



National Audit Office

## **DEPARTMENTAL OVERVIEW**

---

# **A summary of the NAO's work on the Home Office 2010-11**

---

**September 2011**

**Our vision is to help the nation spend wisely.**

**We apply the unique perspective of public audit to help Parliament and government drive lasting improvement in public services.**

The National Audit Office scrutinises public spending on behalf of Parliament. The Comptroller and Auditor General, Amyas Morse, is an Officer of the House of Commons. He is the head of the NAO, which employs some 880 staff. He and the NAO are totally independent of government. He certifies the accounts of all government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources. Our work led to savings and other efficiency gains worth more than £1 billion in 2010-11.



National Audit Office

---

# Contents

## **Introduction 4**

### **Part One**

About the Department **5**

### **Part Two**

Financial management **11**

### **Part Three**

Use of information **14**

### **Part Four**

Service delivery **17**

### **Appendix One**

The Home Office's sponsored bodies at  
1 April 2011 **19**

### **Appendix Two**

Results of the Civil Service People  
Survey 2010 **20**

### **Appendix Three**

Publications by the NAO on the Home  
Office since 2008 **22**

### **Appendix Four**

Cross-government NAO reports  
of relevance to the Home Office  
since 2008 **23**

### **Appendix Five**

Other sources of information **25**

# Introduction

## **Aim and scope of this briefing**

The primary purpose of this Departmental Overview is to provide the Home Affairs Select Committee with a summary of the work by the National Audit Office on the Department since June 2010. It is one of seventeen we have produced covering our work on each major government department. The briefing draws on the Department's Annual Report and Accounts for 2010-11 and other published sources, but its main focus is the findings of work published by the NAO, in particular, those areas where we believe the Department's performance could be improved. The content of the briefing has been shared with the Department to ensure that the evidence presented is factually accurate, but the content of the briefing is the sole responsibility of the NAO.

We will continue to support all select committees in 2011-12, providing briefing on each major department and supporting specific inquiries wherever our expertise and perspective can add value.

# Part One

## About the Department

### The Department's responsibilities

**1** The Home Office (the Department) oversees government policy and delivery on:

- countering terrorism in the UK;
- policing;
- crime reduction;
- borders and immigration;
- identity and passports; and
- equalities.

### How the Department is organised

**2** The Home Office is headed by the Home Secretary, who sets the agenda and goals for the Department and is supported by the Home Office Supervisory Board and the Executive Management Board chaired by the Permanent Secretary. These two Boards replaced the single Home Office Board from 1 January 2011:

- **The Supervisory Board** consists of the five Home Office Ministers, five members of the executive management including the Permanent Secretary, and four non-executive directors. It sets strategic objectives and monitors the Department's performance against its Business Plan.
- **The Executive Management Board** is headed by the Permanent Secretary. The other Board members are: all the Directors-General from across the Home Office; the Director of Communications; the Chief Executive of the UK Border Agency; the Home Office's Legal Adviser; and two (private sector) independent Non-Executive Board members. It provides corporate strategic leadership and oversees the day-to-day running of the Department.

**3** The Home Office is organised into directorates covering Strategy, Immigration and International; Human Resources; Financial and Commercial; the Office for Security and Counter-Terrorism; and the Crime and Policing Group.

**4** The Government Equalities Office was formerly a non-ministerial Department which became part of the Home Office on 1 April 2011.

**5** To deliver its responsibilities, the Home Office works with partners including the police, intelligence agencies, local authorities, voluntary bodies, other departments and other governments. It has three agencies: the Criminal Records Bureau, the UK Border Agency, and the Identity and Passport Service. Other arm's-length bodies include the Serious Organised Crime Agency and National Fraud Authority (which are to be merged into the National Crime Agency in 2013), the National Policing Improvement Agency (which is to be phased out in 2012), and the Equalities and Human Rights Commission. A list of bodies currently sponsored by the Home Office is at Appendix One.

