Committee (ARAC). Until recently, the Terms of Reference were accessible on the public website but have been removed. Appropriate action to reinstate the Terms of Reference on the Home Office website is being progressed.

The Supervisory Board is chaired by the Home Secretary, with membership made up of the five Home Office ministers, the Permanent Secretary and five other senior officials, and four Non-Executive Directors. This Board is responsible for setting the department's strategic direction, including oversight of delivery of the departmental Business Plan. It ensures sound financial management; sets the department's risk appetite and ensures controls are in place to manage risk; scrutinises performance of the department's sponsored bodies; and ensures the department has the capability (including finance, HR, and IT) to deliver current and future needs. This is delivered through a series of standing agenda items (discussed at bi-monthly meetings), including corporate reporting (performance, risk and resource); in-depth discussion of particular risks from the Corporate Risk Register; updates on major programmes and projects; and updates from the sub-committees on Audit and Risk and Nominations and Governance.

The Code also covers governance arrangements for the department's Arms Length Bodies. These arrangements are currently under review, with NDPBs and Executive Agencies working closely with their sponsor teams to agree updated Framework Documents according to a new template. These will also reflect organisational changes, such as the transfer of the National Fraud Authority into the Home Office and the introduction of the Disclosure and Barring Service. The UK Border Agency Framework Document will also be updated following the move of Border Force into the Home Office HQ on 1 March 2012. These new Framework Documents will comply with the relevant sections of the Corporate Governance Code and Managing Public Money.

Evaluation of Board Effectiveness

An evaluation of board effectiveness has been conducted in consultation with Board Members. This is reported in the Lead Non-Executive's Statement and can be seen on page 66 of the Annual Report and Accounts.

Significant in-year Risks and Issues

The Home Office's vision is to defend the country against terrorism, secure our borders and control immigration, enable the police and local communities to step up the fight against crime and anti-social behaviour, and champion equality. The nature of the department's business means that we have to manage a range of significant risks across our operational, policy and enabling functions. The key top-level risks to the department are held on the Home Office Corporate Risk Register which is updated frequently, and at least bi-monthly. The main corporate risks are listed below:

- potential disruption caused by industrial action
- public concern around the failure to detain or remove foreign national offenders
- failure to prevent a terrorist attack
- failure to counter serious crime or violent extremist attack
- failure to effectively manage the transition and absorption of former National Policing Improvement Agency activities
- concerns around spending reductions impacting on frontline policing
- the complexity of the programme, or delays in bringing forward legislation, jeopardise the timely launch of the National Crime Agency
- Olympic security
- failure to reduce net migration
- weaknesses or vulnerabilities in our border control systems or processes

All the current corporate risks have full mitigation strategies and contingency plans in place, as required by the Home Office Risk Management Policy and Guidance.

The main, high-level issues that have occurred during the period are outlined below.

Border control checks: It became evident in early November 2011 that the management and operation of some border control checks was not consistent with applicable policy and Ministerial intent. A review conducted by John Vine¹, the Independent Chief Inspector of the UK Border Agency was carried out and, having received his report, the Home Secretary announced on 21 February 2012 that she had accepted all of his recommendations. As a result, the pilot of risk based checks at the border has been stopped, Border Force has become a separate operational command within the Home Office, an interim Head of Border Force has been appointed and a border control improvement plan is being implemented.

Seized high risk materials: The HO Internal Audit Unit conducted an audit of the Border Force's storage and handling of seized high risk materials (controlled drugs, cash and firearms/offensive weapons). The report on this audit (September 2011) identified significant weaknesses in the Spectrum IT system used to manage stocks of seized goods; weaknesses in the assurance processes to mitigate the risks with the Spectrum system; and out of date policy and guidance related to the handling of these materials. An action plan to address the recommendations of the audit report was agreed. A follow up audit took place in February 2012. Whilst elements of the action plan are still being pursued, feedback from the audit team has confirmed that some improvements had been made, including the implementation of a revised assurance regime; publication of some updated policy and guidance; and the development and delivery of a number of system fixes.

The NAO published a report titled 'Immigration: The Points Based System – Student Route' on 27 March 2012 which examined how well the UK Border Agency had implemented and managed Tier 4 of the Points Based System. Whilst acknowledging the introduction of new controls relating to student migration in 2011, it concluded that the Points Based System, as it applies to students, does not currently provide value for money. The Public Accounts Committee took evidence on the report, including from the UK Border Agency Chief Executive, and other UK Border Agency senior officials, on 14 May 2012.

Public disorder: The disturbances in August 2011 produced a significant financial pressure. Following these disturbances, the Government's response to the financial liabilities arising under the Riot Damages Act (RDA) was confirmed. This included laying emergency amendments in Parliament to bring the RDA up to date; setting up a process for dealing with RDA claims; the creation of a claims bureau; and liaising with affected Police

¹ The full report into Border Security Checks carried out by John Vine can be seen at <http://icinspector.independent.gov.uk/wp-content/uploads/2010/03/Investigation-into-border-security-checks-20.02.121.pdf>

Authorities to set out the process for reclaiming the cost of both the RDA claims and the operational policing costs through Special Grant.

IT Services: The Home Office HQ and agencies spent around £370m on outsourced IT services and applications development in 2011-12. There have been a number of IT issues across the business throughout the reporting period, many associated with the extensive programme of IT change under way during 2011-12. The department's requirements have also increased sharply over the last year, in terms of the levels of service and resilience that it now requires. The Home Office's IT functions continue to work proactively with the business and suppliers to ensure IT resilience is improved, and vulnerabilities are identified and dealt with. Extensive work to review resilience in the run up to the Olympics has been completed, and recommendations have been or are being implemented. Disaster recovery and business continuity arrangements have also been reviewed and tested. Longer term work to review and strengthen resilience of key systems is also in train and will feed into plans for ongoing development of the Home Office's systems and infrastructure post-Olympics.

The Drug & Alcohol Unit (DAU) Alcohol Team; This team is responsible for alcohol licensing, pricing and wider policy to tackle alcohol related crimes and disorder. This team were subject to a judicial review during 2011 following the incorrect implementation of a Section 19 closure based on Home Office issued guidance; the Home Office and West Yorkshire Police accepted joint liability. The guidance has subsequently been withdrawn and legal advice sought to resolve the claim. Ministerial authorisation was given to reach an out of court settlement and damages have been agreed. The cost of the agreed damages will be equally split between the Home Office and West Yorkshire Police.

Police pensions: There is an ongoing risk relating to the forecasting of police pension costs. We continue to improve processes to gather and test pensions forecasts from police authorities. We ensure guidance provided to police authorities on forecasting pensions expenditure and on giving accurate projections is continuously reviewed. We are identifying and sharing best practice in authorities as part of a wider project with HM Treasury (HMT) aimed at improving the accuracy of annually managed expenditure (AME) forecasting. We have sought to ensure sufficient AME cover from HMT, including additional supply through the Supplementary Estimate, following a revised 2011-12 estimate by the Office of Budget Responsibility (OBR) in the autumn forecast.

A tight control remains in place for all central government spend (including arms-length bodies) on projects and contracts where ICT is a key element to deliver a service or outcome, and the total value of which is over £1 million.

The NAO concluded that HO financial management provides value for money and it is broadly at the required level for our business needs (Financial Management in the Home Office – a report by the Comptroller and Auditor General issued 26 April 2012). However, the report highlighted a lack of continuity in management with insufficient access to finance skills as risks to the successful delivery of the department's change programmes. This resulted in organisational structures not being established early enough and delays in the production of full business cases. The department is taking steps to mitigate this risk, including the establishment of a flexible finance resource to promptly address emerging issues.

In January 2012, the NAO reported on the value for money of the mobile technology in policing project run by the National Policing Improvement Agency. This concluded that funding given to police forces encouraged them to adopt mobile technology more widely, within a short period of time and at reasonable cost. However, it also concluded that as the benefits for most forces do not extend beyond this basic level then value for money has not yet been achieved. This view was confirmed at the May 2012 Public Accounts Committee meeting. The report recommended the department establish a methodology to assess the value for money of the police expenditure.

Financial Management

Financial management continues to be implemented in accordance with HM Treasury principles, including ensuring regularity, propriety and value for money. Controls are in place to monitor Home Office expenditure/forecasts against key HM Treasury control totals and mechanisms are in place to address any risks of breaching such control totals.

The Financial Improvement Strategy concluded this year, with all projects having achieved their objectives with the exception of two, which were deemed no longer to be a priority. A wide range of projects were implemented in this

programme, such as faster close of monthly and annual accounts, the Clear Line of Sight project which concluded with the consolidation of all the Home Office NDPBs into the interim accounts, improved fee modelling, better reporting, and improving financial capability by introducing the financial management development scheme and SCS training in financial management. An internal audit review in July had three recommendations, all of which have been implemented, and where relevant applied to its successor, the Financial Improvement Programme.

In the summer the HO and its agencies self assessed against the NAO financial management maturity model; this identified areas of strength and areas where we could further improve, as has the NAO financial management audit. These will be addressed through the Financial Improvement Programme: the key themes of which are; data quality and timeliness, integrated resource and financial planning; and financial management capability.

We are liaising closely with the Treasury on their Financial Transformation Programme, and sharing best practice with other Government departments, to ensure we benefit from our collective experience and expertise. Sharing best practice across government will help to get transformation of finance right, and ensure the finance community can continue to provide the right advice and support deficit reduction.

Managing Risk of Financial Loss

The Home Office has implemented Managing Risk of Financial Loss, a cross government initiative to encourage departments to embed a systematic approach to assessing the risk of financial loss arising from the operation of financial processes. We set up a central team in the Performance and Finance Directorate, and put in place a stakeholder network to share best practice. We took a risk based approach and ensured that assessments were proportionate to the size of each organisation and drew on pre-existing mechanisms and tools (e.g. the risk framework) so that we joined up, to limit duplication and remain light touch.

The government model comprises an Organisational Capability Assessment (OCA), and a Financial Process Assessment (FPA) for each of seven financial processes (payroll, income, asylum support [benefits], grants, procurement, funding [supply and grant in aid payments], and expenses). OCAs assess the capability of the Home Office to manage financial loss, with action plans in place to address any gaps identified. FPAs have been carried out using the tools provided by the Cabinet Office.

No new material financial losses have been identified from the work undertaken and Internal Audit is reviewing the results of these assessments. Where weaknesses have been identified, steps are being taken to address them.

Risk based planning will be used for future reviews and the level of risk will be factored into how frequently FPAs should be conducted. OCAs will be undertaken annually.

Localism

A large proportion of Home Office funding is directed through grants to local delivery organisations.

The Accounting Officer gains assurance about probity in use of public funds through validation of grant payments and 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.

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

A provision for grant payments is included in the Home Office's Supply/Main Estimate for each financial year and subsequent years for multiple years grant agreements. The Home Office ensures that grant agreements are signed by the budget holder, in accordance with the Home Office delegated letter of authority.

The Accounting Officer utilises disaggregated information about performance to improve decision making in respect of grant funding allocations, based on evidence gathered on actual activities, outcomes (short/ long term) and lessons learnt from grant holding units.

Grant funding allocated to Police Authorities/Police and Crime Commissioners contributes to the delivery of The Home Office Vision statement and Coalition Priorities, as outlined in The Home Office Business Plan 2011-15. Police Authorities/Police and Crime Commissioners are accountable for the grant funding, which would be granted to enhance their policing capabilities and operational policing activities to comply with the Police Act 1996. Police Authorities/Police and Crime Commissioners are subject to external audit and auditors are required to express an opinion on the arrangements made by each Police Authority/PCC to secure economy, efficiency and effectiveness in its use of the grant funding.

The Accounting Officer uses the accountability system statement to show Parliament the approach followed to assuring regularity, propriety and value for money. The statement is structured to address accountabilities, processes, controls and approaches to identifying and responding to failure. The department's accountability system statement can be accessed through the following link: <http://www.homeoffice.gov.uk>

Transparency

The Home Office continued to meet all its commitments in support of the transparency programme on time and to quality during 2011-12. For the first time, the Home Office began publishing quarterly management information data enabling the public to judge our performance on key indicators. Details of these and our other work on transparency, are captured in the Information Strategy, and published as part of our 2011-15 business plan.

Improving transparency across crime, policing and justice is a key objective underpinning a range of work across the Department; most notable is the Police.uk website, which has received over 47 million visits since it was launched in January 2011. In partnership with the Ministry of Justice, we have established two groups to oversee improvements in transparency across crime, policing and justice

- the Crime and Justice Transparency Strategic Board, which brings together key officials from the Home Office and the Ministry of Justice to drive forward work programmes including development of the national crime mapping website, Police.uk
- the Crime and Justice Transparency Sector Panel, chaired by Dr Kieron O'Hara from Southampton University, to support, advise and challenge the Strategic Board and champion the release of data across the criminal justice system.

Internal Audit reported on our transparency arrangements during the early part of the year and predominantly found them to be robust. Acting on their recommendations, we have drawn up and implemented a communications strategy for transparency, and appointed Transparency Champions for each of our Agencies and arms length bodies, in addition to the core Home Office. This role has been combined with that of the Senior Information Risk Owner (SIRO) to ensure that an appropriate balance between the twin considerations of information assurance and transparency is maintained. We have also ensured that transparency is now a regular agenda item at SIRO meetings.

Information Management

Information Security Incidents

A summary of protected personal data related incidents is provided on page 79 in the foreword to the accounts.

Information and Technology

We are actively engaged with the Efficiency Reform Group (ERG) in the Cabinet Office to ensure the Home Office benefits from the tools, systems and process that are being developed and implemented across government. Our Information Management Strategy and our ICT Strategy supports government wide initiatives such as Efficiency, Transparency and Security as well as ensuring our business needs are satisfied.

Information Assurance

The Home Office takes information assurance very seriously. We maintain a very strong emphasis on managing information risk from the top of the organisation. We have a sustained programme of activity to reduce information risks and improve the way the department uses and protects information.

Information Assurance Maturity Model (IAMM)

In early 2012, the Department was assessed against the revised Information Assurance Maturity Model (IAMM). The IAMM provides a set of key measures in the form of 'Compliance Milestones' for measuring the progress of the culture change work. This covered Home Office Headquarters, Executive Agencies, NDPBs and third party suppliers. The result confirmed that we have maintained our compliance against Level 3 of the maturity model. We continue to recognise however that we cannot be complacent and that we must continue the work needed in order to maintain this compliance to minimise any information assurance impact.

Training, Education and Awareness

At the end of March 2012, 95% of Home Office wide staff had successfully completed the mandatory annual refresher "Protecting Information" e-learning training.

The Home Office has also continued to provide tailored Information Asset Owner (IAO) workshops and risk management training which all Headquarters IAOs are invited to attend. In addition, all IAOs have been required to successfully complete Levels 1 and 2 of the "Protecting Information" e-learning training.

Conclusion

In 2011-12, the Home Office has delivered well against its objectives. Events such as phone hacking, the August 2011 disturbances across the country and the events leading to the Vine report were significant challenges. Lessons have been learned from the outcome of these events with changes made to address their causes. We have delivered significant and major reforms to policing through the Police Reform and Social Responsibility Bill. We are also delivering key programmes such as establishing the National Crime Agency and phasing out the NPJA, and tackling youth crime and gangs among many other key Ministerial priorities.

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 Group. Over the year ahead, we will extend our strong focus on efficiency and value for money, challenging areas of the business to meet the current and future pressures and to build on the efficiency gains that have been made to date.

Dame Helen Ghosh
Accounting Officer
5 July 2012

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

I certify that I have audited the financial statements of the Home Office and of its Departmental Group for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2011. The financial statements comprise: the Department's and Departmental Group's Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2012 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2012 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of Matter – Uncertainties over e-Borders legal case

Without qualifying my opinion, I draw attention to the disclosures made in Note 29 which describes the uncertainty as to the outcome of the arbitration process between UKBA and Raytheon, who are both claiming damages from the other party.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements

Amyas C E Morse
Comptroller and Auditor General

Date: 10 July 2012

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

STATEMENT OF PARLIAMENTARY SUPPLY

Summary of Resource and Capital Outturn 2011-12

£000	Estimate			Outturn			2011-12	2010-11	
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Outturn	
							Voted outturn compared with Estimate: saving/ (excess)	Restated Total	
Departmental Expenditure Limit									
- Resource	2	9,102,956	-	9,102,956	8,835,170	-	8,835,170	267,786	9,430,772
- Capital	2	507,756	-	507,756	494,382	-	494,382	13,374	689,338
Annually Managed Expenditure									
- Resource	2	1,202,545	-	1,202,545	1,060,092	-	1,060,092	142,453	829,616
- Capital	2	-	-	-	-	-	-	-	-
Total Budget		10,813,257	-	10,813,257	10,389,644	-	10,389,644	423,613	10,949,726
Non-Budget									
- Resource		-	-	-	-	-	-	-	-
Total		10,813,257	-	10,813,257	10,389,644	-	10,389,644	423,613	10,949,726
Total Resource		10,305,501	-	10,305,501	9,895,262	-	9,895,262	410,239	10,260,388
Total Capital		507,756	-	507,756	494,382	-	494,382	13,374	689,338
Total		10,813,257	-	10,813,257	10,389,644	-	10,389,644	423,613	10,949,726
Net Cash Requirement 2011-12				2011-12			2011-12	2010-11	
	Note			Estimate		Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn	
Net Cash Requirement	4			10,526,782		9,991,249	535,533	10,090,429	
Administration Costs 2011-12				2011-12		2011-12		2010-11	
				Estimate		Outturn		Outturn	
	3.2			620,730		548,558		658,405	

Explanations to variances between Estimates and Outturn are given in the foreword to the accounts. The notes on pages 109 to 173 form part of these accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2012

		2011-12 £000			Restated 2010-11 £000		
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Administration Costs:							
Staff costs	7	169,734	267,316	338,171	158,432	307,292	390,931
Other costs	8	158,229	224,678	285,608	202,000	291,622	359,425
Income	10	(35,911)	(80,762)	(85,024)	(15,957)	(84,865)	(85,499)
Programme Costs:							
Staff costs	7	358,226	844,488	1,167,074	413,099	954,424	1,248,274
Other costs	9	8,966,433	10,300,646	10,011,326	9,173,014	10,737,110	10,342,306
Income	10	(229,375)	(1,624,853)	(1,734,082)	(228,249)	(1,594,597)	(1,718,236)
Net Operating Costs for the year ended 31 March 2012		9,387,336	9,931,513	9,983,073	9,702,339	10,610,986	10,537,201
Total expenditure		9,652,622	11,637,128	11,802,179	9,946,545	12,290,448	12,340,936
Total income		(265,286)	(1,705,615)	(1,819,106)	(244,206)	(1,679,462)	(1,803,735)
Net Operating Costs for the year ended 31 March 2012		9,387,336	9,931,513	9,983,073	9,702,339	10,610,986	10,537,201

All activities are continuing operations.

The 2010-11 results have been restated to reflect Clear Line of Sight (CLoS) changes. See note 1.2 for further details.

OTHER COMPREHENSIVE NET EXPENDITURE

		2011-12 £000			2010-11 £000		
	Note	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Net gain/(loss) on:							
- revaluation of Property Plant and Equipment		13,810	23,240	27,521	3,537	(12,250)	(9,407)
- Intangibles		698	2,925	2,925	(229)	3,098	3,117
- revaluation of available for sale financial assets		-	-	-	-	-	-
Total Comprehensive Net Expenditure for the year ended 31 March 2012		9,401,844	9,957,678	10,013,519	9,705,647	10,601,834	10,530,911

The notes on pages 109 to 173 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2012

	31 March 2012 £000			Restated 31 March 2011 £000			Restated 31 March 2010 £000	
	Core Department & Departmental Agencies Group			Core Department & Departmental Agencies Group			Departmental Group	
Note	Department	Agencies	Group	Department	Agencies	Group	Group	
Non-current assets:								
Property, plant and equipment	12	407,078	927,291	1,302,221	422,218	940,547	1,350,166	1,544,816
Intangible assets	13	58,568	398,452	544,667	33,148	283,437	439,415	511,921
Investments	15	1	1	468	1	1	428	18,461
Trade receivables and other non-current assets	18	-	-	3,670	-	-	4,990	6,551
Total non-current assets		465,647	1,325,744	1,851,026	455,367	1,223,985	1,794,999	2,081,749
Current assets:								
Assets classified as held for sale	11	-	-	-	-	45	45	6,129
Inventories	17	-	8,307	8,307	-	7,558	7,558	9,481
Trade and other receivables	18	202,128	356,406	387,769	211,830	316,681	374,142	732,276
Cash and cash equivalents	19	54,240	54,862	134,732	121,889	201,175	252,863	145,732
Total current assets		256,368	419,575	530,808	333,719	525,459	634,608	893,618
Total assets		722,015	1,745,319	2,381,834	789,086	1,749,444	2,429,607	2,975,367
Current liabilities:								
Provisions for liabilities and charges	21	62,237	93,191	101,905	80,470	119,816	126,626	4,809
Trade and other payables	20	990,120	1,434,247	1,526,634	1,059,467	1,392,610	1,508,230	1,590,240
Total current liabilities		1,052,357	1,527,438	1,628,539	1,139,937	1,512,426	1,634,856	1,595,049
Non-current assets plus/less net current assets/ liabilities		(330,342)	217,881	753,295	(350,851)	237,018	794,751	1,380,318
Non-current liabilities:								
Trade and other payables	20	222,348	290,709	309,565	223,988	301,171	322,447	325,408
Provisions for liabilities and charges	21	36,533	87,106	112,025	20,778	70,565	95,926	115,071
Pension Liability		-	-	515,761	-	-	502,806	619,468
Total non-current liabilities		258,881	377,815	937,351	244,766	371,736	921,179	1,059,947
Assets less liabilities		(589,223)	(159,934)	(184,056)	(595,617)	(134,718)	(126,428)	320,371
Taxpayers' equity:								
General fund		(634,814)	(286,609)	52,062	(632,599)	(246,570)	135,974	614,085
Revaluation reserve		45,591	126,675	157,172	36,982	111,852	138,134	175,122
Pension Reserve		-	-	(393,290)	-	-	(400,536)	(468,836)
Government Grant Reserve		-	-	-	-	-	-	-
Total equity		(589,223)	(159,934)	(184,056)	(595,617)	(134,718)	(126,428)	320,371

The notes on pages 109 to 173 form part of these accounts.

Dame Helen Ghosh
Accounting Officer
5 July 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2012

	2011-12	Restated 2010-11
Note	£000	£000
Cash flows from operating activities		
Net operating cost	(9,983,073)	(10,537,201)
Adjustments for non-cash transactions	438,830	769,345
(Increase)/decrease in trade and other receivables	(12,307)	359,695
<i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>	21,510	31,546
(Increase)/decrease in inventories	(749)	1,923
Increase/(decrease) in trade payables	6,583	(78,972)
<i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>	159,931	(26,282)
Use of provisions	(100,737)	(23,622)
Reduction/(increase) in pension liability	20,281	(47,705)
Net cash outflow from operating activities	(9,449,731)	(9,551,273)
Cash flows from investing activities		
Purchase of property, plant and equipment	(109,475)	(243,855)
Purchase of intangible assets	(184,523)	(183,477)
Proceeds of disposal of property, plant and equipment	4,415	-
Proceeds of disposal of intangibles	478	-
Proceeds of disposal of assets held for sale	45	6,899
Loans to other bodies	-	-
(Repayments) from other bodies	-	-
Payments to acquire investments	-	(10,034)
Net cash outflow from investing activities	(289,060)	(430,467)
Cash flows from financing activities		
From the Consolidated Fund (Supply) - current year	9,855,349	10,354,514
From the Consolidated Fund (Supply) - prior year	-	-
Amounts remitted to the Consolidated Fund (offset against Parliamentary Supply)	-	(155,261)
ARIS funding	8,725	6,107
Capital element of payments in respect of finance leases and on balance sheet PFI contracts	(88,353)	(18,239)
Net financing	9,775,721	10,187,121
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	36,930	205,381
Payments of amounts due to the Consolidated Fund	(154,000)	(92,251)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	(117,070)	113,130
Cash and cash equivalents at the beginning of the period	251,583	138,453
Cash and cash equivalents at the end of the period	134,513	251,583

The notes on pages 109 to 173 form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2012

	General Fund	Revaluation Reserve	Govt Grant Reserve	Pension Reserve	Total Reserves
Note	£000	£000	£000	£000	£000
Balance at 31 March 2010	550,564	175,122	71,755	(468,836)	328,605
Changes in accounting policy	63,521	-	(71,755)	-	(8,234)
Restated balance at 1 April 2010	614,085	175,122	-	(468,836)	320,371
Net Parliamentary Funding - drawn down	10,354,514	-	-	-	10,354,514
Net Parliamentary Funding - deemed	3,245	-	-	-	3,245
ARIS funding	6,128	-	-	-	6,128
Amounts remitted to the Consolidated Fund (offset against Parliamentary Supply)	(155,261)	-	-	-	(155,261)
Supply payable/(receivable) adjustment	(108,821)	-	-	-	(108,821)
Amounts payable to the Consolidated Fund	(76,966)	-	-	-	(76,966)
Net expenditure for the year	(10,537,201)	-	-	-	(10,537,201)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	-	(9,407)	-	-	(9,407)
Net gain/(loss) on revaluation of intangible assets	-	3,117	-	-	3,117
Movements in Reserves:					
Receipt of donated assets	27	-	-	-	27
Non-cash charges - auditor's remuneration	8 1,014	-	-	-	1,014
Notional charges and income	260	-	-	-	260
Change in accounting policy	33,655	-	-	-	33,655
External transfers	(29,868)	-	-	-	(29,868)
Actuarial gain/loss in year	5	-	-	68,781	68,786
Release of reserves to the Statement of Comprehensive Net Expenditure	(21)	-	-	-	(21)
Other - in year adjustments - ABIOS and Omnibase revaluations	-	-	-	-	-
Transfers between reserves	31,179	(30,698)	-	(481)	-
Balance at 31 March 2011	135,974	138,134	-	(400,536)	(126,428)
	General Fund	Revaluation Reserve	Govt Grant Reserve	Pension Reserve	Total Reserves
Note	£000	£000	£000	£000	£000
Balance at 31 March 2011	135,974	138,134	-	(400,536)	(126,428)
Changes in accounting policy	1,044	579	-	-	1,623
Restated balance at 1 April 2011	137,018	138,713	-	(400,536)	(124,805)
Net Parliamentary Funding – drawn down	9,855,349	-	-	-	9,855,349
Net Parliamentary Funding – deemed	109,241	-	-	-	109,241
ARIS funding	8,725	-	-	-	8,725
Supply payable/(receivable) adjustment	26,660	-	-	-	26,660
Amounts payable to the Consolidated Fund	(112,766)	-	-	-	(112,766)
Net expenditure for the year	(9,983,073)	-	-	-	(9,983,073)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	-	27,521	-	-	27,521
Net gain/(loss) on revaluation of intangible assets	-	2,925	-	-	2,925
Net gain/(loss) on revaluation of investments	-	-	-	-	-
Movements in Reserves:					
Non-cash charges – auditor's remuneration	1,046	-	-	-	1,046
Notional charges and income	328	-	-	-	328
External transfers	(791)	141	-	-	(650)
Actuarial gain/(loss) in year	(81)	-	-	7,326	7,245
Release of reserves to the Statement of Comprehensive Net Expenditure	(710)	-	-	-	(710)
Other – ABIOS and Omnibase revaluations	(1,529)	-	-	-	(1,529)
Other – DBS VAT adjustment	437	-	-	-	437
Transfers between reserves	12,208	(12,128)	-	(80)	-
Balance at 31 March 2012	52,062	157,172	-	(393,290)	(184,056)
Of which:					
Core department	(634,814)	45,591	-	-	(589,223)
Agencies	348,204	81,082	-	-	429,286
NDPBs	338,672	30,499	-	(393,290)	(24,119)
	52,062	157,172	-	(393,290)	(184,056)

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY (CORE DEPARTMENT AND AGENCIES)

for the year ended 31 March 2012

	General Fund	Revaluation Reserve	Govt Grant Reserve	Pension Reserve	Total Reserves
Note	£000	£000	£000	£000	£000
Balance at 31 March 2010	270,405	151,023	58,328	-	479,756
Changes in accounting policy	42,218	-	(58,328)	-	(16,110)
Restated balance at 1 April 2010	312,623	151,023	-	-	463,646
Net Parliamentary Funding – drawn down	10,354,514	-	-	-	10,354,514
Net Parliamentary Funding – deemed	3,245	-	-	-	3,245
Amounts remitted to the Consolidated Fund (offset against Parliamentary Supply)	(155,261)	-	-	-	(155,261)
Supply payable/(receivable) adjustment	(108,821)	-	-	-	(108,821)
Amounts payable to the Consolidated Fund	(76,966)	-	-	-	(76,966)
Net expenditure for the year	(10,610,986)	-	-	-	(10,610,986)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	-	(12,250)	-	-	(12,250)
Net gain/(loss) on revaluation of intangible assets	-	3,098	-	-	3,098
Movements in Reserves:					
Non-cash charges – auditor's remuneration	8	1,014	-	-	1,014
Notional charges and income		436	-	-	436
Change in accounting policy		33,655	-	-	33,655
External transfers		(30,042)	-	-	(30,042)
Release of reserves to the Statement of Comprehensive Net Expenditure		-	-	-	-
Transfers between reserves		30,019	(30,019)	-	-
Balance at 31 March 2011	(246,570)	111,852	-	-	(134,718)
	General Fund	Revaluation Reserve	Govt Grant Reserve	Pension Reserve	Total Reserves
Note	£000	£000	£000	£000	£000
Balance at 31 March 2011	(246,570)	111,852	-	-	(134,718)
Changes in accounting policy	1,044	579	-	-	1,623
Restated balance at 1 April 2011	(245,526)	112,431	-	-	(133,095)
Net Parliamentary Funding – drawn down	9,855,349	-	-	-	9,855,349
Net Parliamentary Funding – deemed	109,241	-	-	-	109,241
Supply payable/(receivable) adjustment	26,660	-	-	-	26,660
Amounts payable to the Consolidated Fund	(112,757)	-	-	-	(112,757)
Net expenditure for the year	(9,931,513)	-	-	-	(9,931,513)
Non-Cash Adjustments:					
Net gain/(loss) on revaluation of property, plant and equipment	-	23,240	-	-	23,240
Net gain/(loss) on revaluation of intangible assets	-	2,925	-	-	2,925
Movements in Reserves:					
Non-cash charges – auditor's remuneration	1,046	-	-	-	1,046
Notional charges and income	325	-	-	-	325
External transfers	(472)	207	-	-	(265)
Release of reserves to the Statement of Comprehensive Net Expenditure	2	-	-	-	2
Other – ABIOS and Omnibase revaluations	(1,529)	-	-	-	(1,529)
VAT movement	437	-	-	-	437
Removal of CFER write off	-	-	-	-	-
Transfers between reserves	12,128	(12,128)	-	-	-
Balance at 31 March 2012	(286,609)	126,675	-	-	(159,934)

The notes on pages 109 to 173 form part of these accounts.

Notes to the departmental accounts for the period ending 31 March 2012**1. Statement of accounting policies***Basis of preparation*

The financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the department are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

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

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000). The Consolidated Statement of Financial Position as at 31 March 2012 shows taxpayers' equity of £184 million.

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

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

1.1 Accounting convention

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

1.2 Restatement of 2010-11 Results

The results for 2010-11 have been restated for a number of reasons:

- a) to incorporate a number of Machinery of Government (MoG) changes relating to the National Fraud Authority, the Government Equalities Office and Foreign and Commonwealth Office. Further explanation is provided within note 30 to the accounts
- b) to reflect the transfer of Border Force from the UK Border Agency to the Core Home Office with effect from 1 March 2012
- c) to fully incorporate non-departmental public bodies (NDPBs) within the departmental boundary as required by the Treasury's Clear Line of Sight initiative (see note 1.3 below)
- d) to reflect the updated definition and scope of administration costs within government accounting (see Note 1.5 for further explanation)
- e) to reflect the reclassification of certain Assets under Construction from Property, Plant and Equipment to Intangible Assets
- f) to reflect changes in the way that asset recovery income is treated within the departmental accounts. This income is retained within the department, but previously had been treated as Consolidated Fund Extra Receipts (CFERs)
- g) to reflect the changing accounting treatment for government grants. Previously grants received to acquire

specific assets were credited to the Government Grant reserve and the income was recognised over the life of the assets purchased. The income is now recognised in the year that the assets are purchased, at the point at which any conditions attached to the grant have been met or, if there were no such conditions, on receipt.

- h) to reflect a number of minor reclassifications of expenditure to clarify where monies are spent.

1.3 Basis of consolidation

These accounts include the non-agency parts of the department (the core department) and its executive agencies: UK Border Agency, the Identity & Passport Service, the Criminal Records Bureau and the National Fraud Authority. In addition, as required by the Treasury's Clear Line of Sight initiative, the executive non-departmental public bodies (NDPBs) of the Home Office are also consolidated in these accounts. The NDPBs consolidated within the departmental boundary for the first time are: Independent Police Complaints Commission (IPCC), Independent Safeguarding Authority (ISA), National Policing Improvement Agency (NPIA), Office of the Immigration Services Commissioner (OISC), Security Industry Authority (SIA), Serious Organised Crime Agency (SOCA) and Commission for Equality and Human Rights (EHRC).

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

1.4 Judgments and key sources of estimation uncertainty

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

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

Impairment of assets

The department assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, if the asset is not held for the purpose of generating cash flows, value in use is assumed to be equal to the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential.

Leases

The department is the lessee of property, plant and equipment. The classification of such leases as operating or finance lease requires the department to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

Service concession arrangements

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

Development costs

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

There were no key sources of estimation uncertainty.

1.5 Administration and programme expenditure

The Consolidated Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. Administration costs reflect the costs of running the department. These include both the administration costs and associated operating income. Income is analysed in the notes under which the administration cost-control regime is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

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

The Treasury announced in the 2010 Spending Review its intention to strengthen the spending framework and to drive down administration costs across the whole of Whitehall. As a result of this initiative, the definition of administration costs has been extended to cover Non-Departmental Public Bodies and other Arms Length Bodies. The Home Office has adopted this as policy in accordance with FReM Exposure Draft (11) 06, which was subsequently adopted in FReM 2011-12. The 2010-11 figures have been restated to incorporate this revised definition of administration costs.

1.6 Property, plant and equipment

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

Cost comprises the amount of cash paid to acquire the asset and includes any costs directly attributable to making the asset capable of operating as intended. The capitalisation threshold for expenditure on property, plant and equipment is between £500 and £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. Other operational assets are revalued to open market value where obtainable, or on the basis of depreciated replacement cost where market value is not obtainable. Published indices appropriate to the category of asset are normally used to estimate value.

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

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

Buildings	- up to 60 years or life of lease
Improvements to leasehold buildings	- duration of lease or anticipated useful life
Plant and equipment	- 2 to 15 years
Computers	- 2 to 7 years
Vehicles	- 3 to 7 years
Furniture and fittings	- 3 to 10 years

Assets in the course of construction are not depreciated until the asset is brought into use. No depreciation is provided on freehold land and non-current assets held for sale.

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

1.7 Intangible assets

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

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

Software licences

Externally acquired computer software licences are amortised over the shorter of the term of the licence and the useful economic life of three to ten 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 13 to the accounts refers to these assets as Information Technology (IT).

Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the department can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value.

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

1.8 Third party assets

The department holds funds on behalf of third parties. Such funds include citizenship ceremony fees, proceeds of crime and bail bonds. These funds are not recognised in the financial statements as the department has no beneficial interest in them. Details of the assets held on behalf of third parties are given in Note 27 to the accounts.

1.9 Leases

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

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

1.10 Service concessions (PFI/PPP)

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
- the department controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise

Where it is determined that such arrangements are not in scope of IFRIC 12, the department assesses such arrangements under IFRIC 4 *Determining whether an Arrangement contains a Lease*. Where it is identified that the arrangement conveys a right to use an asset in return for a payment or series of payments, the lease element is accounted for as either an operating lease or finance lease in accordance with the risk and reward based approach set out at section 1.8 Leases.

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

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

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

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

On initial recognition of existing PPP arrangements or PFI contracts under IFRS, the department measures the non-current asset in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the period ending 30 September, which will normally be the outstanding liability in respect of the property (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

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

1.11 Financial Instruments

Financial assets

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

When financial assets are recognised initially, they are measured at fair value, except for loans, Public Dividend Capital (PDC) and other interests in public bodies outside the departmental boundary which are reported at historical cost, less any impairment.

Fair value is determined as the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The department considers whether a contract contains an embedded derivative when the entity first becomes party to it. Embedded derivatives are separated from the host contract if it is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract.

The subsequent measurement of financial assets depends on their classification. The following classifications are currently applicable:

Financial assets at fair value through profit or loss

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or as financial guarantee contracts. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Investments in other public sector bodies

Loans and PDC issued by the Home Office to the Forensic Science Service are shown at historic cost, less impairment.

Loans and receivables

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Derivatives, including any separated embedded derivatives, where they are not recognised as financial assets, are classified as held for trading and included in this category. Gains or losses on liabilities held for trading are recognised in profit or loss.

Other financial liabilities

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

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

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Consumable stocks are valued at current replacement cost.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.13 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.

1.14 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.