**6** At 31 March 2011, the Home Office and its agencies employed 27,380 full-time equivalent staff.<sup>1</sup> Its arm's-length bodies employed a further 6,043<sup>2</sup> staff, bringing the overall total for the Department to 33,423. This figure does not include police and civilian staff working for individual Police Forces or the British Transport Police.

### Where the Department spends its money

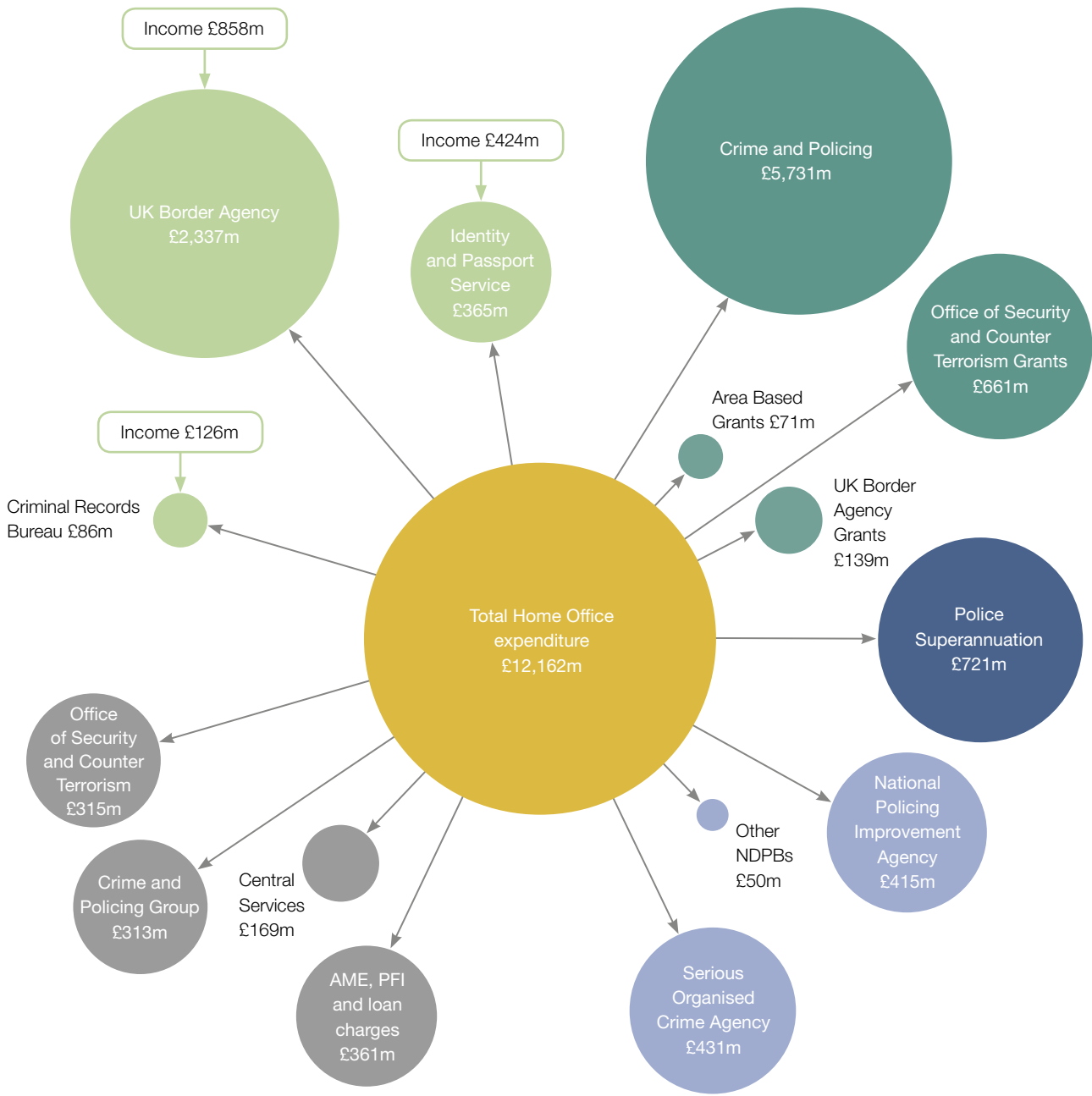
**7** In 2010-11, the Home Office spent £12.2 billion. Around 70 per cent of its total expenditure was spent on grants, including £5.7 billion granted to police forces in England and Wales.<sup>3</sup> The remaining 30 per cent was spent on its own running costs, other costs, and the cost of running its agencies. The UK Border Agency is the largest Home Office agency, receiving £2.5 billion. **Figure 1** overleaf shows the gross expenditure by the Home Office and its main spending bodies.