1.15 Contingent liabilities

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

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

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

1.16 Operating income

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

Rendering of services

Operating income principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. Operating income also includes:

- income for the Identity & Passport Service from their continuing activities, representing the sale value of all services provided during the year. All income is recognised when the services and goods are issued. Income from free passports issued for all British Nationals born on or before 2 September 1929 that was introduced on 18 October 2004 is financed from Parliamentary Supply drawn down by the Home Office and passed to the Identity & Passport Service
- licence fee income for the Security Industry Authority is recognised at the point when an application is accepted. At this point, the fee paid becomes non-refundable and the SIA is committed to paying the managed service provider for processing the application
- application fee income for the Security Industry Authority is recognised at the point when a decision is made on the status of that application. Annual registration is charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the period covered by the registration
- income for the Criminal Records Bureau from their continuing activities, representing the sale value of all services provided during the year. Operating income represents
 - fees charged to applicants for applications for enhanced and standard disclosure of prescribed criminal record information and
 - fees charged to register corporate bodies and signatories to access the criminal record process

The CRB recognises income on completion of the CRB application process, in line with the requirements of IAS 18 – Revenue. Up until this point, income is only recognised to the extent that costs have been incurred.

Some income streams for the UK Border Agency are charged below the cost of delivery where UKBA has to maintain its international competitiveness. To assist this, some fees are set above the cost of delivery. Some fees were set so a contribution be made to a fund which was designed to manage the transitional impacts of migration. This scheme ended in August 2010. UKBA's overall aim is to ensure income contributed to the end-to-end costs of the immigration system.

Dividends

Income from investments is recognised when the department's right to receive payment is established.

Retained income

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

1.17 Foreign currency translation

The department's functional currency and presentation currency is pounds sterling. Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency rate of exchange ruling at the period ending 31 March. All translation differences are taken to the Consolidated Statement of Comprehensive Net Expenditure.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

1.18 Pensions

Principal Civil Service Pension Scheme:

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

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Home Office is unable to identify its share of the underlying assets and liabilities. As a result the scheme is accounted for as a defined contribution scheme and the department recognises the contributions payable for the year. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>).

For 2011-12, employers' contributions were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's 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 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Employer contributions to the PCSPS are charged to the Statement of Comprehensive Net Expenditure as incurred at the relevant percentage of employees' pensionable pay.

Partnership and Stakeholder Schemes:

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

The Local Government Pension Scheme (LGPS) is a multi-employer defined benefit scheme and eligible ex-SOCA employees participate in a fund managed by the London Pensions Fund Authority (LPFA). These accounts provide for the full value of the expected future pension liabilities to the officers. Employer contributions to the LGPS Scheme are charged to the Statement of Comprehensive Net Expenditure as incurred at the relevant percentage of employees' pensionable pay as specified by the pension scheme administrators. Valuation of the scheme's net assets/liabilities is shown on the Statement of Financial Position.

Police Pension Scheme:

NPIA operate a defined benefit Police Pension Scheme for direct recruits from within the police service, identical to the Police Pension Scheme 1987. SOCA also operates the defined benefit Police Pension Scheme for former police officers. The cost of providing unfunded pension benefits is charged to Net Expenditure over the qualifying service life of the officer. The qualifying service for these pension benefits includes prior service with a police force in addition to service with SOCA or NPIA, although no funding is received from the officer's previous employer in relation to this past service.

These accounts provide for the full value of the expected future pensions liabilities of these officers and include a provision for future injury awards. The annual charge to the Statement of Comprehensive Net Expenditure is calculated so that the Statement of Financial Position provision reflects the proportion of the future pension liability relevant to accumulated qualifying service at the Statement of Financial Position date. The value of the scheme's liabilities has been calculated by the Government Actuary's Department.

Broadly By Analogy:

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

1.19 Home Office grants

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

The Home Office provides funding to Local Authorities to support activities provided locally to help achieve Home Office aims and objectives. Some of that funding takes the form of specific grants, which are provided directly by the department to Local Authorities to spend on specific activities, within prescribed terms and conditions. The remaining funding is provided through Area Based grants. This provides the Local Authorities with a greater degree of discretion over the precise nature of the activities funded. The department and other contributing departments channel their Area Based grant funding through a centrally pooled funding stream which is managed within the Department for Communities and Local Government (DCLG). DCLG is responsible for making the grant payments from the central Area based grant pool to the various Local Authorities, who are the Accountable Bodies in respect of Area Based grants. The roles and responsibilities of the contributing departments and DCLG are defined in a "Memorandum of Understanding between Departmental Accounting Officers". In 2011-12, those Local Authorities that did not have an Area Based grant also received Home Office funding through DCLG's centrally pooled freestanding Safer and Stronger Communities Fund (SSCF) arrangements; similar roles and responsibilities were agreed between the two departments.

National Policing Improvement Agency (NPIA) was funded in the financial year 2011-12 by taking a top-slice from the total funds available to provide for policing including grants to police authorities. The budgeted amount for the year was £405.3 million.

1.20 Value Added Tax

Most of the activities of the department are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.21 Corporation Tax

Home Office Executive NDPBs are corporate bodies and are subject to Corporation Tax under the Income and Corporation Taxes Act. The NDPBs are all registered for Corporation tax and are liable to account for corporation tax on all non statutory activities, bank interest received and property income.

1.22 Machinery of Government changes

Machinery of Government (MoG) changes which involve the transfer of functions or responsibilities between two or more government departments are accounted for in accordance using merger accounting in accordance with the FReM. The following MoG changes applied during the year:

the National Fraud Authority, formerly an executive agency of the Attorney-General's Office, transferred to the Home Office

the Government Equalities Office ceased to be a separate department and transferred to the Home Office

responsibility for issuing British passports overseas transferred from the Foreign and Commonwealth Office to the Home Office

1.23 Segmental Reporting

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

1.24 Intra-Government balances

Core and Agency Intra-Government balances have been derived from information obtained directly from the accounts payable and receivable sub-ledgers based on supplier and customer. Items which cannot be directly attributed to an individual supplier or customer are allocated on a proportional basis.

NDPB Intra-Government balances are obtained from their accounting systems.

1.25 Deferred Income

Income is recognised at the point at which any conditions attached to the grant have been met or, if there were no such conditions, on receipt. The grants, or elements of them, are shown as deferred income if at the year-end monies have been received, but where the conditions relating to the grant have not yet been met. In line with the FReM, the department no longer utilises the Government Grant Reserve to fund the depreciation of assets purchased.

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

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

IFRS7 – Financial Instruments: Disclosures became effective on 1 July 2011. This standard increased disclosure requirements for transfers of financial assets. Where entities have transferred financial assets outside of the legal body, disclosures are required to reflect the impact of this, particularly where the entity retains some form of interest in those assets. The FReM currently applies IFRS7 in full and the Home Office intends to continue to apply FReM advice and apply it to these increased disclosures

IFRS9 – Financial Instruments was issued in November 2009 and will become effective from January 2015. This IFRS has three phases. Phase 1 addresses classification and measurement issues. Phase 2 addresses impairments – in particular how impairments of financial assets should be calculated and recorded. Phase 3 addresses hedge accounting. IAS 39 previously contained guidance on Hedge Accounting – this will be updated with more detailed guidance and principles on hedge accounting, including guidance on accounting for certain hedging relationships. There are likely to be elements of the final proposals that will require further review by HM Treasury and the other relevant authorities before due process and consultation. However, this due process cannot commence until a final IFRS has been issued. The Home Office will apply the new standard in line with the FReM advice. Until this advice is received, the impact of applying this standard is not known.

IFRS10 – Consolidated Financial Statements was issued on 12 May 2011 and will become effective from 1 January 2013. The objective of this standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Home Office follows FReM guidance on consolidation and has consolidated its agencies and NDPBs in these accounts and expects to apply this standard in full.

IFRS11 – Joint Arrangements becomes effective on 1 January 2013. This provides a principles-based definition of joint arrangements based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted. Consultation is still ongoing on this standard and the Home Office waits for its outcome but will follow FReM advice as and when it is available.

IFRS12 – Disclosure of Interests in Other Entities becomes effective on 1 January 2013. This standard requires more disclosure of the financial effects on, and risks to, the consolidating entity. Consultation is still ongoing on this standard and the Home Office waits for its outcome but will follow FReM advice as and when it is available.

IFRS13 – Fair Value Measurement becomes effective on 1 January 2013. This standard has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise): It defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. Consultation is still ongoing on this standard and the Home Office waits for its outcome but will follow FReM advice as and when it is available.

2. Net outturn

2a. Analysis of net resource outturn by section

	Administration			Programme			Outturn	2011-12 Estimate		Restated 2010-11 Outturn
	Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net total compared to Estimate	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit										
Voted:										
A – Crime and Policing Group	35,234	(1,043)	34,191	5,642,170	(140,030)	5,502,140	5,536,331	5,611,794	75,463	5,667,865
B – Office for Security and Counter Terrorism	54,599	-	54,599	850,151	(24,197)	825,954	880,553	891,182	10,629	814,306
C – UK Border Agency	161,082	(171)	160,911	1,981,601	(830,726)	1,150,875	1,311,786	1,436,544	124,758	1,713,825
D – Criminal Records Bureau	6,472	-	6,472	105,479	(111,681)	(6,202)	270	(1,160)	(1,430)	14,405
E – Identity and Passport Service	48,673	(43,346)	5,327	286,587	(335,159)	(48,572)	(43,245)	(27,075)	16,170	7,692
F – Central Services	186,060	(34,724)	151,336	36,421	(16,456)	19,965	171,301	232,654	61,353	211,658
G – NDPB's (net)	127,523	-	127,523	769,161	-	769,161	896,684	881,754	(14,930)	914,066
H – Area Based Grants	-	-	-	66,909	-	66,909	66,909	59,300	(7,609)	71,806
I – National Fraud Authority	861	-	861	5,134	-	5,134	5,995	6,546	551	4,022
J – Government Equalities Office	7,338	-	7,338	1,248	-	1,248	8,586	11,415	2,829	11,127
K – European solidarity mechanism (net)	-	-	-	-	-	-	-	1	1	-
L – Central Services (net)	-	-	-	-	-	-	-	1	1	-
DUP	-	-	-	-	-	-	-	-	-	-
	627,842	(79,284)	548,558	9,744,861	(1,458,249)	8,286,612	8,835,170	9,102,956	267,786	9,430,772
Annually Managed Expenditure										
Voted:										
M – AME charges	-	-	-	1,423	-	1,423	1,423	64,401	62,978	155,384
N – AME charges NDPB's net	-	-	-	(628)	-	(628)	(628)	6,144	6,772	20,558
O – Police superannuation	-	-	-	1,059,297	-	1,059,297	1,059,297	1,132,000	72,703	653,674
	-	-	-	1,060,092	-	1,060,092	1,060,092	1,202,545	142,453	829,616
Total	627,842	(79,284)	548,558	10,804,953	(1,458,249)	9,346,704	9,895,262	10,305,501	410,239	10,260,388

2b. Analysis of net capital outturn by section

	Outturn			2011-12		2010-11
	Gross £000	Income £000	Net £000	Net Total £000	Estimate	Outturn
					Net total compared to Estimate £000	Net £000
Spending in Departmental Expenditure Limit						
Voted:						
A – Crime and Policing Group	105,852	-	105,852	95,106	(10,746)	175,481
B – Office for Security and Counter Terrorism	92,103	-	92,103	125,400	33,297	153,103
C – UK Border Agency	177,533	(4,345)	173,188	175,830	2,642	174,162
D – Criminal Records Bureau	1,931	-	1,931	-	(1,931)	4,054
E – Identity and Passport Service	23,435	(163)	23,272	23,900	628	69,317
F – Central Services	34,029	(25)	34,004	18,976	(15,028)	17,509
G – NDPB's (net)	63,825	-	63,825	68,310	4,485	95,645
H – Area Based Grants	-	-	-	-	-	-
I – National Fraud Authority	207	-	207	234	27	-
J – Government Equalities Office	-	-	-	-	-	67
K – European Solidarity Mechanism (net)	-	-	-	-	-	-
L – Central services (net)	-	-	-	-	-	-
DUP	-	-	-	-	-	-
Annually Managed Expenditure						
Voted:						
M – AME charges	-	-	-	-	-	-
N – AME charges NDPB's net	-	-	-	-	-	-
O – Police superannuation	-	-	-	-	-	-
Total	498,915	(4,533)	494,382	507,756	13,374	689,338

3. Reconciliation of outturn to net operating cost and against Administration Budget

3.1 Reconciliation of net resource outturn to net operating cost

		2011-12	Restated 2010-11
		£000	£000
		Outturn	Outturn
Net resource outturn in Statement of Parliamentary Supply	Budget	9,895,262	10,260,388
	Non-Budget	-	-
		9,895,262	10,260,388
Add:	Capital Grants	219,668	345,271
	PFI adjustments	-	8,512
		10,114,930	10,614,171
Less:	Income payable to the Consolidated Fund	112,766	76,966
	Capital Grant Income	1,478	-
	PFI adjustments	17,613	-
	Fine refunds to carriers	-	4
		131,857	76,970
Net operating cost in Consolidated Statement of Comprehensive Net Expenditure		9,983,073	10,537,201

3.2 Outturn against final Administration Budget

		2011-12	Restated 2010-11
		£000	£000
Note		Outturn	Outturn
	Administration costs limit – Estimate *	620,730	722,064
	Administration Costs	2 627,842	743,899
	Income relating to administration costs	2 (79,284)	(85,494)
Net outturn – administration costs		548,558	658,405
Reconciliation to operating costs:			
	Less: provisions utilised (transfer from Programme)	(18,107)	-
	Add: Capital Grant income	(1,478)	-
	Add: PFI adjustments	9,782	6,457
	Less: Admin Consolidated Fund Extra Receipts	-	(7)
Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure		538,755	664,855

* The 2010-11 Estimate was restated to account for the changes resulting from Clear Line of Sight (CLoS). Prior to this restatement the 2010-11 administration budget was £251.214 million.

4. Reconciliation of Consolidated Statement of Cash Flows to Net Cash Requirement

	2011-12	2010-11
	£000	£000
Net cash requirement – core department and agencies	(9,991,249)	(10,090,429)
From the Consolidated Fund (Supply) – current year	9,855,349	10,354,514
Amounts remitted to the Consolidated Fund (offset against Parliamentary Supply)	-	(155,261)
From the Consolidated Fund (Supply) – prior year	-	(3,245)
Amounts due to the Consolidated Fund received and not paid over	69,061	73,737
Amounts due to the Consolidated Fund received in prior year and paid over	(73,737)	(75,705)
Other – UKBA retained income	-	7,087
Other – Cash impact of GEO MOG transfer	-	(203)
Increase/(decrease) in cash held by core department and agencies	(140,576)	110,495
Add – Increase/(decrease) in cash held by arms length bodies	23,506	2,635
Net Increase/(decrease) in cash held by departmental group	(117,070)	113,130

5. Income payable to the Consolidated Fund

5.1 Analysis of income payable to the Consolidated Fund

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

		Outturn 2011-12	Restated Outturn 2010-11
		£000	£000
	Note	Income	Receipts
Operating income outside the ambit of the Estimate		74,573	<i>70,987</i>
Excess cash surrenderable to the Consolidated Fund		38,193	<i>38,193</i>
Total income payable to the Consolidated Fund		112,766	<i>109,180</i>
		76,966	<i>75,871</i>

5.2 Consolidated Fund Income

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

The Home Office collects Immigration Penalties and Civil Penalties. The department is not permitted to retain this income; it is surrendered to the Consolidated Fund. In accordance with HM Treasury guidelines, the income generated is not recognised in the Consolidated Statement of Comprehensive Net Expenditure; however, the net receivable due in respect of penalties raised, along with the receipt payable to the Consolidated Fund is recognised in the Consolidated Statement of Financial Position.

5.2.1 Penalties raised	2011-12	2010-11
	£000	£000
Immigration Penalties Raised	(2,550)	(3,314)
Civil Penalties Raised	(8,728)	(10,979)
Total Penalties Raised	(11,278)	(14,293)
less: Element retained by the Home Office	3,000	6,910
	(8,278)	(7,383)

5.2.2 Write-offs	2011-12	2010-11
	£000	£000
Immigration Penalties	20	76
Civil Penalties	4,702	7,011
	4,722	7,087

5.2.3 Receivables	2011-12	2010-11
	£000	£000
Immigration Penalties	592	1,228
Civil Penalties	22,593	25,527
	23,185	26,755
Accrued Income	140	972
less: Provision for Doubtful Receivables	(16,187)	(15,136)
	7,138	12,591

5.2.4 Payable to the Consolidated Fund	2011-12	2010-11
	£000	£000
Total Payable to the Consolidated Fund	7,138	12,591

6. Statement of Operating Costs by Operating Segment

for the year ended 31 March 2012

	Administration Expenditure £000	Programme Expenditure £000	Gross Expenditure £000	Income £000	2011-12 Net £000
Reportable Segment					
Crime and Policing Group	122,872	7,681,769	7,804,641	(287,107)	7,517,534
Criminal Records Bureau	6,469	104,231	110,700	(108,410)	2,290
Office for Security and Counter Terrorism	54,599	938,186	992,785	(25,073)	967,712
Border Force	40,976	575,389	616,365	(7,463)	608,902
UK Border Agency	107,987	1,427,728	1,535,715	(900,154)	635,561
Identity & Passport Service	48,715	278,389	327,104	(440,383)	(113,279)
National Fraud Authority	860	5,134	5,994	-	5,994
Central Home Office	241,301	167,574	408,875	(50,516)	358,359
Net Expenditure	623,779	11,178,400	11,802,179	(1,819,106)	9,983,073

Reconciliation between Operating Segments and Note 2

Capital Grants	-	(219,668)	(219,668)	-	(219,668)
PFI adjustment	(9,782)	27,395	17,613	-	17,613
Capital Grant income	-	-	-	1,478	1,478
Consolidated Fund Extra Receipts	-	-	-	112,766	112,766
NDPB income (reported as net expenditure in Note 2)	(4,262)	(142,776)	(147,038)	147,038	-
Provisions utilised adjustment	18,107	(18,107)	-	-	-
Actuarial Gain on police pension	-	7,670	7,670	(7,670)	-
EU Income (reported as net expenditure in Note 2)	-	(27,961)	(27,961)	27,961	-
Net Resource Outturn	627,842	10,804,953	11,432,795	(1,537,533)	9,895,262

	Total Assets £000	Total Liabilities £000	Net Assets £000
Reportable Segment			
Crime and Policing Group	664,447	(1,256,330)	(591,883)
Criminal Records Bureau	42,952	(7,341)	35,611
Office for Security and Counter Terrorism	23,181	(173,658)	(150,477)
Border Force	216,231	(111,030)	105,201
UK Border Agency	801,397	(489,482)	311,915
Identity & Passport Service	192,804	(91,024)	101,780
National Fraud Authority	501	(994)	(493)
Central Home Office	440,321	(436,031)	4,290
Total balance	2,381,834	(2,565,890)	(184,056)

for the year ended 31 March 2011

	Administration Expenditure £000	Programme Expenditure £000	Gross Expenditure £000	Income £000	Restated 2010-11 Net £000
Reportable Segment					
Crime and Policing Group	149,784	7,664,366	7,814,150	(209,283)	7,604,867
Criminal Records Bureau	9,011	118,336	127,347	(118,949)	8,398
Office for Security and Counter Terrorism	18,950	957,749	976,699	(16,848)	959,851
Border Force	35,123	815,005	850,128	(5,446)	844,682
UK Border Agency	153,264	1,615,768	1,769,032	(852,195)	916,837
Identity & Passport Service	75,183	371,512	446,695	(463,742)	(17,047)
National Fraud Authority	1,024	3,737	4,761	(739)	4,022
Central Home Office	308,017	44,017	352,124	(136,533)	215,591
Net Expenditure	750,356	11,590,580	12,340,936	(1,803,735)	10,537,201

Reconciliation to net resource outturn (note 2)

Capital Grants	-	(345,271)	(345,271)	-	(345,271)
PFI adjustment	(6,458)	(2,054)	(8,512)	-	(8,512)
Fine refunds to carriers	-	4	4	-	4
Consolidated Fund Extra Receipts	-	-	-	76,966	76,966
Actuarial Gain on police pension	-	66,920	66,920	(66,920)	-
NDPB income (reported as net expenditure in Note 2)	(71)	(114,729)	(114,800)	114,800	-
EU Income (reported as net expenditure in Note 2)	-	(22,605)	(22,605)	22,605	-
Net Resource Outturn	743,827	11,172,845	11,916,672	(1,656,284)	10,260,388

Costs incurred by the Home Office Shared Services Directorate within the Central Home Office in relation to accommodation, staff and IT costs are recharged to other parts of the Home Office based on usage.

	Total Assets £000	Total Liabilities £000	Net Assets £000
Reportable Segment			
Crime and Policing Group	721,636	(1,094,559)	(372,923)
Criminal Records Bureau	75,426	(15,108)	60,318
Office for Security and Counter Terrorism	28,409	(179,647)	(151,238)
Border Force	194,655	(151,736)	42,919
UK Border Agency	635,230	(410,901)	224,329
Identity & Passport Service	257,555	(80,214)	177,341
National Fraud Authority	239	(258)	(19)
Central Home Office	516,457	(623,612)	(107,155)
Total balance	2,429,607	(2,556,035)	(126,428)

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

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

Chapter 3 of the Annual Report outlines activities and performance across all reportable segments.

7. Staff numbers and related costs

Staff costs comprise:	2011-12					Restated
	£000					2010-11
	Departmental Group				Special advisers	Departmental Group
	Total	Permanently employed staff	Others	Ministers		Total
Wages and salaries	1,204,781	1,078,895	125,447	309	130	1,344,112
Social security costs	83,502	83,403	56	29	14	90,736
Other pension costs	218,735	218,639	68	-	28	207,925
Sub Total**	1,507,018	1,380,937	125,571	338	172	1,642,773
Less recoveries in respect of outward secondments	(1,774)	(1,774)	-	-	-	(3,568)
Total Net Costs*	1,505,244	1,379,163	125,571	338	172	1,639,205
Of which:						
Core Department	527,960	501,824	25,626	338	172	571,531
Agencies	583,843	524,585	59,258	-	-	690,185
NDPBs	393,441	352,754	40,687	-	-	377,489
	1,505,244	1,379,163	125,571	338	172	1,639,205
* Of which:						
Departmental Group -						
Charged to administration costs	338,171					390,931
Charged to programme costs	1,167,074					1,248,274
	1,505,245					1,639,205
Core Department & Agencies -						
Charged to administration costs	267,316					307,292
Charged to programme costs	844,488					954,424
	1,111,804					1,261,716
Core Department -						
Charged to administration costs	169,734					158,432
Charged to programme costs	358,226					413,099
	527,960					571,531

** The total amount of capitalised staff costs not included in the figures above is £4.6 million (£8.3 million in 2010-11).

Staff Costs by Business Segment	2011-12					Restated
	£000					2010-11
	Departmental Group				Special advisers	Departmental Group
Business Segment	Total	Permanently employed staff	Others	Ministers		Total
Crime and Policing Group	382,261	341,909	40,352	-	-	375,801
Office for Security and Counter-terrorism	30,661	25,184	5,477	-	-	30,961
Border Force	356,036	353,139	2,897	-	-	397,728
UK Border Agency	471,481	413,386	58,095	-	-	545,670
Identity & Passport Service	95,943	95,094	849	-	-	121,939
Criminal Records Bureau	16,149	15,980	169	-	-	21,581
National Fraud Authority	2,854	2,709	145	-	-	3,490
Total	1,355,385	1,247,401	107,984	-	-	1,497,170
Central Home Office	149,859	131,762	17,587	338	172	142,035
Total Staff Costs	1,505,244	1,379,163	125,571	338	172	1,639,205

Average number of persons employed

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

Business Segment	Total	Permanently employed staff	Others	Ministers	2011-12	Restated 2010-11
					Special advisers	Total
Crime and Policing Group	6,382	5,878	504	-	-	7,217
Office for Security and Counter-terrorism	546	479	67	-	-	574
Border Force	7,414	7,350	64	-	-	7,842
UK Border Agency	14,112	12,367	1,745	-	-	15,645
Identity & Passport Service	3,321	3,312	9	-	-	3,843
Criminal Records Bureau	542	541	1	-	-	644
National Fraud Authority	47	45	2	-	-	52
Central Home Office	3,028	2,809	211	6	2	3,236
Total	35,392	32,781	2,603	6	2	39,053
Of which:						
Core department	10,707	10,366	333	6	2	11,491
Agencies	17,962	16,205	1,757	-	-	20,123
NDPBs	6,723	6,210	513	-	-	7,439
Total	35,392	32,781	2,603	6	2	39,053

Included within the staff numbers above are 366 members of staff who were engaged in capital projects (314 in 2010-11).

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

Civil Service Compensation Scheme

Exit Package cost band	2011-12			2010-11		
	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	25	91	116	2	265	267
£10,000 – £25,000	10	717	727	3	711	714
£25,000 – £50,000	2	582	584	9	563	572
£50,000 – £100,000	-	279	279	5	463	468
£100,000 – £150,000	-	60	60	2	162	164
£150,000 – £200,000	1	12	13	-	59	59
£200,000 – £250,000	-	6	6	-	15	15
£250,000 – £300,000	-	1	1	-	4	4
£300,000 – £350,000	-	-	-	-	1	1
Total number of exit packages by type	38	1,748	1,786	21	2,243	2,264
Total resource cost (£000)	536	63,297	63,833	1,066	100,287	101,353

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. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

(a) Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Home Office is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2011-12, employer's contributions of £189 million were payable to the PCSPS (£205 million in 2010-11) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

(b) Partnership and Stakeholder Schemes

Employers can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2.55 million (£2.46 million in 2010-11) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £41.39k (£36.45k in 2010-11), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

There were £2.4k of contributions due to the partnership pension providers at 31 March 2012 (£2.9k in 2010-11).

30 persons (20 in 2010-11) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £55.3k (£45k in 2010-11).

(c) Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme and eligible ex-SOCA employees participate in a fund managed by the London Pensions Fund Authority (LPFA). In order to comply with the Government Financial Reporting Manual, the Home Office is required to provide in these accounts for the full value of the expected future pension liabilities to the officers. The LPFA have provided a valuation of the scheme assets as at 31 March 2012 showing net pension liability of £0.13 million (2010-11 scheme liability £0.01 million); this figure is reflected in the Statement of Financial Position.

The net scheme assets at 31 March

	2011-12	2010-11
	£000	£000
Present value of assets	924	888
Present value of liabilities	(1,056)	(837)
Net pension asset/(liability)	(132)	51
Movement in pension asset/reserve	(195)	188
Surplus/(loss) in Statement of Financial Position	(327)	239

The main assumptions used by the actuaries Barnett Waddingham, employed by LPFA, were as follows:

The net scheme assets at 31 March

	2011-12 %	2010-11 %
Inflation assumption	3.3	3.5
Rate of salaries increase	4.2	4.5
Rate of pensions increase	2.5	2.7
Discount rate	4.6	5.5

During 2011-12 employers' contributions of £0.041 million (2010-11 £0.038 million) were paid to the LPFA at 14.9% of pensionable pay (2010-11 14.9%). The contribution rate is determined by the fund actuary based on a three yearly actuarial valuation. Under pension fund regulations the contribution rates must be set to meet the overall liabilities of the fund. The latest formal valuation of the LPFA pension fund was at 31 March 2011. The fair value of assets held by the scheme at the beginning and end of the year is disclosed below, analysed by investment class, together with expected rate of return for each class for the subsequent period.

	Assets at 31 March 2012 £000	Expected rate of return 31 March 2012 %	Assets at 31 March 2011 £000	Expected rate of return 31 March 2011 %
Equities	675	6.3	612	7.4
Target rate portfolio/bonds	111	4.5	107	4.5
Alternative assets/property	129	5.3	124	6.4
Cash	9	3.0	27	3.0
Corporate bonds	-	-	18	5.5
Total	924	5.9	888	6.7

(d) Police Pension Scheme

SOCA and NPIA operate defined benefit Police Pension schemes for direct recruits from within the police service. The Police Pension schemes are identical to the Police Pension Scheme 1987.

As part of the scheme SOCA and NPIA accept liability for payment of the pension benefits in respect of the officers' past service with a police force, although no transfer values are payable from a former employer in respect to this liability, as well as pensionable service whilst employed by the agencies. Pension benefits will be paid as they fall due from the department's resources. In order to comply with the Government Financial Reporting Manual and accounts guidance, the department is required to provide in these accounts for the full value of the expected future pensions liabilities of these officers. The Government Actuary's Department (GAD) now value contingent injury awards as they came into payment. This change in practice is due to the adoption of IAS 19.

The main assumptions of these schemes are as follows:

	2011-12	2010-11
	%	%
Inflation assumption	2.00	2.65
Rate of salaries increase	4.25	4.90
Rate of pensions increase	2.00	2.65
Discount rate	4.85	5.60

<u>Pension liabilities</u>	2011-12	2010-11
	£000	£000
Present value of liabilities – police officers	512,430	499,841

Changes in Pension assets and liabilities for the year

The change in the pension liabilities resulting from operating and finance costs have been charged to the Consolidated Statement of Comprehensive Net Expenditure. The charge is reduced by contributions receivable in the year from active members.

	2011-12	2010-11
	£000	£000
<i>Expense recognised in Statement of Comprehensive Net Expenditure</i>		
Current service cost (net of participant's contributions)	11,040	(74,380)
Interest cost	27,790	25,090
Total	38,830	(49,290)
<i>Actuarial gain/(loss)</i>		
Experience gain/(loss) arising on pension liability	11,340	22,660
Changes in assumptions underlying the present value of pension liabilities	(3,670)	44,260
	7,670	66,920
Movement in the liabilities during the year		
Net liabilities at start of year	499,841	617,568
Current and past service cost	11,070	(57,960)
Pensions paid in the year	(18,628)	(18,470)
Net finance charge	27,817	25,742
Actuarial (gain)/loss	(7,670)	(67,039)
Net liabilities at end of year	512,430	499,841

(e) By Analogy Pension Scheme

The NPIA, IPCC and EHRC also operate a 'Broadly by Analogy' (BBA) Pension Scheme for the Chairman, this scheme is analogous with the Principal Civil Service Pension Scheme (PCSPS). The Chairman for NPIA, the current Chair of EHRC and former Chairs of legacy Commissions, and some former members of the Police Complaints Authority within IPCC, are provided pensions under this arrangement. The BBA pensions are unfunded, with benefits being paid as they fall due. Liabilities for the scheme rest with NPIA, EHRC and IPCC, and provision for these liabilities is reflected in the statement of financial position.

The By Analogy Pension arrangement is operated under broadly the same rules as the Principal Civil Service Pension Scheme (PCSPS). The benefits valued are those accrued up to 31 March 2012. 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 main assumptions used to assess liabilities as at 31 March 2012 were as follows:

	2011-12	2010-11
	%	%
Inflation assumption	2.00	2.65
Rate of salaries increase	4.25	4.90
Rate of pensions increase	2.00	2.65
Discount rate	4.85	5.60

Pension liabilities

	2011-12	2010-11
	£000	£000
Present value of liabilities	3,201	3,016

Total pension liabilities at 31 March

	2011-12	2010-11
	£000	£000
Police Pensions	512,430	499,841
LGPS	130	(51)
BBA scheme	3,201	3,016
	515,761	502,806

8. Other Administration Costs

		2011-12 £000			Restated 2010-11 £000		
	Note	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group
Rentals under operating leases		2,224	2,240	5,131	4,446	4,511	6,264
PFI & service charges		47,322	70,685	71,238	67,249	65,601	83,236
Non-cash items							
Depreciation		13,160	14,303	18,406	11,436	15,746	22,257
Amortisation		2,773	4,662	5,643	2,917	8,454	9,505
Impairment	16	4,289	4,289	4,289	315	4,207	5,538
(Profit) on disposal of property, plant and equipment		(10)	(147)	(179)	(739)	(740)	(612)
Loss on disposal of property, plant and equipment		-	-	1	-	24	52
PFI Interest charges		23,818	23,818	23,908	23,832	23,832	23,868
Finance lease interest charges		-	-	-	313	313	313
Notional charges		-	325	325	(2)	60	27
Auditor's remuneration and expenses		421	1,046	1,046	432	1,014	1,014
Provision movements	21	915	(1,081)	466	-	319	1,155
Bad debt movement		(258)	(335)	(375)	-	-	36
Other							
Publication stationery & printing		1,316	2,167	3,424	1,407	1,701	2,808
Facilities management and staff services		23,024	52,471	83,806	13,155	33,347	41,571
Travel, subsistence and hospitality		4,515	8,002	11,201	3,582	7,048	10,024
Professional fees		27,597	31,556	33,337	37,937	44,679	46,896
Auditor's remuneration and expenses		-	-	298	-	-	310
Media and IT		4,962	6,118	14,870	1,012	16,309	26,433
Early retirement costs		1,492	5,592	5,592	18,718	16,387	17,015
Other administration expenditure		669	(1,033)	3,181	15,990	48,810	61,715
Total		158,229	224,678	285,608	202,000	291,622	359,425

No remuneration has been paid to the National Audit Office for non-audit work (2010-11, £nil).

9. Programme Costs

		2011-12 £000			Restated 2010-11 £000		
	Note	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group
Rentals under operating leases		13,160	48,772	56,856	11,894	76,007	82,259
Interest charges		-	-	86	-	528	539
PFI & service charges		106,731	219,552	445,837	94,749	71,352	308,012
Non-cash items							
Depreciation		35,058	81,105	151,901	31,949	104,792	173,481
Amortisation		11,792	45,417	66,430	11,571	41,046	47,657
Impairment	16	713	1,261	16,048	277,135	341,107	359,170
(Profit) on disposal of property, plant and equipment		(6)	(6)	(296)	(7)	889	499
Loss on disposal of property, plant and equipment		-	-	17	-	9,197	11,351
PFI Interest charges		10,401	47,249	47,716	1,405	651	1,138
Finance lease interest charge		531	7,273	7,273	642	6,712	6,712
Notional charges		-	-	3	-	376	233
Provision movements	21	64,913	84,310	91,520	87,637	106,304	114,569
Bad debt movement		489	5,537	5,525	(1,864)	(208)	277
Grants							
Grants – current		7,269,691	7,386,185	6,551,842	7,342,609	7,768,072	6,823,134
Grants – capital		219,669	219,669	219,669	336,419	333,991	344,502
Grants – EU		-	27,961	27,961	-	21,974	21,974
Grants – pension costs		1,059,297	1,059,297	1,059,297	720,589	720,589	720,589
Other							
Publication stationery and printing		630	4,085	6,164	823	14,671	16,460
Facilities management and staff services		49,957	222,637	274,930	76,509	190,094	255,004
Travel, subsistence and hospitality		10,151	18,320	44,647	14,852	44,892	73,331
Professional fees		24,033	95,089	102,104	31,191	84,181	95,485
Auditor's remuneration and expenses		-	-	183	-	-	189
Media and IT		5,491	2,392	143,122	31,051	150,634	268,359
Early Retirement		13,615	55,641	55,641	31,599	29,886	30,098
Other programme costs		70,117	668,900	636,850	72,261	619,373	587,284
Total		8,966,433	10,300,646	10,011,326	9,173,014	10,737,110	10,342,306

No remuneration has been paid to the National Audit Office for non-audit work (2010-11, £nil).

10.1 Income

	2011-12 £000			2010-11 £000		
	Core Department Total	Core Dept. & Agencies Total	Departmental Group	Core Department Total	Core Dept. & Agencies Total	Departmental Group
Retained Income						
Passport fees	-	378,018	378,018	-	325,499	325,499
Other administration income	35,911	80,762	85,024	15,957	84,865	85,499
Programme income	213,751	1,105,944	1,215,164	216,467	1,170,101	1,293,166
EU income	429	28,134	28,134	-	22,031	22,605
Total Retained Income	250,091	1,592,858	1,706,340	232,424	1,602,496	1,726,769
Payable to Consolidated Fund						
Passport fees	-	64,240	64,240	-	63,906	63,906
Excess receipts	4,914	38,193	38,193	-	-	-
Other administration income	-	-	-	-	-	-
Other programme income	10,281	10,324	10,333	11,782	13,053	13,053
Other CFER receipts	-	-	-	-	7	7
Total payable to Consolidated Fund	15,195	112,757	112,766	11,782	76,966	76,966
Total	265,286	1,705,615	1,819,106	244,206	1,679,462	1,803,735
Of which						
Administration income	35,911	80,762	85,024	15,957	84,865	85,499
Programme income	229,375	1,624,853	1,734,082	228,249	1,594,597	1,718,236
	265,286	1,705,615	1,819,106	244,206	1,679,462	1,803,735

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

Segment		Note	2011-12				
			Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	Fee recovery target %
Core Home Office	Animal Licences (scientific procedures)		4,000	3,842	158	104	100
Core Home Office	Border Force	2	2,726	2,597	129	105	100
CRB	CRB Disclosures – Enhanced	3	103,972	105,685	(1,713)	98	100
CRB	CRB Disclosures – Standard		6,549	5,349	1,200	122	100
CRB	CRB Disclosures – ISA Adult First	4	1,161	878	283	132	100
UKBA	UKBA International Group – Visas	5	428,580	416,550	12,030	103	100
UKBA	UKBA Immigration Group	6	433,734	206,072	227,662	210	184
IPS	Passports	7	427,254	378,131	49,123	113	100
IPS	Certificate Services	8	16,947	23,349	(6,402)	73	100
NDPB	NPIA – Information Services	9	113,085	406,245	(293,160)	28	100
NDPB	NPIA – People Development	10	19,585	36,091	(16,506)	54	100
NDPB	SIA – Licensing Income		31,410	26,363	5,047	119	100
NDPB	SIA – ACS Income	11	2,271	1,985	286	114	100
			1,591,274	1,613,137	(21,863)		

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 £1m have been excluded from this analysis.