<sup>1</sup> <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/quarterly-date-summary/qds?view=Binary>

<sup>2</sup> <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/quarterly-date-summary/qds?view=Binary>

<sup>3</sup> Home Office Annual Report and Accounts 2010-11, HC985, July 2011.

**Figure 1**  
Where the Home Office spent its money in 2010-11



- Central department including AME, loan and PFI charges    ● Agencies    ● Support/grants for local authorities
- Police superannuation    ● Non-Departmental Public Bodies

**NOTES**

- 1 UK Border Agency, Criminal Records Bureau and Identity and Passport Service income primarily comes from fees.
- 2 Individual figures have been rounded to the nearest £m and therefore may not sum exactly to the total.

Source: Home Office Annual Report and Accounts 2010-11, July 2011

**8** As of 31 March 2011, the Home Office group was responsible for delivering major projects with a whole-life cost totalling £7.53 billion.<sup>4</sup> The three largest projects are all being delivered by the UK Border Agency. They are: the Compass contract (ongoing provision of asylum accommodation and related services); e-Borders (implementation of an integrated IT system to deliver greater border security); and Cyclamen (a project to deter the importing of illicit freight while minimising disruption to legitimate freight and passengers).

**9** Our 2010 report on **Central Government's Use of Consultants and Interims**<sup>5</sup> found that the Home Office spent £73 million on consultants and interim staff in 2009-10 (the fourth highest of 17 government Departments surveyed). Its spending on consultants and interims amounted to 40 per cent of its total staff costs in 2009-10. The 2010-11 Home Office Annual Report and Accounts show that annual spending on consultants and interims in the core Department (excluding agencies and NDPBs) has reduced to £53 million.

## Recent developments

**10** The Home Office faces a number of Machinery of Government changes over the period from 2010-11 to 2014-15. These include the phasing out of the National Policing Improvement Agency, the creation of the National Crime Agency, and the merger of the Independent Safeguarding Authority and the Criminal Records Bureau to form a new Disclosure and Barring Service. In addition to these changes, the Department is also managing the wind-down of the Forensic Science Service.

**11** The Home Office launched a programme of new legislation in 2010-11. This comprised:

- **the Identity Documents Act 2010**, which cancelled the National Identity Card programme and abolished the National Identity Register;
- **the Police Reform and Social Responsibility Act**. The main provisions of this Act relate to making the police more accountable to local people, via the election of local Police and Crime Commissioners, and an overhaul of the Licensing Act; and

- **the Protection of Freedoms Bill**. This Bill includes a number of provisions designed to protect civil liberties, including greater regulation of the use of CCTV and automatic number plate recognition, safeguards on the retention of DNA and fingerprint records, and reform of the criminal records regime.

**12** In addition to the changes brought about by this legislation, the Home Office plans to make a number of other changes to policing structures. These include the creation of a new National Crime Agency to combat organised crime, and the phasing out of the National Policing Improvement Agency (NPIA). At the same time, a major independent review of police pay and conditions of service is underway, led by Tom Winsor. The first part of this review, the **Independent Review of Police Officer and Staff Remuneration and Conditions**, was published in March 2011. It made 56 recommendations including changes to various shift allowances, freezing incremental pay progression and bonuses for the next two years, and the reform of various skills-based salary supplements.<sup>6</sup> These recommendations are currently being considered by the relevant negotiating bodies.

**13** The new Equality Strategy was published in December 2010. It sets out the Government's approach to promoting equality by increasing transparency and influencing behaviour change, rather than introducing more legislation. The role of the Government and public sector will be to improve transparency and accountability, for example, through exercising the new public sector Equality Duty. The Equality and Human Rights Commission (EHRC) will be reformed and an Inter-Ministerial Group on Equalities has been established to oversee and report on implementation of the Strategy.

<sup>4</sup> Home Office Business Plan Quarterly Data Summary, July 2011.

<sup>5</sup> National Audit Office, *Central Government's Use of Consultants and Interims*, October 2010, HC 488, 2010-11.

<sup>6</sup> *The Independent Review of Police Officer and Staff Remuneration and Conditions* [The Winsor Review] – Part 1 (March 2011).

## Risks and challenges

**14** The main risks and challenges identified in the corporate risk register at 31 March 2011 are:<sup>7</sup>

- risks associated with the Spending Review reductions and their potential impact on front line services;
- public concern about limits on non-EU migration and the detention and removal of foreign prisoners;
- failure to prevent a terrorist or violent extremist attack, or to counter serious organised crime;
- the wind-down of the Forensic Science Service;
- failure to secure outcomes from the e-Borders programme which is being implemented by the UK Border Agency;
- loss or leakage of information; and
- the volume and complexity of possible litigation against the Department. The Home Office disclosed a contingent liability in its 2010-11 Accounts arising from the cancellation of the e-Borders contract with Raytheon Systems Ltd. The Comptroller and Auditor General included an Emphasis of Matter<sup>8</sup> in his audit certificate to draw this disclosure to the attention of anyone reading the Accounts.

**15** In our cross-cutting report **Managing Risks in Government**<sup>9</sup> we identified six core principles of effective risk management. We judged that, since 2006-07, the Home Office has strengthened its risk management processes against these criteria. In particular, we found that its Supervisory and Executive Management Boards were actively involved in setting the Department's overall risk appetite and ensuring controls were in place to manage risk. There was a clearly defined risk appetite for each business area or major project, and clear ownership and accountability for risks and their mitigating actions. Our review found that internal processes for identifying, prioritising and tracking risks were strong or improving. However,

we found delays in escalating and downgrading risks between the Home Office and some of its smaller arm's-length bodies, mainly caused by inadequate information sharing.

**16** Our March 2010 report on the Home Office's **Management of Major Projects**<sup>10</sup> found that the Department had improved the way it managed its portfolio of major projects, through a strengthened approvals process, the development of good practice guidance, improved training for its staff, and increased portfolio level oversight of project budgets and timelines. We recommended that the Department could make further improvements by quantifying the financial risks in its programmes and projects, and the costs of their mitigating actions. It has since developed its approach to costing risk through the implementation of two pilot studies.

## Capability and leadership

**17** In 2006, the Cabinet Office launched Capability Reviews to assess departments' leadership, strategy and delivery – to improve departmental readiness for future challenges and to enable departments to act on long-term key development areas. Since publication of the last round of external assessments, between April 2008 and December 2009, departments are now required to conduct and publish self-assessments and resultant action plans against standard criteria set out in the Cabinet Office model of capability, which was updated in July 2009.<sup>11</sup> Departments must rate their capability against ten criteria under three themes:

- **Leadership criteria** – 'set direction'; 'ignite passion, pace and drive'; and 'develop people'.
- **Strategy criteria** – 'set strategy and focus on outcomes'; 'base choices on evidence and customer insight'; and 'collaborate and build common purpose'.
- **Delivery criteria** – 'innovate and improve delivery'; 'plan, resource and prioritise'; 'develop clear roles, responsibilities and delivery models'; and 'manage performance and value for money'.

<sup>7</sup> Home Office Annual Report and Accounts 2010-11, HC 985, July 2011.