Notes:

- 1) The Central Home Office Perimeter Detection System included in 2010-11 no longer meets the £1m threshold for disclosure.
- 2) Border Force charges Airline Carriers for the costs of detaining passengers arriving in the UK without the required UK entry documentation and also for charges for the cost of providing fast track services. The cost recovery target is 100%.
- 3) An enhanced CRB check provides information held on the Police National Computer, local police forces and other agencies and barred lists maintained by ISA if requested. These checks are for prescribed positions such as persons who work in regulated activity with children or vulnerable adults or reflect statutory requirements from other organisations.
- 4) ISA Adult first is a service provided to the health sector that allows an individual to be checked against the ISA adults' barring list. This service is only available to organisations within the health sector and requests for the check must fulfill strict criteria.
- 5) UKBA International Group is responsible for issuing Visas. The Group's cost recovery target is 100% and until the end of August 2010 certain fees included a surcharge to fund the Government's Migration Impact Fund (MIF).
- 6) UKBA Immigration Group deals with UK based applications for permanent settlement and Nationality applications. The Group's cost recovery target is 184% with the additional income from fees contributing to the overhead costs within the Agency.
- 7) 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.

- 8) 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.
- 9) NPIA Information Services includes the Airwave radio service, fingerprint identification, the Police National Computer, police science and forensics as well as project support and IT systems.
- 10) NPIA People Development includes exams and assessments, learning and development services and leadership development services.
- 11) 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.
- 12) The 2010-11 figures have been restated to include SIA income.

Segment		Income £000	Full Cost £000	Surplus / (deficit) £000	Restated 2010-11	
					Fee recovery actual %	Fee recovery target %
Core Home Office	Perimeter detection system	1,399	1,655	(256)	85	100
Core Home Office	Animal Licences (scientific procedures)	4,057	3,895	162	104	100
Core Home Office	UKBA Border Force	2,525	3,059	(534)	83	100
CRB	CRB Disclosures – Enhanced	125,210	126,552	(1,342)	99	100
CRB	CRB Disclosures – Standard	5,210	4,264	946	122	100
CRB	CRB Disclosures – ISA Adult First	1,420	1,157	263	123	100
UKBA	UKBA International Group – Visas	399,321	407,319	(7,998)	98	100
UKBA	UKBA Immigration Group	413,364	221,408	191,956	187	184
IPS	Passports	403,087	383,776	19,311	105	100
IPS	Certificate Services	18,240	26,062	(7,822)	70	100
NDPB	NPIA – Information Services	113,776	426,275	(312,499)	27	100
NDPB	NPIA – People Development	17,906	41,371	(23,465)	43	100
NDPB	SIA – Licensing Income	26,558	27,099	(541)	98	100
NDPB	SIA – ACS Income	2,275	2,049	226	111	100
		1,534,348	1,675,941	(141,593)		

Analysis of 2011-12 income streams by Segment

Segment		Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	Fee recovery target %
Core	Core Home Office	6,726	6,439	287	104	100
CRB	Criminal Records Bureau	111,682	111,912	(230)	100	100
UKBA	UK Border Agency	862,314	622,622	239,692	138	128
IPS	Identity and Passport Service	444,201	401,480	42,721	111	100
NDPB	NPIA	132,670	442,336	(309,666)	30	100
NDPB	SIA	33,681	28,348	5,333	119	100
		1,591,274	1,613,137	(21,863)		

Analysis of 2010-11 income streams by Segment

Segment		Income £000	Full Cost £000	Surplus / (deficit) £000	Fee recovery actual %	Fee recovery target %
HO	Central Home Office	7,981	5,550	2,431	144	100
CRB	Criminal Records Bureau	131,840	131,973	(133)	100	100
UKBA	UK Border Agency	812,685	631,786	180,899	129	128
IPS	Identity and Passport Service	421,327	409,838	11,489	103	100
NDPB	NPIA	131,682	467,646	(335,964)	28	100
NDPB	SIA	28,833	29,148	(315)	99	100
		1,534,348	1,675,941	(141,593)		

11. Assets held for sale

	2011-12			2010-11			2009-10
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Departmental Group £000
Land	–	–	–	–	–	–	5,406
Buildings	–	–	–	–	–	–	723
Vehicles	–	–	–	–	–	–	–
Information technology	–	–	–	–	–	–	–
Plant and equipment	–	–	–	–	45	45	–
Furniture and fittings	–	–	–	–	–	–	–
Assets under construction	–	–	–	–	–	–	–
	–	–	–	–	45	45	6,129

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

At 31 March 2012, the department had no assets held for sale.

12. Property, plant and equipment

2011-12
Departmental
Group

	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2011	46,052	1,032,647	81,670	606,208	286,159	85,109	141,598	2,279,443
Additions	-	24,708	2,431	22,297	16,094	3,787	40,158	109,475
Disposals	-	(18,850)	(3,700)	(14,099)	(18,547)	(3,075)	(414)	(58,685)
Impairment	(744)	(13,496)	-	(2,280)	(27)	(4,693)	(4,524)	(25,764)
External transfers	-	-	1	920	(1,150)	-	538	309
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Reclassifications	5	17,886	(303)	23,997	4,729	5,101	(48,228)	3,187
Revaluations	2,769	21,369	1,327	(3,235)	6,751	527	544	30,052
At 31 March 2012	48,082	1,064,264	81,426	633,808	294,009	86,756	129,672	2,338,017
Depreciation								
At 1 April 2011	-	(405,216)	(55,575)	(280,961)	(134,413)	(53,112)	-	(929,277)
Charged in year	-	(37,661)	(7,670)	(77,314)	(36,655)	(11,007)	-	(170,307)
Disposals	-	16,548	3,295	13,837	18,196	2,851	-	54,727
Impairment	-	6,312	-	1,829	20	4,372	-	12,533
External transfers	-	-	-	(293)	272	-	-	(21)
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Reclassifications	-	-	208	1,461	(208)	-	-	1,461
Revaluations	-	(4,769)	(252)	2,772	(2,350)	(313)	-	(4,912)
At 31 March 2012	-	(424,786)	(59,994)	(338,669)	(155,138)	(57,209)	-	(1,035,796)
Net book value at 31 March 2012	48,082	639,478	21,432	295,139	138,871	29,547	129,672	1,302,221
Net book value at 1 April 2011	46,052	627,431	26,095	325,247	151,746	31,997	141,598	1,350,166
Asset financing:								
Owned	48,082	367,819	21,432	97,451	122,614	22,744	129,672	809,814
Finance leased	-	75,930	-	47	-	128	-	76,105
On balance sheet PFI/other concession arrangements	-	195,729	-	197,641	16,257	6,675	-	416,302
Net book value at 31 March 2012	48,082	639,478	21,432	295,139	138,871	29,547	129,672	1,302,221
Analysis of property, plant and equipment at 31 March 2012								
Of the total:								
Core department	3,598	215,857	10,398	25,321	116,986	9,008	25,910	407,078
Agencies	36,823	294,075	1,088	82,370	11,367	11,161	83,329	520,213
Non-Departmental Public Bodies	7,661	129,546	9,946	187,448	10,518	9,378	20,433	374,930
Net book value at 31 March 2012	48,082	639,478	21,432	295,139	138,871	29,547	129,672	1,302,221

Restated
2010-11
Departmental
Group

	Land £000	Buildings £000	Vehicles £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2010	54,884	1,546,213	79,458	667,440	224,914	86,723	419,964	3,079,596
Additions	3,100	42,782	4,344	49,964	25,209	5,631	41,491	172,521
Disposals	-	(359,631)	(5,054)	(142,030)	(66,382)	(9,383)	(767)	(583,247)
Impairment	(1,548)	(37,009)	-	(23,116)	(3)	(126)	(75,932)	(137,734)
External transfers	(6,309)	15,275	1,600	3,944	1,541	1,234	(9,907)	7,378
Transfers to assets held for sale	(30)	(25)	-	-	-	-	-	(55)
Reclassifications	1,728	46,414	697	52,740	91,007	586	(232,776)	(39,604)
Revaluations	(5,773)	(221,372)	625	(2,734)	9,873	444	(475)	(219,412)
At 31 March 2011	46,052	1,032,647	81,670	606,208	286,159	85,109	141,598	2,279,443
Depreciation								
At 1 April 2010	-	(928,889)	(51,935)	(362,416)	(140,597)	(50,943)	-	(1,534,780)
Charged in year	-	(43,623)	(8,171)	(88,894)	(43,888)	(11,159)	-	(195,738)
Disposals	-	359,016	4,481	139,108	65,089	9,319	-	577,013
Impairment	-	227	-	737	-	-	-	964
External transfers	-	8,740	(3)	454	33	(123)	-	9,104
Transfers to assets held for sale	-	17	-	-	-	-	-	17
Reclassifications	-	-	1	11,575	(11,513)	-	-	63
Revaluations	-	199,296	52	18,475	(3,537)	(206)	-	214,080
At 31 March 2011	-	(405,216)	(55,575)	(280,961)	(134,413)	(53,112)	-	(929,277)
Net book value at 31 March 2011	46,052	627,431	26,095	325,247	151,746	31,997	141,598	1,350,166
Net book value at 1 April 2010	54,884	617,324	27,523	305,024	84,317	35,780	419,964	1,544,816
Asset financing:								
Owned	46,052	364,162	26,095	107,597	130,651	23,240	141,598	839,395
Finance leased	-	75,935	-	309	-	21	-	76,265
On balance sheet PFI/other concession arrangements	-	187,334	-	217,341	21,095	8,736	-	434,506
Net book value at 31 March 2011	46,052	627,431	26,095	325,247	151,746	31,997	141,598	1,350,166
Analysis of property, plant and equipment at 31 March 2011								
Of the total:								
Core department	1,675	214,115	12,483	35,643	119,523	10,609	28,170	422,218
Agencies	35,972	285,130	1,226	81,345	12,941	11,043	90,671	518,328
Non-Departmental Public Bodies	8,405	128,186	12,386	208,259	19,282	10,345	22,757	409,620
Net book value at 31 March 2011	46,052	627,431	26,095	325,247	151,746	31,997	141,598	1,350,166

Buildings comprises freehold, long leasehold (leases with 50+ years to run from the year ending 31 December) and short leasehold buildings.

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

Assets under Construction comprise capital additions for projects that have not yet gone live. As assets are taken into service they are reclassified to the appropriate asset category and are subject to depreciation.

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

13. Intangible assets

2011-12
Departmental Group

	Information Technology £000	Software Licenses £000	Website Develop £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation					
At 1 April 2011	323,032	97,832	236	248,282	669,382
Additions	16,865	42,884	143	124,631	184,523
Donations	-	-	-	-	-
Disposals	(7,932)	(1,263)	-	(93)	(9,288)
Impairments	(162)	(23)	-	(7,060)	(7,245)
Reclassifications	82,726	2,004	-	(87,917)	(3,187)
Transfers	(3,329)	2,871	-	54	(404)
Revaluations	4,526	6,485	-	-	11,011
At 31 March 2012	415,726	150,790	379	277,897	844,792
Amortisation					
At 1 April 2011	(190,107)	(39,820)	(40)	-	(229,967)
Charged in year	(38,057)	(33,958)	(58)	-	(72,073)
Disposals	7,916	894	-	-	8,810
Impairments	128	11	-	-	139
Reclassifications	(1,461)	-	-	-	(1,461)
Transfers	741	(609)	-	-	132
Revaluations	(4,151)	(1,554)	-	-	(5,705)
At 31 March 2012	(224,991)	(75,036)	(98)	-	(300,125)
Net book value at 31 March 2012	190,735	75,754	281	277,897	544,667
Net book value at 1 April 2011	132,925	58,012	196	248,282	439,415
Asset financing:					
Owned	172,277	74,944	281	277,897	525,399
Finance leased	-	-	-	-	-
On balance sheet PFI/other concession arrangements	18,458	810	-	-	19,268
Net book value at 31 March 2012	190,735	75,754	281	277,897	544,667
Analysis of intangible assets at 31 March 2012					
Of the total:					
Core department	4,449	22,013	-	32,106	58,568
Agencies	123,814	29,779	281	186,010	339,884
Non-Departmental Public Bodies	62,472	23,962	-	59,781	146,215
Net book value at 31 March 2012	190,735	75,754	281	277,897	544,667

Restated
2010-11
Departmental Group

	Information Technology £000	Software Licenses £000	Website Develop £000	Payments on Account & Assets under Construction	Total £000
Cost or valuation					
At 1 April 2010	216,049	183,087	169	284,573	683,878
Additions	10,255	15,314	67	157,841	183,477
Donations	-	-	-	-	-
Disposals	(1,051)	(1,030)	-	(4,224)	(6,305)
Impairments	(2,389)	(112,601)	-	(86,086)	(201,076)
Reclassifications	95,969	(5,069)	-	(51,504)	39,396
Transfers	654	18,115	-	(52,143)	(33,374)
Revaluations	3,545	16	-	(175)	3,386
At 31 March 2011	323,032	97,832	236	248,282	669,382
Amortisation					
At 1 April 2010	(135,215)	(36,742)	-	-	(171,957)
Charged in year	(52,430)	(4,692)	(40)	-	(57,162)
Disposals	1,037	885	-	-	1,922
Impairments	297	908	-	-	1,205
Reclassifications	(3,195)	3,342	-	-	147
Transfers	223	-	-	-	223
Revaluations	(824)	(3,521)	-	-	(4,345)
At 31 March 2011	(190,107)	(39,820)	(40)	-	(229,967)
Net book value at 31 March 2011	132,925	58,012	196	248,282	439,415
Net book value at 1 April 2010	80,834	146,345	169	284,573	511,921
Analysis of intangible assets at 31 March 2011					
Of the total:					
Core department	3,056	24,044	-	6,048	33,148
Agencies	91,380	711	196	158,002	250,289
Non-Departmental Public Bodies	38,489	33,256	-	84,232	155,978
Net book value at 31 March 2011	132,925	58,011	196	248,282	439,415

In 2010-11 there was a large impairment related to the termination of the e-Borders contract with Raytheon Systems Ltd. See Note 29 for more information.

There were no related impairments in 2011-12.

14. Financial instruments

Risk Management Objectives and Policies

The FReM requires disclosure of the objectives and policies of an entity in holding financial instruments, and the role financial instruments have had during the period in creating or changing the risks the entity faces in undertaking its activities.

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 to buy non-financial items in line with the department's expected purchase and usage requirements and the department is, therefore, exposed to little credit, liquidity or market risk.

Market Risk – Currency Risk

The majority of the department's foreign currency transactions are undertaken by UKBA. All foreign currency transactions are accounted for in accordance with accounting policy 1.18. The agency has a number of transactions in currencies other than Sterling, which are explained below.

1. UKBA International Group has a large number of foreign currency transactions. Salaries for locally engaged staff and most overseas expenditure are covered by a Service Level Agreement with the Foreign and Commonwealth Office (FCO). The rates are agreed annually and adjusted for exchange rate movements. The FCO collect visa fee income on the agency's behalf, and the department manages the risk to reduce exchange loss.
2. UKBA International Group use two large commercial partners to deliver their service around the world. One contract charges the agency a fixed monthly fee, and therefore they hold the risks.
3. The UKBA's Border Force has a number of properties which are rented overseas. These properties are rented in their local currency, and all bills are paid for in the local currency. The agency bears the currency risk.
4. The UKBA receives grants from the EU, which funds projects carried out by third parties as well as projects carried out by the agency. The risk of currency fluctuation is borne by the agency, as the amounts are agreed in euros and reported back to the EU in euros. The only items above which are deemed to have significant currency risk relate to items (2) and (3). A sensitivity analysis has been prepared below to show the net effect on the Consolidated Statement of Comprehensive Net Expenditure of changes to the exchange rate.

	Value per accounts	Value if exchange rate reduced by 1%	Value if exchange rate increased by 1%
(2) One Commercial Partner	18,761	18,576	18,949
(3) EU Income	(27,270)	(27,000)	(27,543)
Net charge to CSCNE	(8,509)	(8,424)	(8,594)

Credit risk

There are no significant concentrations of credit risk within the department unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the period end. Credit risks arising from acting as a guarantor are disclosed in the contingent liabilities note.

31 March 2012

	Loans and receivables £000	Equity investments £000	Amortised cost £000	Total book value £000	Fair value £000
Financial assets					
Cash	134,732	-	-	134,732	134,732
Investments	-	468	-	468	468
Trade and other receivables	233,511	-	-	233,511	233,511
Financial liabilities					
Bank overdraft	-	-	(219)	(219)	(219)
Finance lease and hire purchase obligations	-	-	(358,004)	(358,004)	(358,004)
Trade and other payables	-	-	(1,234,987)	(1,234,987)	(1,234,987)
	368,243	468	(1,593,210)	(1,224,499)	(1,224,499)

As per IFRS 7.37, an aged debt analysis of trade and other receivables categories from note 18 as at 31 March 2012 is included below. This analysis does not include accrued income, staff receivables, VAT receivables, PFI receivables and receivables from other government departments.

	0-30 days £000	31-60 days £000	After 60 days £000	Total £000
Financial Assets				
Trade and other receivables	118,944	10,360	12,720	142,024

31 March 2011

	Loans and receivables £000	Equity investments £000	Amortised cost £000	Total book value £000	Restated Fair value £000
Financial assets					
Cash	252,863	-	-	252,863	252,863
Investments	-	428	-	428	428
Trade and other receivables	168,100	-	-	168,100	168,100
Financial liabilities					
Bank overdraft	-	-	(1,280)	(1,280)	(1,280)
Finance lease and hire purchase obligations	-	-	(367,460)	(367,460)	(367,460)
Trade and other payables	-	-	(1,103,741)	(1,103,741)	(1,103,741)
	420,963	428	(1,472,481)	(1,051,090)	(1,051,090)

* All assets and liabilities are sterling denominated. Amortised costs are quoted at current day prices.

15. Investments in other public sector bodies

	Forensic Science Service Ltd (FSS)		NPIA Investments	Total £000
	Share Capital £000	Loan Stock £000	Share Capital £000	
Balance at 1 April 2010	1	18,067	393	18,461
Additions	10,000	-	34	10,034
Loan repayments	-	-	-	-
Impairments	(10,000)	(18,067)	-	(28,067)
Loans repayable within 12 months transferred to receivables	-	-	-	-
Balance at 31 March 2011	1	-	427	428
Additions	-	-	40	40
Loan repayments	-	-	-	-
Impairments	-	-	-	-
Loans repayable within 12 months transferred to receivables	-	-	-	-
Balance at 31 March 2012	1	-	467	468

The department's share of the net assets and results of the Forensic Science Service Ltd (FSS) is summarised below, along with a summary of NPIA investments.

	FSS £000
Net Liabilities at 31 March 2011 (unaudited)	(71,760)
Turnover	87,345
Deficit/loss for the year (before financing)	(98,952)

NPIA Investments	31st March 2012 £'000	31st March 2011 £'000
Non-Current Financial Assets		
Common Investment Funds	454	414
Charity Funds	13	13
	467	427

The FSS, formerly an Executive Agency of the Home Office, was vested as a Government-owned Company (Gov Co) in December 2005. The move to Gov Co status was agreed as the most appropriate structure to enable the FSS to operate as a corporate entity, at arms length from government, but under robust and appropriate shareholder control.

The Ministerial decision to formally wind down the FSS by March 2012 was announced on 14 December 2010. Where possible FSS assets or business segments have been sold or transferred to the Private Sector. The FSS ceased to exist operational activity on 31 March 2012.

The NPIA owns non-current investments of £467,000 in unit trusts held as investments for charities by the Police Training Authority Trust within the NPIA.

16. Impairments

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

	Note	2011-12 £000	2010-11 £000
Charged to the Consolidated Statement of Comprehensive Net Expenditure	8, 9	20,337	364,708
Charged to the Revaluation Reserve		3,885	47,671
		<u>24,222</u>	<u>412,379</u>

Segmental analysis

	2011-12 £000	2010-11 £000
Crime and Policing Group	18,612	49,008
Criminal Records Bureau	43	9,044
Office for Security and Counter Terrorism	-	(131)
UK Border Agency	560	59,311
Border Force	146	203,949
Identity and Passport Service	3,235	39,646
Central Home Office	1,626	51,552
Total	<u>24,222</u>	<u>412,379</u>

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

	2011-12 £000	2010-11 £000
Property, Plant and Equipment – Land	744	6,248
Property, Plant and Equipment – Buildings	7,184	63,730
Property, Plant and Equipment – Vehicles	-	41
Property, Plant and Equipment – IT	3,853	34,325
Property, Plant and Equipment – Plant and Machinery	207	3
Property, Plant and Equipment – Furniture and Fittings	321	126
Property, Plant and Equipment – Assets under construction	4,926	115,286
Intangible – IT	236	15,949
Intangible – Software	52	107,847
Intangible Assets under Construction	6,699	40,757
Investments	-	28,067
	<u>24,222</u>	<u>412,379</u>

Impairments in 2011-12 amounted to £24.2 million. There were no material impairments. The material impairments for 2010-11 are explained below.

UKBA e-Borders contract

A significant element of the impairments disclosed above relate to £207 million written down in respect of the termination of the e-Borders contract.

Vetting and Barring Scheme (VBS)

On 15 June 2010, the government announced a fundamental review of the VBS scheme. On 11 February 2011 this review concluded that registration and monitoring of individuals working with children and vulnerable adults would be scrapped. This termination has resulted in IT systems being written down at a cost of £41 million.

Forensic Science Service (FSS)

A Ministerial decision was announced on 14 December 2010 to wind down the FSS by 31 March 2012. As a result there was a £18 million write-down to the value of loan stock held. In addition, during the year a £10 million capital investment was made that was subsequently written off.

Identity Card Scheme

Following the closure of the Identity Card Scheme and the 2nd Biometric Programme, the Identity & Passport Service made the following impairments:

- Identity Card assets were impaired by £16 million, either being destroyed or sold to third parties in the case of non-specialised asset
- National Identity Assurance Service (NIAS) assets were impaired by £12 million before transfer to UKBA at fair value on 1 September 2010

UKBA Detention Centres

Included within impairments are reductions in the value of five detention centres due to changes in the valuation methodology. The value of these impairments is £15 million.

17. Inventories

	31 March 2012			31 March 2011			31 March 2010
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Departmental Group £000
Finished goods and goods for resale	-	7,198	7,198	-	7,284	7,284	8,988
Work in Progress	-	1,109	1,109	-	274	274	493
	-	8,307	8,307	-	7,558	7,558	9,481

18. Trade receivables and other current assets

	31 March 2012			Restated 31 March 2011			Restated
	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group	31 March 2010
	£000			£000			£000
Amounts falling due within one year:							
Trade receivables	33,395	80,260	100,669	24,638	19,245	41,600	35,247
VAT receivables net of creditors	33,205	33,174	33,174	65,280	87,861	88,491	47,998
Staff receivables	4,256	9,336	9,435	7,828	12,970	12,970	11,917
Receivables – government departments	27,123	28,495	28,495	3,603	26,900	26,900	21,767
Other receivables	9,260	11,127	10,249	8,639	16,479	22,510	49,872
Prepayments and accrued income	68,229	167,354	177,940	101,422	152,806	181,101	564,887
Current part of PFI and other service concession arrangements prepayment	-	-	1,147	-	-	150	42
Amounts due from the Consolidated Fund in respect of supply	26,660	26,660	26,660	420	420	420	546
	<u>202,128</u>	<u>356,406</u>	<u>387,769</u>	<u>211,830</u>	<u>316,681</u>	<u>374,142</u>	<u>732,276</u>
			31 March 2012			31 March 2011	31 March 2010
			£000			£000	£000
	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group	Departmental Group
Amounts falling due after more than one year:							
Trade receivables	-	-	-	-	-	-	-
Other receivables	-	-	45	-	-	4,990	6,551
Staff receivables	-	-	-	-	-	-	-
Receivables government departments	-	-	-	-	-	-	-
Prepayments and accrued income	-	-	3,625	-	-	-	-
	<u>-</u>	<u>-</u>	<u>3,670</u>	<u>-</u>	<u>-</u>	<u>4,990</u>	<u>6,551</u>

18.1 Intra-Government balances

	31 March 2012			Restated 31 March 2011			Restated 31 March 2010
	Core department	Core Dept. & Agencies	Departmental Group	Core department	Core Dept. & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Current							
Balances with other central government bodies	117,536	124,590	124,848	139,847	212,887	235,300	172,321
Balances with local authorities	41,746	46,306	54,833	8,704	13,613	23,723	426,785
Balances with NHS Bodies	-	1,116	1,141	-	1,016	1,048	3,621
Balances with public corporations and trading funds	14	339	364	5,094	5,112	5,155	354
<i>Subtotal: intra-government balances</i>	159,296	172,351	181,186	153,645	232,628	265,226	603,081
Balances with bodies external to government	42,832	184,055	206,583	58,185	84,053	108,916	129,195
Total receivables at 31 March	202,128	356,406	387,769	211,830	316,681	374,142	732,276
	31 March 2012			31 March 2011			31 March 2010
	Core department	Core Dept. & Agencies	Departmental Group	Core department	Core Dept. & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Non-current							
Balances with other central government bodies	-	-	-	-	-	-	-
Balances with local authorities	-	-	-	-	-	-	-
Balances with NHS Bodies	-	-	-	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-	-	-	-
<i>Subtotal: intra-government balances</i>	-	-	-	-	-	-	-
Balances with bodies external to government	-	-	3,670	-	-	4,990	6,551
Total receivables at 31 March	-	-	3,670	-	-	4,990	6,551

Included within receivables is £10.7 million (2010-11: £47.3 million) that will be due to the Consolidated Fund once debts are collected.

19. Cash and cash equivalents

	2011-12			Restated 2010-11		
	£000			£000		
	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	121,889	201,175	252,863	15,222	96,679	145,732
Net change in cash and cash equivalent balances	(67,649)	(146,313)	(118,131)	106,667	104,496	107,131
Balance at 31 March	54,240	54,862	134,732	121,889	201,175	252,863
The following balances at 31 March were held at:						
Government Banking Service (GBS)	53,909	54,420	56,087	114,325	114,325	151,494
Commercial banks and cash in hand	331	442	78,645	7,564	86,850	101,369
Balance at 31 March	54,240	54,862	134,732	121,889	201,175	252,863

20. Trade payables and other current liabilities

	2011-12			Restated 2010-11			Restated 2009-10
	Core Department	Core Dept. & Agencies	Departmental Group	Core Department	Core Dept. & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Amounts falling due within one year:							
Other taxation and social security	-	-	11,048	62,266	62,266	71,381	57,742
Trade payables	26,027	42,063	45,601	43,845	71,631	91,098	159,225
Other payables	9	28	(3,396)	10,122	12,497	13,012	36,785
Overdraft	-	-	219	-	1,280	1,280	7,279
Staff payables	-	-	446	705	705	2,309	2,395
Accruals and deferred income	851,754	1,250,395	1,320,780	644,849	942,377	1,024,618	1,097,318
Unpaid pension contributions	-	-	1	226	226	226	196
Payables – government departments	8	12,299	19,630	34,166	14,247	14,247	40,764
Current part of finance leases	638	9,062	9,304	657	7,287	7,287	14,100
Current part of imputed finance lease element of on balance sheet PFI contracts and other service concession arrangements	31,938	40,644	43,245	32,400	49,863	52,541	34,496
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	-	-	109,241	109,241	109,241	3,245
Consolidated Fund extra receipts due to be paid to the Consolidated Fund							
– received	69,051	69,061	69,061	73,737	73,737	73,737	75,705
– receivable	10,695	10,695	10,695	47,253	47,253	47,253	60,990
	990,120	1,434,247	1,526,634	1,059,467	1,392,610	1,508,230	1,590,240
Amounts falling due after more than one year:							
Other payables, accruals and deferred income	-	-	4,110	-	7,139	14,815	17,526
Imputed finance lease element of on-balance sheet PFI contracts and other service concession arrangements	218,950	218,950	233,696	220,483	220,483	234,083	241,135
Finance leases	3,398	71,759	71,759	3,505	73,549	73,549	66,747
	222,348	290,709	309,565	223,988	301,171	322,447	325,408

20.1 Intra-Government balances

	31 March 2011					Restated 31 March 2011	Restated 31 March 2011
	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Core Department £000	Core Dept. & Agencies £000	Departmental Group £000	Departmental Group £000
Current							
Balances with other central government bodies	218,693	216,910	217,442	464,494	499,455	507,168	361,457
Balances with local authorities	102,719	146,374	151,760	360,147	458,926	469,023	358,588
Balances with NHS Bodies	498	1,252	1,828	-	9	21	5,466
Balances with public corporations and trading funds	599	2,588	2,771	3,124	3,407	3,502	2,430
<i>Subtotal:</i> intra-government balances	322,509	367,124	373,801	827,765	961,797	979,714	727,941
Balances with bodies external to government	667,611	1,067,123	1,152,833	231,702	430,813	528,516	862,299
Total payables at 31 March	990,120	1,434,247	1,526,634	1,059,467	1,392,610	1,508,230	1,590,240
Non current							
Balances with other central government bodies	-	-	-	-	-	3,174	3,628
Balances with local authorities	-	-	-	-	-	-	-
Balances with NHS Bodies	-	-	-	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-	-	-	-
<i>Subtotal:</i> intra-government balances	-	-	-	-	-	3,174	3,628
Balances with bodies external to government	222,348	290,709	309,565	223,988	301,171	319,273	321,780
Total payables at 31 March	222,348	290,709	309,565	223,988	301,171	322,447	325,408

21. Provisions for liabilities and charges

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	101,248	190,381	222,552	18,665	90,843	119,880
Provided in the year	73,688	110,662	120,223	107,160	157,932	170,017
Provisions not required written back	(8,390)	(29,105)	(30,050)	(18,792)	(41,640)	(44,285)
Provisions utilised in the year	(68,306)	(93,496)	(100,736)	(5,477)	(17,193)	(23,622)
Borrowing costs (unwinding of discounts)	530	1,855	1,941	(308)	439	562
Balance at 31 March	98,770	180,297	213,930	101,248	190,381	222,552
Analysed as:						
Current	62,237	93,191	101,905	80,470	119,816	126,626
Non current	36,533	87,106	112,025	20,778	70,565	95,926
	98,770	180,297	213,930	101,248	190,381	222,552

Analysis of expected timing of discounted flows

	2011-12 £000			Restated 2010-11 £000		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than one year	62,237	93,191	101,905	80,470	119,816	126,626
Later than one year and not later than five years	22,173	53,180	68,027	16,772	55,489	69,332
Later than five years	14,360	33,926	43,998	4,006	15,076	26,594
Balance at 31 March	98,770	180,297	213,930	101,248	190,381	222,552

	Early Departure	Dilapidations	Legal Claims	FSS	Other	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	12,465	11,206	16,864	2,446	58,924	101,905
Later than one year and not later than five years	28,422	12,921	9,358	8,900	8,426	68,027
Later than five years	6,181	17,097	653	11,950	8,117	43,998
Balance at 31 March 2012	47,068	41,224	26,875	23,296	75,467	213,930

Early departure costs

The department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amount to PCSPS to cover the period between early departure and normal retirement date. The department provides for this in full when the early retirement programme becomes binding on the department by establishing a provision or accrual for the estimated payments. Early retirement provisions are discounted at the HM Treasury discount rate of 2.8% in real terms. 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, its agencies and NDPBs 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, its agencies and NDPBs. 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 24.

Forensic Science Service

An amount of £71.3 million was provided to fund the winding up of the FSS by 1 April 2012; £3.4 million of this provision remains, the FSS ceased operational activity on 31 March 2012. An additional provision of £19.9 million has been made to fund FSS pensions.

Riot Damages Act (RDA)

A £52.1 million provision has been created for costs arising from the summer riots under the Riot Damages Act (largely related to property claims). In addition to this provision, we have also accrued RDA costs of £46 million giving a total cost of £98.1 million.

Other provisions

The department has further provisions which do not fall into the above categories but which satisfies the criteria for provision creation. The following is a list of significant provisions making this figure:

Conservation costs for urgent repairs required to the Bramshill mansion (a Grade I listed building), and to the grounds and outbuildings (some Grade I and some Grade II), as set out in a report by Gilmore Hankey Kirke and Scott Wilson Group PLC dated April 2009. The costs of the required works are estimated to be £11.2 million, however due to the nature of conservation work this figure is not certain.

IPS has a £2.4 million provision due to contractual obligations with a supplier.

EHRC has a £1 million property disposal provision for costs to exit leases on premises in 2012-13. Figures are based on a quotation received from the landlords. A provision has been made for these costs as the lease is considered to be onerous.

22.1. Capital commitments

	2011-12			Restated 2010-11		
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Contracted capital commitments of over £100,000 as at 31 March 2012 not otherwise included in these financial statements						
Property, Plant & Equipment	516	7,900	25,786	9,772	21,412	54,755
Intangible assets	18,231	52,667	58,595	12,522	45,952	56,896
	18,747	60,567	84,381	22,294	67,364	111,651

In May 2000 the UK Government application to join the Schengen Convention was approved by the EU. Schengen Information System II (SIS II) is a European data system that allows participating countries to exchange information on wanted and missing people, and stolen and missing objects. It also allows for tracing of people for investigations. The NPIA are required under EU legislation to contribute towards the cost of development of the infrastructure and £5.6 million has been committed.

The Home Office has agreed to support the development of an interface between the Police National Computer (police data from England and Wales) and PSNI (police data from Northern Ireland). This is to mitigate the significant risk that police in England and Wales would not have access to background information on criminals previously active in Northern Ireland who have moved to England or Wales. The Home Office has committed to £2.4 million.

The PEACE Capital Project is a £4.3 million contract with two suppliers for an IT System. The remaining commitment at 31 March 2012 is £0.5 million.

UKBA has committed £26.4 million on IT systems.

Spend on IT in 2011-12 reduced SOCA's capital commitment to £14.8 million (2010-11 £32.7 million).

De La Rue (DLR) became the passport production supplier for IPS in October 2010, under a 10 year contract with an estimated value of £400 million. IPS renegotiated the contract to include DLR Regional Office Production Equipment assets at an additional cost of £3.9 million and £0.5 million to change the scope of the DLR contract for Stand System Upgrade.

To ensure flexibility, value for money and delivery capability, IPS renegotiated the contract with Computer Services Corporation (CSC) for the delivery of its major IT systems. An additional £1.5 million was committed for the inclusion of the Critical Legacy Systems Project and £1.9 million for all changes required.

The Criminal Records Bureau has a capital commitment to Capita for The Update Service which is a development of the CRM system. The total cost of the contract is £3.9 million of which £1.6 million has been paid to date (31 March 2012). In addition to this CRB has a capital commitment for other work orders relating to The Update Service for £0.8 million.

22.2. Commitments under leases

22.2.1 Operating leases

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

Obligations under operating leases for the following periods comprise:

	2011-12			Restated 2010-11		
	Core Department £000	Core Dept & Agencies £000	Departmental Group £000	Core Department £000	Core Dept & Agencies £000	Departmental Group £000
Land						
Not later than one year	332	7,782	7,835	339	7,112	7,165
Later than one year and not later than five years	1,330	29,665	29,876	1,330	26,994	27,205
Later than five years	3,603	114,940	119,191	3,935	102,973	107,277
	<u>5,265</u>	<u>152,387</u>	<u>156,902</u>	<u>5,604</u>	<u>137,079</u>	<u>141,647</u>
Buildings						
Not later than one year	11,484	56,467	82,982	12,406	61,664	92,232
Later than one year and not later than five years	22,108	155,781	234,123	28,010	177,632	278,837
Later than five years	9,836	123,263	254,077	19,319	156,210	303,217
	<u>43,428</u>	<u>335,511</u>	<u>571,182</u>	<u>59,735</u>	<u>395,506</u>	<u>674,286</u>
Other						
Not later than one year	74	520	576	226	5,734	5,840
Later than one year and not later than five years	25	617	617	254	7,063	7,095
Later than five years	-	-	-	-	7,117	7,117
	<u>99</u>	<u>1,137</u>	<u>1,193</u>	<u>480</u>	<u>19,914</u>	<u>20,052</u>
Total Commitment	48,792	489,035	729,277	65,819	552,499	835,985

22.2.2 Finance leases

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

Obligations under finance leases for the following periods comprise:

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Buildings						
Not later than one year	1,131	9,555	9,555	657	7,287	7,287
Later than one year and not later than five years	3,067	37,865	37,865	2,552	36,904	36,904
Later than five years	2,140	126,004	126,004	4,858	133,393	133,393
	6,338	173,424	173,424	8,067	177,584	177,584
Less interest element	2,302	92,602	92,602	3,883	96,727	96,727
Present value of obligations	4,036	80,822	80,822	4,184	80,857	80,857
Total Commitment	4,036	80,822	80,822	4,184	80,857	80,857

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

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Buildings						
Not later than one year	638	9,062	9,062	657	7,287	7,287
Later than one year and not later than five years	1,824	29,699	29,699	2,487	35,585	35,585
Later than five years	1,574	42,061	42,061	1,040	37,985	37,985
Total present value of obligations	4,036	80,822	80,822	4,184	80,857	80,857

IPS building leases have decreased in value due to the termination of 39 Interview Office Network leases and one Glasgow office lease. There has also been a change in the basis for calculation from lease end date to break clause date for the remaining leases to reflect the true future commitment. Operating lease for 'Buildings' at 31 March 2012 is £67.1 million (2010-11 £95.5 million).

IPS facilities management costs have been removed as IPS is not contractually committed in the event of breaking a lease. Operating lease for 'Other' at 31 March 2012 is NIL (2010-11 £17.3 million).

UKBA entered into a £10 million operating lease agreement for Pre-Departure Accommodation in 2011-12.