<sup>8</sup> An Emphasis of Matter is not a qualified audit opinion, but is included in the audit report when an unusual item has occurred which impacts on the Accounts. This can occur due to circumstances such as an unresolved legal dispute or a major one-off catastrophe.

<sup>9</sup> National Audit Office, *Managing Risks in Government*, June 2011.

<sup>10</sup> National Audit Office, *Home Office: Management of Major Projects*, March 2010, HC 489, 2009-10.

<sup>11</sup> More information about Capability Reviews is available at: [www.civilservice.gov.uk/about/improving/capability/index.aspx](http://www.civilservice.gov.uk/about/improving/capability/index.aspx)



**18** All self-assessments are due for completion by March 2012, with the first self assessment nearing completion. In addition to self assessment, Departments also have the option of asking the Cabinet Office to undertake a full external Capability Review assessment.

**19** The Civil Service People Survey aims to provide consistent and robust metrics to help government understand how it can improve levels of engagement across the Civil Service. As part of this survey, civil servants across all participating organisations are asked a range of questions across nine themes which seek to measure their experiences at work. We present here the results of the second annual people survey for the Home Office – undertaken between mid-September 2010 and the end of October 2010 – covering the themes of leadership and managing change, and understanding of organisational objectives and purpose (**Figure 2** overleaf). Results of 17 major departments are in Appendix Two.

**20** As part of the annual survey, each Department receives an engagement index, assessing the level of staff engagement determined by: the extent to which staff speak positively of the organisation, are emotionally attached and committed to it, and are motivated to do the best for the organisation. In 2010, the Home Office achieved an engagement index of 47 per cent, three percentage points lower than in 2009 and ten percentage points lower than the 2010 Civil Service average.<sup>12</sup>

12 Civil Service People Survey: Home Office Corporate Report, Autumn 2010.

**Figure 2**  
2010 Civil Service People Survey: Home Office (excluding agencies)

Theme	Theme score (% positive) <sup>1</sup>	Difference from 2009 survey	Difference from Civil Service 2010 <sup>2</sup>
<b>Leadership and managing change</b>			
I feel that the Department as a whole is managed well	43	-4	2
Senior Civil Servants in the Department are sufficiently visible	50	-2	5
I believe the actions of Senior Civil Servants are consistent with the Department's values	43	-3	4
I believe the Departmental Board has a clear vision for the future of the Department	30	-12	-6
Overall, I have confidence in the decisions made by the Department's Senior Civil Servants	39	-4	3
I feel that change is managed well in the Department	26	-3	-1
When changes are made in the Department they are usually for the better	21	-8	-2
The Department keeps me informed about matters that affect me	57	-3	3
I have the opportunity to contribute my views before decisions are made that affect me	34	-3	2
I think it is safe to challenge the way things are done in the Department	40	-2	1
<b>Organisational objectives and purpose</b>			
I have a clear understanding of the Department's purpose	82	-3	-2
I have a clear understanding of the Department's objectives	77	-7	0
I understand how my work contributes to the Department's objectives	79	-4	-1

**NOTES**

- 1 Percentage positive measures the proportion of respondents who selected either 'agree' or 'strongly agree' for a question.
- 2 The 2010 benchmark is the median per cent positive across all organisations that participated in the 2010 Civil Service People Survey. The difference between the Department and the Civil Service (Appendix Two) may differ due to rounding.

Source: Civil Service People Survey 2010, <http://www.civilservice.gov.uk/about/improving/employee-engagement-in-the-civil-service>

# Part Two

## Financial management

**21** The ability of departments to control costs and drive out waste requires professional financial management and reporting. In particular, departments need to be better at linking costs to services and benchmarking performance to determine whether costs are justified and value for money can be improved. Organisations also need to move their risk management arrangements from a process-led approach to one which supports the efficient and effective delivery of services. Organisations have to publish Statements on Internal Control<sup>13</sup> with their Annual Financial Statements which describe their arrangements for risk management, internal control and governance.