22.3 Commitments under PFI and other service concession arrangements

22.3.1 "Off balance sheet" (SoFP)

The core department has no "off balance sheet" PFI or other service concession arrangements.

In 2000, the Police Information Technology Organisation (PITO), now part of the NPIA, entered into a 19 year Public Finance Initiative (PFI) arrangement to design, build and operate a digital radio system providing national secure voice and data coverage for UK Policing (Airwave).

The cost to the NPIA consists of a core service charge and a menu service charge. The core service charge is estimated to cost £1.2 billion over the entire 19 year life of the initiative with payments being made on a monthly basis. The menu service charge is estimated to cost £290 million over the 19 year life of the initiative, payable in respect of services provided over and above those within the core provision.

This is determined to be an off-balance sheet deal under IFRIC12 Service Concession Arrangements as the NPIA does not control access to the Service or use all but an insignificant amount of the output. Airwave is increasingly being used by the Fire and Ambulance Services as well as other Public Sector Organisations.

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Total obligations under "off balance sheet" (SoFP) PFI and other service concession agreements for the following periods comprises:						
Not later than one year	-	-	216,422	-	-	210,384
Later than one year and not later than five years	-	-	929,611	-	-	903,675
Later than five years	-	-	505,782	-	-	748,140
	-	-	1,651,815	-	-	1,862,199

22.3.2 "On balance sheet" (SoFP)

Home Office IT Systems

In October 2009, the Home Office signed extensions to its IT contracts with Fujitsu and ATOS Origin to January 2016. The services provided under these contracts remained unchanged (i.e. to provide the IT infrastructure and support for the core Home Office and the UK Border Agency); previously ATOS serviced the UK Border Agency and Fujitsu the core Home Office.

There was an overlap between the services provided by both these suppliers, but renegotiations at Home Office level have ensured that both ATOS and Fujitsu are now delivering a common IT infrastructure, development and support service which is used by both core Home Office and UKBA.

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 and the UK Border Agency. Given the shared nature of this arrangement, all costs, assets and liabilities have been apportioned to each entity on an agreed percentage.

Home Office Secure Network

In 2008-09, the Home Office entered into a contract with Hewlett Packard to provide and support a secure email system and this contract expires in 2014 (the system went live in 2009-10).

Under IFRIC 12, this arrangement is reported as an on balance sheet (SoFP) service concession with intangible and tangible IT assets being treated as assets of the Home Office. The operational and variable payment streams to the contractor are charged to the Statement of Comprehensive Net Expenditure.

Home Office Central London Accommodation

On 26 March 2002, a 29 year public private partnership contract was signed for the construction and maintenance of a new central London headquarters building at 2 Marsham Street. The new building houses the majority of staff in the Home Office based in Central London.

Under IFRIC 12, 2 Marsham Street is recorded as an asset on the balance sheet (SoFP) 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.

Independent Police Complaints Commission IT and Telephony Service

On 25 August 2009, a 10 year fixed price contract was signed for the provision of IT and Telephony services to the IPCC from Steria Limited. The contract was effective from 20 December 2009, with a break point at seven years. The assets acquired under the contract are under the control of the Independent Police Complaints Commission.

Under IFRIC 12 the contract is a service concession arrangement with the IPCC as grantor and Steria Limited as the operator.

National Policing Improvement Agency Communication Assets

On balance sheet communications assets represent Airwave 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 NPIA at the end of its contract period upon receipt of payment for the assets at fair market value. The value on-balance sheet represents the current assessment of these assets' fair value, and they are treated as if they were a finance lease.

Criminal Records Bureau PPP Contract

CRB has a 10 year contract with Capita, awarded under the PPP initiative to provide the CRB checking service. The contract was due to end on 31 March 2012. It has been agreed that this contract will be extended to 31 March 2013, with an option to extend for a further 3 months if required.

Under IFRIC 12, the assets are treated as assets of the CRB. The finance lease creditor was fully settled at 31 March 2012; therefore a lease arrangement no longer exists. Payments for the CRB checking service will be charged in full to the Statement of Comprehensive Net Expenditure from 1 April 2012.

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Total obligations under "on balance sheet" (SoFP) PFI and other service concession agreements for the following periods comprises:						
Not later than one year	59,359	107,637	110,743	45,265	86,002	89,277
Later than one year and not later than five years	197,860	329,127	339,818	228,353	407,140	418,887
Later than five years	460,211	460,211	465,898	488,584	488,584	496,796
	717,430	896,975	916,459	762,202	981,726	1,004,960
Less interest element	397,142	397,142	399,279	420,960	421,883	424,659
<i>Present value of obligations</i>	320,288	499,833	517,180	341,242	559,843	580,301

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Present value of obligations under "on balance sheet" (SoFP) PFI and other service concession agreements for the following periods comprises:						
Not later than one year	59,359	107,637	110,277	45,265	85,079	87,795
Later than one year and not later than five years	164,611	295,878	308,027	196,236	375,023	385,775
Later than five years	96,318	96,318	98,876	99,741	99,741	106,731
Total present value of obligations	320,288	499,833	517,180	341,242	559,843	580,301

22.3.3 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of "off balance sheet" (SoFP) PFI and other service concession arrangement transactions and the service element of "on balance sheet" (SoFP) PFI and other service concession arrangement transactions was £377,328,000 (2010-11 Departmental Group: £336,060,000); and the payments to which the department, its agencies and NDPBs are committed is as follows.

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than one year	44,207	120,557	123,678	30,225	113,383	326,801
Later than one year and not later than five years	182,111	313,378	325,859	212,369	391,156	1,307,439
Later than five years	186,081	186,081	193,343	200,523	200,523	959,062
	412,399	620,016	642,880	443,117	705,062	2,593,302

22.4 Other financial commitments

The Home Office, its agencies and NDPBs have entered into various non-cancellable contracts (which are not leases or PFI contracts):

UKBA has entered into non-cancellable contracts (which are not leases or PFI contracts) for the provision of detention services, asylum support costs including accommodation and the facilitation of worldwide Visa Application Centres. The estimated value of the current commitments is £287.3 million (2010-11: £179.1 million). The increase in 2011-12 is due to renewal of contracts for detention properties and a new contract for in-house escorting.

The Airwave Project which is due to be completed by September 2012 is funded by a Memorandum of Understanding to NPIA and to the Metropolitan Police Service by grant agreement. The remaining value of the contract is £9 million.

IPS's other financial commitments are primarily operational in nature and exist from entering into non-cancellable contracts (which are not leases or PFI contracts) for the provision of contracted out services for passport production (DLR), cashing and application scanning (Steria), administration of IT systems (CSC), secure delivery and the provision of a telephone contract centre (SMS).

SOCA entered into a 10 year outsourcing contract with the i2d consortium for the delivery of ICT and related services. The current financial commitment for this is £129.9 million.

SOCA also has an Amey Interserve contract at £6.4 million and a one year Serco storage contract at £5.9 million.

The payments to which the department and its agencies are committed, analysed by the period during which the commitment expires are as follows:

	2011-12			Restated 2010-11		
	Core Department	Core Dept & Agencies	Departmental Group	Core Department	Core Dept & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than one year	32,860	245,301	271,322	20,685	209,336	237,272
Later than one year and not later than five years	69,992	494,132	559,209	28,860	380,114	443,226
Later than five years	763	154,568	206,438	2,593	193,223	256,510
Total	103,615	894,001	1,036,969	52,138	782,673	937,008

23. Financial Guarantees, Indemnities and Letter of Comfort

The department has entered into the following quantifiable guarantees, indemnities or provided letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39.

Managing Public Money requires that the full potential costs of such contracts be reported to parliament. These costs are reproduced in the table below.

	Restated 1 April 2011	Increase in year	Liabilities crystallised in year	Obligation expired in year	31 March 2012
	£000	£000	£000	£000	£000
<i>Guarantees</i>					
Guarantee to the Forensic Science Service (FSS) to meet obligations under its tenancy agreement. Minute dated 20 July 2009.	21,000	-	-	(21,000)	-
<i>Indemnities</i>					
Indemnity provided to BAA in respect of damage or injury caused to third parties from the Border Force in their use of vehicles operating airside while transporting immigration officers between airside locations.	52,000	-	-	-	52,000
Indemnity in respect of rolling out the Airwave contract in the London Underground (amount capped per incident). Minute dated 15 October 2009.	100,000	-	-	-	100,000
Claims arising from the Simplifying Passenger Travel Interest Group (SPT) not exceeding £5 million. Minute dated 8 July 2008.	5,000	-	-	-	5,000
Indemnity issued to third parties from SOCA for using their facilities for firearms training, up to a maximum of live exposure at any one time of £50 million. Minute dated 11 October 2011.	50,000	-	-	-	50,000
Indemnities were given to various port and airport authorities during installation stage of Cyclamen. The maximum exposure is £115 million with no individual indemnity being above £10 million. Minute dated 29 May 2009.	115,000	-	-	-	115,000
	343,000	-	-	(21,000)	322,000

The following quantifiable operational indemnities have been confirmed by HM Treasury as not required to be reported to Parliament.

	Restated 1 April 2011	Increase in year	Liabilities crystallised	Obligation expired in year	31 March 2012
	£000	£000	£000	£000	£000
SOCA has delegated authority to enter into indemnities of up to £1 million for operational need. At 31 March 2012, SOCA has four operational indemnities with an estimated value of £1 million. In addition, five indemnities with clearing banks remain in place with a maximum aggregated value of £756,000 and nine further indemnities with an aggregate total less than £734,000.	2,555	25	-	(90)	2,490
Indemnity from UKBA to Raytheon to protect against IPR breach post novation of contract, limited to £5 million.	5,000	-	-	-	5,000
Total	7,555	25	-	(90)	7,490

In addition to the above mentioned indemnities, there is a €10 million, £8.8 million indemnity converted at the rate at 31 March 2012 from the European Central Bank website relating to the Cyclamen programme as at 31 March 2012. Minute dated 17 July 2009.

24. Contingent liabilities disclosed under IAS 37

The department has the following contingent liabilities:

The Home Office, its agencies and NDPBs have various legal claims which are currently outstanding. The liabilities described below cover all known claims where legal advice indicated that the criteria for recognition of a provision has not been met.

Following the public disturbances of August 2011, the Home Office was made aware of certain high value claims totalling £156.6 million which were rejected by the relevant Police Authorities on the basis that they were not covered by the Riot Damages Act.

There are a number of cases of unlawful detention claims outstanding against UKBA. Based on past experience these give rise to an overall contingent liability of £5.7 million.

UKBA is currently in dispute with five former accommodation providers relating to asylum support accommodation contracts. The value of claims is difficult to quantify but claims against the agency are likely to be in the region of £54.8 million.

UKBA is currently in negotiations with the Landlord of the Whitgift Building following receipt of a quote in relation to dilapidation costs. There is an amount of the landlords quote for which the agency accepts no liability and remains in dispute. The estimated liability is £5.2 million.

There are a number of outstanding cases where Visa applicants have challenged a refusal decision. The estimated value of these cases is £0.6 million.

The Home Office has terminated the e-Borders contract on the basis of material and repeated defaults committed by RSL, who are disputing the termination. See Note 29 for details.

EHRC is currently investigating its liability to provide pension provision for the chair of a legacy commission. If the Commission does have a liability the financial impact will be low as the term of office giving rise to the liability is eleven months.

The department has also entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. These are considered unquantifiable because either a potential liability cannot be estimated with a degree of certainty at the current time or because there is no stated maximum exposure. None of these is a contingent liability within the meaning of IAS 37 since the possibility of a transfer of economic benefit in settlement is too remote.

Guarantees

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% to any resulting costs e.g. redundancy payment or property cost.

Indemnities

Home Office Central London Accommodation Strategy (HOCLAS) (Minute dated 23 January 2002)

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

UKBA New Detection Technology (NDT)

The following minutes have been used to notify Parliament of the contingent liability relating to the UK Border Agency NDT, dated:

10 September 2003, 18 December 2003, 18 March 2004 and 2 July 2004

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

- i) **Calais:** Heartbeat equipment and building and Passive Millimetric Wave Imager trucks. Heartbeat equipment and two buildings in juxtaposed control zone commenced Spring 2004.
- ii) **Coquelles:** Heartbeat Detection Unit at the Euro tunnel operated in the juxtaposed control zone by the UKIS. Passive Millimetric Wave Imager trucks. Shelter for and Heartbeat detection equipment which is under control of, and operated by, the UK Border Agency in the juxtaposed control zone.
- iii) **Dunkerque:** Heartbeat building commenced Summer 2005. Heartbeat equipment and building operated by the UKIS in the juxtaposed control zone and commenced operation in Spring 2004.
- iv) **Ostend and Zeebrugge:** 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 truck.

The minutes also refer to the following:

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

Harmondsworth and Campsfield Inquiry Team (Minute laid 4 July 2007)

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

Credit Industry Fraud Avoidance Service (CIFAS) – Fraud Protection Service

(Minute dated 23 November 2011)

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

The UK Border Agency use of Foreign & Commonwealth Office premises

Commitment to conditional support provided to the FCO against all third party claims arising out of, or in connection with, the agency's occupation of the premises.

Forensic Science Service

To indemnify a Shareholder Executive to protect against claims arising from appointment to FSS Board on behalf of Home Office (as shareholder).

Police Pay and Conditions Review

A standard board indemnity was given to the Lead Reviewer for the Police Pay and Conditions Review.

24.1. Contingent assets disclosed under IAS 37

EHRC Legal and General are currently holding funds relating to the wind up of the Commission for Racial Equality Pension and Life Assurance Scheme pension scheme in 2005, pending the finalisation of a data cleansing exercise which has the potential to impact on the number of people assessed as being members of the scheme. Once this exercise is completed, it is likely that some funds will be returned to the public purse, but the amount and date of this is uncertain.

25. Losses and special payments

25.1 Losses Statement

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

	2011-12						Restated 2010-11					
	Core Department		Core Dept & Agencies		Departmental Group		Core Department		Core Dept & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Losses under £250,000	215	447	3,087	1,515	3,127	1,870	113	161	2,308	2,399	2,348	3,294
Cases over £250,000	2	806	8	11,414	9	18,114	7	262,902	21	347,776	26	354,685
Total	217	1,253	3,095	12,929	3,136	19,984	120	263,063	2,329	350,175	2,374	357,979
Cases over £250,000 comprise:												
Overpayments	-	-	-	-	-	-	1	778	2	2,973	2	2,973
Fruitless Payments	2	806	3	3,535	3	3,535	1	2,223	3	6,560	3	6,560
Loss of Pay	-	-	1	402	1	402	-	-	1	2,927	1	2,927
Constructive Losses	-	-	4	7,477	5	14,177	5	259,901	16	337,889	21	344,798
Total	2	806	8	11,414	9	18,114	7	262,902	22	350,349	27	357,258

Fruitless payments

These are payments for which liability ought not to have been incurred or where the demand for the goods or services in question could have been cancelled in time to avoid liability. Examples include forfeitures under contracts as a result of some error or negligence by the department, for example, goods or services wrongly ordered or accepted.

A fruitless payment of £427,000 was made for baton rounds that passed testing in the country of manufacture but not in the UK. This meant they could not be used in the UK.

A fruitless payment of £379,000 is a fixed fee relating to a London property. Negotiations are currently taking place with the provider (Amey) to agree the amount chargeable whilst the building remains empty.

The implementation of an estate management and rationalisation plan designed to increase the overall long term benefit of the estate to the business has resulted in the vacation of a building by the UKBA. Unavoidable payments of £383,000 (2010-11 £780,000) have been made to the landlord and other parties after occupation ended. Part of the building has been sublet which will therefore reduce future losses.

Loss of Pay

Overpayments to members of staff due to pay changes being updated after the payroll cut-off point totals £402,000. The UKBA are seeking to recover these overpayments and expect to receive a portion of this balance in the future.

Constructive Losses

Schengen Information System II (SIS II) is a European data system that allows participating countries to exchange information. Early project life costs of developing the business case and researching solutions were capitalised as assets under construction. This should not have taken place and £6.7 million has been expensed.

A payment of £4.5 million for costs incurred (in 2010-11 and 2011-12) due to cancellations of scheduled and chartered flights originally intended to remove ineligible asylum seekers has been made.

UKBA wrote off £2.2 million for debt that cannot be collected due to entities entering administration, £2.7 million for claims which have had all recovery attempts exhausted and £449,000 for foreign exchange losses.

25.2 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.

	2011-12						Restated 2010-11					
	Core Department		Core Dept & Agencies		Departmental Group		Core Department		Core Dept & Agencies		Departmental Group	
	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000	Number of cases	£000
Special Payment Under £250,000	805	2,157	2,384	16,633	2,393	16,755	340	1,437	1,776	15,037	1,782	15,087
Special Payment Over £250,000	-	-	5	1,379	5	1,379	2	780	3	1,045	3	1,045
Total	805	2,157	2,389	18,012	2,398	18,134	342	2,217	1,779	16,082	1,785	16,132

An extra contractual payment of £292,000 was made to Priority Properties NW Ltd for unanticipated transitional costs by the UKBA.

UKBA made an ex-gratia and compensation payment to two members of staff in relation to unlawful dismissal. Total costs amount to £276,000 over a two year period (2011-12 £139,000, 2010-11 £137,000).

UKBA made another ex-gratia payment to a member of staff in relation to a personal injury claim. Total costs amount to £365,000 over a two year period (2011-12 £100,000, 2010-11 £265,000).

Two payments for adverse legal costs were made by the UKBA: £318,000 for the removal of a family and £530,000 in relation to the UKBA defending the settlement policy regarding a group.

Mr Clark resigned on 8 November 2011. A settlement payment of £225,000 was subsequently made without an admission of liability on either side. The costs associated with Mr Clark are included within the accounts of the Home Office along with the other costs of the Border Force which became a directorate of the Home Office on 1 March 2012.

26. Related-party transactions

The Home Office is the parent department of the UK Border Agency (UKBA), Identity & Passport Service (IPS), the Criminal Records Bureau (CRB) and the National Fraud Authority (NFA) and holds an investment in the Forensic Science Service Ltd. The Home Office is the sponsor of the Non-Departmental Public Bodies listed in Note 28. These bodies are regarded as related parties, with which the Home Office has had various material transactions during the year.

In addition, the department has had transactions with other government departments and other central government bodies. There have also been transactions with The Cabinet Office: Civil Superannuation relating to the employees' pension scheme. The employer's contribution to this pension scheme can be found in Note 7 to these accounts.

Outside of other government departments and other central government bodies the department also has a related party with police authorities. Among the grants paid to police authorities during the year have been:

Police main grant – England and Wales	£4,792 million
Counter-terrorism policing	£588 million
Neighbourhood policing fund	£341 million
Police special grant (including Riot Damage Act costs)	£156 million
Police capital grant	£100 million
Police PFI grants	£54 million

Ministers' interests are declared and maintained through the Register of Member's Interests at the House of Commons and the Register of Lord's Interest at the House of Lords.

The Home Office also requests that Ministers, Board members and senior managers complete returns 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.