### Financial outturn for 2010-11 and comparison with estimate

**22** The Home Office estimated that it would need net resources of £11 billion in 2010-11. Its actual net spending (outturn) for the year was £10.7 billion, 3 per cent below the estimate<sup>14</sup> and just 0.4 per cent lower than its outturn in 2009-10. The largest variance between net estimate and net outturn was a £180 million underspend on police superannuation. In previous years some police authorities had significantly underestimated their forecast pension payments and the 2010-11 forecast allowed for a significant margin of error on the forecasts provided, in particular given the degree of financial uncertainty around police officer retirements and pension expenditure during the 2010-11 financial year.

### Progress on cost reduction targets

**23** Departments are under increasing pressure to reduce costs. The scale of cost reduction required means that they are having to look beyond immediate short-term savings, and think more radically about how to take cost out of the business and how to sustain this longer term. Our **Short Guide to Structured Cost Reduction**,<sup>15</sup> published in

June 2010, sets out the high level principles that we would expect Departments to follow in taking a structured approach to cost reduction. It covers the three stages of cost reduction – tactical efficiency savings, strategic operational realignment, and sustainable cost reduction – and outlines nine principles underlying structured cost reduction, including, having a data-driven approach to understanding, comparing and interrogating costs.

**24** We have published detailed information and guidance on a number of the principles underpinning effective structured cost reductions, including **Managing risks in government**,<sup>16</sup> **Progress in improving financial management in government**,<sup>17</sup> and **Taking the measurement of government performance**.<sup>18</sup>

**25** The Home Office's funding is being reduced by 23 per cent in real terms over the 2010 Spending Review period, between 2011-12 and 2014-15. This includes a 33 per cent real reduction in the administrative budget.

**26** The Home Office plans to achieve savings and improve value for money over the Spending Review period by:

- improving operational and workforce productivity;
- making commercial and procurement savings;
- extending its use of shared services for support functions such as IT, information management and estates;
- prioritising its spending activity more rigorously; and
- reducing its workforce by approximately 6,500 posts by the end of 2014-15. This includes a projected reduction of approximately 5,000 staff in the UK Border Agency.

<sup>13</sup> From 2011-12, Departments will produce a Governance Statement rather than a Statement on Internal Control.

<sup>14</sup> Statement of Parliamentary Supply, Home Office Annual Report and Accounts 2010-11, HC 985, July 2011.

<sup>15</sup> [www.nao.org.uk/publications/1011/structured\\_cost\\_reduction.aspx](http://www.nao.org.uk/publications/1011/structured_cost_reduction.aspx)

<sup>16</sup> National Audit Office, *Managing risks in government*, June 2011.

<sup>17</sup> National Audit Office, *Progress in improving financial management in government*, HC 487, 2010-11.

<sup>18</sup> National Audit Office, *Taking the measure of government performance*, HC 284, 2010-11.

**27** Before the budget reductions announced in 2010-11, the Home Office was already making efficiency savings in response to the 2007 Comprehensive Spending Review, with a target of £1.7 billion by 2010-11. In 2009, we reviewed £338 million of the £544 million savings which it claimed to have achieved by the end of 2008. We concluded that it was on course to meet the target and that governance of the savings programme was strong.<sup>19</sup>

**28** In 2010, we collated evidence from our reviews of efficiency savings in the Home Office and in four other departments.<sup>20</sup> The Home Office was the highest ranked department out of five that we had studied in depth. While we rated 59 per cent of its audited savings as being fully evidenced, we judged that 24 per cent were not new to the period or were double-counted. We found that the remaining 17 per cent did not meet one or more of the Treasury's criteria and therefore may have been over-stated.

### NAO reports on financial management and efficiency

**29** In May 2009, our report on **Financial Management in the Home Office** found that, although many improvements had been made, "the Department has not reached the stage of maturity at which good financial management is part of business as usual". We made a number of recommendations on how this could be achieved, including that it should do more to forecast the demand for and cost of services, to ensure its fees were set at the right levels; that it should provide longer-term stability of funding and increase lead times when delegating budgets to delivery partners; and that it should improve its planning and recruitment to address the financial skills gap among its staff.

**30** The Home Office reports that it has made several changes in response. These include improving its financial modelling capability; improving the financial management of programmes; and introducing new controls to ensure the earlier identification of contingent liabilities.<sup>21</sup>

**31** In our March 2011 report on **Progress in improving financial management in government**,<sup>22</sup> the Home Office compared favourably against many of the other Departments examined. We found that it had "improved notably in recent years and is showing elements of enhanced practice, particularly in increasing the influence of finance on the organisation's overall strategic management." Examples of enhanced practice that we singled out included deploying finance professionals in a 'business partnering' role alongside policy teams, conducting finance compliance audits, and assessing financial management skills within annual performance reviews.

### NAO financial audit findings

**32** In 2010-11, the Comptroller and Auditor General (C&AG) gave an unqualified opinion on the Home Office Annual Report and Accounts for the second year running. The Home Office has met HM Treasury's pre-recess timetable since 2007-08. The Home Office continues to strengthen its financial controls and has responded positively to recommendations made by the NAO in previous years: for example, it now reviews its Statement of Financial Position quarterly.

**33** In June 2011, the Comptroller and Auditor General qualified the Equality and Human Rights Commission's Accounts for 2009-10. Although the Commission had improved its financial controls since the previous year, a legacy of control issues continued to cause difficulties. We found that, "the Commission still needs to embed a culture of compliance with administrative procedures and ensure that the Commission Board and senior management actively take responsibility for the proper governance and effective administration of the Commission."<sup>23</sup> The Home Office took responsibility for the Government Equalities Office, and hence the Commission, from April 2011 and will need to monitor these issues in future. Our audit of the Commission's 2010-11 Accounts is ongoing.

19 National Audit Office, *Independent Review of CSR07 Value for Money Savings*, December 2009, HC 86, 2009-10.

20 National Audit Office, *Progress with VFM Savings and Lessons for Cost Reduction Programmes*, July 2010, HC 291, 2010-11.

21 Treasury Minute on the Forty-first to the Forty-fourth, Forty-sixth, Forty-ninth to Fiftieth, and Fifty-fourth Reports from the Committee on Public Accounts Session 2008-09, HM Treasury, Cm 7736, December 2009; and Home Office, Public Accounts Committee Recommendations Report 2011: <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/pac-recommendations>

22 National Audit Office, *Progress in improving financial management in government*, March 2011, HC 487, 2010-11.

23 Equality and Human Rights Commission Annual Report and Accounts 2010-11, HC 1081, June 2011, p. 107.

## Issues raised in Statements on Internal Control

**34** We work with the Department and its sponsored bodies to improve their published Statements on Internal Control (SIC). We aim to ensure that the processes by which Statements are produced are robust and that the Statements comply with Treasury guidance.

**35** The Home Office raised the following issues in its July 2011 Statement on Internal Control:

- the managed closure of the Forensic Science Service;
- improvements made by the UK Border Agency in the collection of civil penalties from employers who commit immigration offences, although there is scope for further improvement in the management of bad debt;
- the cancellation of the e-Borders contract with Raytheon Systems Ltd;
- four incidents regarding losses of personal information, which were notified to the Information Commissioner, resulting in the tightening up of internal processes, reinforced guidance to staff, and increased use of secure printing and scanning technology; and
- an audit of physical security at the Home Office headquarters, which identified a number of issues around the maintenance of security protocols. The Department is implementing an Action Plan to rectify these issues.

**36** The SIC highlighted two reports by the Independent Chief Inspector of the UK Border Agency and the NAO (in February and March 2011) which both expressed concern about the level of assurance that the UK Border Agency could provide in managing migrants and their sponsors' compliance with the immigration rules. The UK Border Agency is rolling-out a new IT-based immigration case work system aimed to address this.