No board member, key managerial staff or other related parties have undertaken any material transactions with the department during the reporting period other than those reported.

Notes 18 and 20 provide details of intra-government balances, sponsored NDPBs, and the Forensic Science Service. Note 2 provides details of grant-in-aid payments to NDPBs. The Remuneration Report provides information on key management compensation.

Details of related party transactions of the UKBA, IPS, CRB and the NFA are disclosed in their audited accounts. Details of related party transactions of the consolidated Executive NDPBs are disclosed in their audited accounts.

27. Third-party assets

The UK Border Agency receives applications from foreign nationals to obtain British nationality. The application money includes ceremony fee of £80 (2010-11 £80), and the local authorities who carry out the ceremonies are entitled to the whole of the fee after the ceremony has been completed.

UKBA therefore holds the funds on behalf of the local authority until the ceremony has taken place. The money is then collected through the UKBA account and is incorporated into the Home Office GBS account so that control over the assets can be maintained.

Under the Proceeds of Crime Act 2002 and Section 24 of the UK Borders Act 2007 assets can be appropriated by UKBA, SOCA and other law enforcement bodies. UKBA has the authority to seize cash linked to offences against the Immigration Acts. Any cash seized is held in a separate bank account until a judicial case decision is made. Upon decision the monies, including any interest earned, is either returned to the owner or transferred to the agency or NDPB as a seized asset. Monies are held in separate bank accounts depending on currency to eliminate any exchange rate transactions.

Under the legal system in Scotland, the UKBA has to hold monies for people who are cautioned at court for immigration offences. A bail bond is collected and held in a separate bank account.

The assets held by the Home Office, its agencies and NDPBs at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, listed securities, motor vehicles and other valuables. They are set out, including interest, in the table immediately below.

	2011-12	Restated 2010-11
	£000	£000
Citizenship Ceremony Fee	6,498	5,280
Proceeds of Crime (UKBA)	5,249	1,416
Proceeds of Crime (SOCA)	11,272	12,893
Bail Bond Accounts	208	195
Total GBP	23,227	19,784
	2011-12	2010-11
	€000	€000
Proceeds of Crime (Euro)	2,185	527
Total Euro	2,185	527
	2011-12	2010-11
	\$000	\$000
Proceeds of Crime (US Dollar)	636	424
Total US Dollar	636	424

Seized assets

During the financial year, the consolidated department recognised £164 million of retained income in relation to amounts recovered under the Proceeds of Crime Act 2001 and earlier legislation.

28. Entities within the departmental boundary

Having taken into account the Machinery of Government changes outlined in Note 30, the entities within the boundary during 2011-12 were as follows:

Entities consolidated

The Home Office departmental accounting boundary encompassed the central government department, four Executive Agencies and seven Non-Departmental Public Bodies. The accounts of these entities form part of the Home Office's consolidated financial statements.

Executive Agencies

United Kingdom Border Agency
Criminal Records Bureau
Identity and Passport Service
National Fraud Authority

Non-Departmental Public Bodies (NDPBs)

Executive NDPBs: typically established in statute and carrying out executive, administrative, regulatory and/or commercial functions.

Independent Police Complaints Commission
Independent Safeguarding Authority
National Policing Improvement Agency
Office of the Immigration Services Commissioner
Security Industry Authority
Serious and Organised Crime Agency
The Commission for Equality and Human Rights

The accounts of these bodies can be found at <http://www.official-documents.gov.uk>.

Entities not consolidated

The Home Office holds a non-material investment in The Forensic Science Service. The FSS accounts do not form part of the Home Office's consolidated financial statements.

Advisory and Tribunal NDPB's 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.

29. Termination of the e-Borders contract

The e-Borders contract with Raytheon Systems Limited ("RSL"), a subsidiary of Raytheon Company, was terminated for cause on 22 July 2010, because, inter alia, RSL had failed to perform on key contractual milestones. The Home Office initiated arbitration proceedings which have proceeded to the agreed timetable and full hearings are due to start in the Autumn. The termination occurred before the 2009-10 accounts had been signed and disclosure of this termination was made in the 2009-10 accounts as a post balance sheet event. Within the 2010-11 accounts the agency made a full disclosure of the impairment charges, capital commitments, contingent liability and contingent asset.

The original basis for e-Borders Programme, which remains broadly unchanged, was to:

- help protect the UK from the threat of external terrorist attack
- disrupt organised and cross border crime and identify fugitives from justice
- identify and deter those who have, or seek to, abuse the immigration system; and
- manage our resources at the border in a more effective and co-ordinated way

e-Borders' original two main functions were to:

- provide an 'early warning' system – to supply information about people before they travel so that we can identify and target individuals of interest before they enter and exit the country; and
- build travel histories to allow us to spot trends and patterns of illegal behaviour (terrorism, crime, immigration abuse) and monitor compliance with the immigration rules.

The e-Borders Programme started in 2003 and it developed a prototype which successfully tested the core concept of an intelligence led, multi agency, integrated border control. The full e-Borders contract with Raytheon was intended to enhance and replace this earlier prototype, in line with the business case agreed in October 2007.

Following a full external procurement, the e-Borders contract was signed in November 2007 with RSL as the prime contractor, heading the Trusted Borders consortium. The delivery was split into four release projects (RPs): RP1 - carrier gateway, RP2 – development of additional core software, RP3 - roll out to ports and RP4- various enhancements.

At termination, the RP1 Carrier Gateway was in partial operation and it is still in use but is due to be phased out in 2012-13. The agency did not however proceed further with the development of RP2 Core software, RP3 roll out and the additional enhancements in RP4. The costs associated with these parts of the programme were impaired in the 2010-11 agency accounts. In 2011-12 the e-Borders programme is continuing with development and enhancement of legacy systems.

Impairment Charges

Termination of the contract and the decisions subsequently taken to stabilise the systems resulted in an impairment charge of £207.5 million in the 2010-11 accounts of which the Home Office had paid £156.3 million, not paid £50.1 million and £1.2 million going to the revaluation reserve. This includes costs in assets under construction related to RP2 and RP3, which the Home Office decided not to complete, and an impairment of £112 million against the book value of the RP1 live assets, arising because RP1 will now no longer be a further platform for the future development of the programme. The Home Office is pursuing, through arbitration, reimbursement for certain of these costs.

The table below sets out the impact of these impairment charges on the RSL related e-Borders assets in the accounts at 31 March 2010 and during the 2010-11 accounting year. There have not been any further relevant transactions in 2011-12.

	Balance	Net Movements	Impairment	Net Movements	Balance	Net Movements	Balance
	31 March 2010	1 April 2010 to 21 July 2010	22 July 2010	23 July 2010 to 31 March 2011	31 March 2011	1 April 2011 to 31 March 2012	31 March 2012
	£000	£000	£000	£000	£000	£000	£000
RSL RP1 Assets							
RP1 Intangible	116,942	7,873	(109,513)	(3,530)	11,772	(4,390)	7,382
RP1 IT	4,308	(111)	(2,449)	(665)	1,083	(405)	678
Assets Under Construction	106,921	(11,334)	(95,587)	-	-	-	-
	228,171	(3,572)	(207,549)	(4,195)	12,855	(4,795)	8,060
Paid	168,372	4,957	(156,279)	(4,195)	12,855	(4,795)	8,060
Unpaid	59,799	(9,703)	(50,096)	-	-	-	-
Revaluation and depreciation	-	1,174	(1,174)	-	-	-	-
	228,171	(3,572)	(207,549)	(4,195)	12,855	(4,795)	8,060

These impairments set out above have been included in the losses note for 2010-11. They represent the reduction in the net book value of the assets relating to e-Borders arising from the termination of the contract.

The total impairment charge was accounted for as follows:

	2011-12	2010-11
	£000	£000
Charge to Statement of Comprehensive Expenditure	-	206,375
Charge to Revaluation Reserve	-	1,174
Total Impairment	-	207,549

The total charge to the Statement of Comprehensive Expenditure is as follows:

	2011-12	2010-11
	£000	£000
Total Impairment	-	206,375
Less Unpaid elements	-	(50,096)
Net Cost	-	156,279

Contingent liability

The termination of the e-Borders contract with RSL was on the basis of material and repeated defaults committed by Raytheon. RSL are disputing the termination.

The issue is in arbitration and the Home Office is proceeding in line with the agreed timetable. The Home Office has made a claim for damages and RSL have stated that the grounds for termination by the agency were not valid and are making a claim for substantial damages.

Whilst the Home Office remains confident that it will succeed with its claim against RSL, it recognises that there is an inherent risk in all litigation. Consequently, as at 31 March 2012 the Home Office has disclosed this issue as a contingent liability. Due to the complexity of our claim and RSL's counterclaim we are unable to quantify the amount of this contingent liability. A final decision in the arbitration is not expected until 2013.

In addition to the above, as part of the contract termination process with RSL, the Home Office has novated a contract between RSL and a subcontractor so that the contract is directly between the Home Office and the subcontractor. As part of the novation the Home Office provided an indemnity of £5 million to RSL against losses arising from the infringement of intellectual property rights. The contract novated on 15 April 2011.

Future developments

The Home Office is proceeding with the e-Borders programme.

30. Machinery of Government changes

On 1 April 2011 the Government Equalities Office (GEO) ceased to be a separate department following an announcement by Ministers that it should join the Home Office to strengthen equality policy within Government. The 2010-11 comparatives of these accounts have therefore been restated to include the GEO within the core department and consolidated department balances. The Equality and Human Rights Commission (EHRC) was an NDPB accountable through the GEO as sponsor department. The 2010-11 comparatives of these accounts have therefore been restated to also include EHRC within the consolidated department balances.

The National Fraud Authority (NFA), previously an executive agency of the Attorney-General's Office, transferred to the Home Office on 1 April 2011 as an executive agency and continues to take a leading role in tackling public and private sector fraud. On consolidation £1.02 million of operating costs have been reclassified as administration costs as this more accurately reflects the type of expenditure.

Also on 1 April 2011 responsibility for issuing British passports overseas transferred from the Foreign and Commonwealth Office to the Identity and Passport Service (IPS), an executive agency of the Home Office. The 2010-11 comparatives of these accounts have therefore been restated to include the issuing of British passports overseas within the consolidated accounts.

The impact of the above Machinery of Government changes on the Home Office's 2010-11 comparative figures is shown below. This has been adjusted to reflect changes in the classification of expenditure and income as administration or as programme in accordance with guidance set out by HM Treasury.

	2010-11 GEO £000	2010-11 Impact on Core Department £000	2010-11 NFA £000	2010-11 British passports overseas £000	2010-11 Impact on Core Dept & Agencies £000	2010-11 EHRC £000	2010-11 Impact on Departmental Group £000
Operating costs:							
Administrative staff costs	6,109	6,109	799	-	6,908	25,945	32,853
Other Administrative costs	1,742	1,742	225	-	1,967	14,600	16,567
Administration income	-	-	-	-	-	(634)	(634)
Programme staff costs	280	280	2,691	-	2,971	-	2,971
Other Programme costs	53,770	53,770	1,046	39,567	94,383	8,303	102,686
Programme income	-	-	(739)	(39,632)	(40,371)	-	(40,371)
Non Retainable Income	-	-	-	-	-	-	-
Grant-in-Aid (EHRC from GEO)	-	-	-	-	-	(50,774)	(50,774)
Total	61,901	61,901	4,022	(65)	65,858	(2,560)	63,298

Statement of Financial Position:

Property, plant and equipment	-	-	25	-	25	1,930	1,955
Intangible assets	-	-	202	2,991	3,193	223	3,416
Inventories	-	-	-	2,699	2,699	-	2,699
Trade and other receivables	511	511	12	-	523	1,464	1,987
Cash and cash equivalents	773	773	-	-	773	5,487	6,260
Trade and other payables	(527)	(527)	(258)	(1,155)	(1,940)	(6,392)	(8,332)
Provisions	-	-	-	-	-	(5,036)	(5,036)
Long term trade and other payables	-	-	-	-	-	(247)	(247)
Total Assets Less Liabilities	757	757	(19)	4,535	5,273	(2,571)	2,702
General fund	757	757	(19)	4,535	5,273	(2,746)	2,527
Reserves	-	-	-	-	-	175	175
Total	757	757	(19)	4,535	5,273	(2,571)	2,702

	2009-10 GEO £000	2009-10 Impact on Core Department £000	2009-10 NFA £000	2009-10 British passports overseas £000	2009-10 Impact on Core Dept & Agencies £000	2009-10 EHRC £000	2009-10 Impact on Departmental Group £000
Statement of Financial Position:							
Property, plant and equipment	-	-	90	2,132	2,222	3,267	5,489
Intangible assets	-	-	190	-	190	625	815
Inventories	-	-	-	2,839	2,839	-	2,839
Trade and other receivables	981	981	19	-	1,000	1,879	2,879
Cash and cash equivalents	1,394	1,394	-	-	1,394	5,163	6,557
Trade and other payables	(1,691)	(1,691)	(472)	(1,360)	(3,523)	(9,228)	(12,751)
Provisions	-	-	-	-	-	(6,623)	(6,623)
Long term trade and other payables	-	-	-	-	-	(286)	(286)
Total Assets Less Liabilities	684	684	(173)	3,611	4,122	(5,203)	(1,081)
General fund	684	684	(173)	3,611	4,122	(5,311)	(1,189)
Reserves	-	-	-	-	-	108	108
Total	684	684	(173)	3,611	4,122	(5,203)	(1,081)

31. Prior period restatements

There have been seven changes during 2011-12 that have had an impact on the Consolidated Home Office accounts and have resulted in a restatement of the 2010-11 comparative figures. These changes are detailed below as is their impact on the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) and the Consolidated Statement of Financial Position (CSoFP).

1. Under Clear Line of Sight (CLoS), the Consolidated Home Office accounts now incorporate the accounts of the Non-Departmental Public Bodies that are funded by the Home Office. The 2010-11 comparatives have been adjusted to show these bodies as being within the Departmental Boundary.

2. There have been three Machinery of Government changes in 2011-12 (see Note 30 for more details). The 2010-11 comparatives have been changed to incorporate these.

3. The definition of Administration costs and income was revised in 2011-12. This is considered to be a change in accounting policy and has resulted in the restatement to 2010-11 administration and programme income and expenditure.

4. As a result of CLoS, the budgeting and estimate treatment for PFI and other service concessions has aligned, when previously they differed. This has resulted in a restatement of these costs from programme to administration.

5. In 2010-11 all assets under construction were reported as Property, Plant and Equipment (PPE). In 2011-12 these were split between PPE and Intangible assets. The 2010-11 comparatives have been restated to the change in accounting policy.

6. From 2011-12, following HM Treasury advice, no Government Grant Reserve balance is reported in these accounts. Previously grants received to acquire specific assets were credited to the Government Grant Reserve and the income was recognised over the life of the assets purchased. The income is now recognised in the year that the assets are purchased. The 2010-11 balance has been restated to reflect this change in accounting treatment.

7. From 1 March 2012 Border Force moved from the UK Border Agency to the Core Home Office. This does not impact on the Consolidated accounts, but has resulted in a restatement of the 2010-11 Core Home Office numbers reported within these accounts. See Note 6 for an analysis of 2010-11 Border Force assets, liabilities and net expenditure.

The impact of these changes on the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) and Statement of Financial Position (SoFP) are detailed below:

	2010-11 Published accounts	1. Addition of NDPBs	2. Machinery of Government Changes	3. Admin / programme restatement	4. Change in PFI accounting	5. Intangible AUC adjustment	6. Removal of Government Grant Reserve	2010-11 Comparatives in 2011-12 Consolidated accounts
	£000	£000	£000	£000	£000	£000	£000	£000
Statement of Comprehensive Net Expenditure (SoCNE)								
Administration costs								
Staff costs	204,114	-	32,047	154,770	-	-	-	390,931
Other administration costs	180,309	-	25,462	84,876	68,778	-	-	359,425
Operating income	(141,905)	-	(634)	57,040	-	-	-	(85,499)
Programme costs								
Staff costs	1,047,723	351,544	3,777	(154,770)	-	-	-	1,248,274
Programme costs	10,752,094	(349,925)	93,791	(84,876)	(68,778)	-	-	10,342,306
Operating income	(1,544,196)	(114,716)	(40,371)	(57,040)	-	-	38,087	(1,718,236)
	10,498,139	(113,097)	114,072	-	-	-	38,087	10,537,201

	2010-11 Published accounts	1. Addition of NDPBs	2. Machinery of Government Changes	3. Admin / programme restatement	4. Change in PFI accounting	5. Intangible AUC adjustment	6. Removal of Government Grant Reserve	2010-11 Comparatives in 2011-12 Consolidated accounts
	£000	£000	£000	£000	£000	£000	£000	£000
Statement of Financial Position								
Non-current assets								
Property, plant and equipment	1,091,507	491,921	4,945	-	-	(238,206)	-	1,350,167
Intangible assets	129,261	71,522	425	-	-	238,206	-	439,414
Investments	1	427	-	-	-	-	-	428
Trade receivables and other non-current assets	-	4,990	-	-	-	-	-	4,990
Total non-current assets	1,220,769	568,860	5,370	-	-	-	-	1,794,999
Current assets								
Assets classified as held for sale	45	-	-	-	-	-	-	45
Inventories	4,859	-	2,699	-	-	-	-	7,558
Trade and other receivables	329,740	42,415	1,987	-	-	-	-	374,142
Cash and cash equivalents	200,402	46,201	6,260	-	-	-	-	252,863
Total current assets	535,046	88,616	10,946	-	-	-	-	634,608
Total assets	1,755,815	657,476	16,316	-	-	-	-	2,429,607
Current liabilities								
Provisions for liabilities and charges	119,816	5,068	1,742	-	-	-	-	126,626
Trade and other payables	1,404,112	95,643	8,475	-	-	-	-	1,508,230
Total current liabilities	1,523,928	100,711	10,217	-	-	-	-	1,634,856
Non-current assets less net current liabilities	231,887	556,765	6,099	-	-	-	-	794,751
Non-current liabilities								
Trade and other payables	301,171	21,029	247	-	-	-	-	322,447
Provisions for liabilities and charges	70,565	23,511	1,850	-	-	-	-	95,926
Pension liability	-	501,362	1,444	-	-	-	-	502,806
Total non-current liabilities	371,736	545,902	3,541	-	-	-	-	921,179
Assets less liabilities	(139,849)	10,863	2,558	-	-	-	-	(126,428)
Taxpayer's Equity								
General Fund	(263,044)	363,293	2,382	-	-	-	33,343	135,974
Revaluation Reserve	111,852	26,106	176	-	-	-	-	138,134
Pension Reserve	-	(400,536)	-	-	-	-	-	(400,536)
Government Grant Reserve	11,343	22,000	-	-	-	-	(33,343)	-
Total equity	(139,849)	10,863	2,558	-	-	-	-	(126,428)

32. Events After the Reporting Period

There were no events after the reporting period.

These financial statements were authorised for issue on the same date that the Comptroller and Auditor General signed his certificate.



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