# Part Three

## Use of information

**37** Government needs robust, timely information on context, activities, costs, progress against its objectives, and the cost-effectiveness of its activities. It also needs to be able to interpret that information, by reference to trends, expectations, benchmarks and other comparisons, to identify problems and opportunities. Departments need reliable information on which to design and deliver services and monitor quality, be confident about their productivity, and drive continuous improvement.

**38** The Coalition Government have pledged, under the transparency agenda, to make more government information available to the public to help improve accountability and deliver economic benefits. In June 2010, the system of Public Service Agreements ended and instead, departments are to be held accountable to the public based on the data they use to manage themselves.

### Reporting performance: Annual Reports and Business Plans

**39** Each government department now reports its performance against the priorities and objectives set out in its Business Plan. The Plan's transparency section includes performance indicators selected by the department to reflect its key priorities and demonstrate the cost and effectiveness of the public services it is responsible for. These indicators fall broadly into two categories:

- input indicators: a subset of the data gathered by the department on the resources used in delivering services; and
- impact indicators: designed to help the public judge whether departmental policies are having the desired effect.

**40** The Plan's structural reform section provides a detailed list of actions and milestones designed to show the steps the department is taking to implement the Government's reform agenda.

**41** Departmental progress against indicators is published regularly in a Quarterly Data Summary, most recently in July 2011. The Quarterly Data Summary is designed as a standardised tool for reporting selected performance metrics for each government department, in a way that facilitates comparison across departments where this is appropriate. Data published in the summary can be compared to the previous quarter (April 2011) which will also be the baseline for this data set. The information in the summary has not been audited and the Cabinet Office has said that the accuracy of the data for all departments needs to improve.<sup>24</sup> However, the Cabinet Office expects that over time, with improvements in data quality and timeliness, the public will be able to judge the performance of each department in a meaningful and understandable manner. An annual version of this information is expected to be formally laid in Parliament in departments' Annual Reports and Accounts from 2012 onwards.

**42** It is too early to comment on Departmental performance reported against the new performance indicators. Through its review of departmental business planning, however, the House of Commons Committee of Public Accounts<sup>25</sup> identified some essential elements to help ensure effective accountability and value for money, including the need for:

- monitoring arrangements which align costs and results for all significant areas of Departmental activity and spending; and
- clear definitions of expected outcomes and standards, rigorous timelines and appropriate strategies to intervene when expectations are not met.

### Performance reported by the department

**43** The Home Office has adopted five input indicators covering the unit costs of various key departmental functions, focusing on policing, drug treatment, border control and immigration processing, and issuing a passport. Three of the five indicators have baseline data available from 2009-10. The cost per head of population of total policing cost has increased; the cost per case of managing a drug-misusing offender has declined; and the cost of producing a passport has remained the same.

<sup>24</sup> <http://www.cabinetoffice.gov.uk/resource-library/business-plan-quarterly-data-summary>

<sup>25</sup> *Departmental Business Planning* (Thirty-seventh Report of Session 2010-12), House of Commons Committee of Public Accounts, May 2011, <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/650/650.pdf>

**44** Impact indicators focus on violent and property crime rates, the level of organised crime, net migration to the UK, the proportion of migration and asylum applications handled within published standards, the proportion of passport applications concluded within target, and the number of private and voluntary organisations that voluntarily report on gender equality. For those impact indicators with baseline data available: violent and property crime rates have declined; net migration has increased; and the proportion of passport applications concluded within target has remained the same.

**45** Alongside its input and impact indicators, the Home Office also publishes measurement annexes which summarise how and why the data is collected, what it covers, and how it can be analysed. In addition to technical definitions and baselines, the annexes contain the rationale for collecting the data and consider issues that need to be taken into account when using it.

**46** The Department's Structural Reform Plan contains seven priorities, which underpin its policy commitments from 2011 to 2015 to:

- increase the local accountability of the police;
- improve value for money in policing;
- create a more integrated criminal justice system;
- secure the UK's borders and reduce immigration;
- protect civil liberties;
- protect citizens from terrorism; and
- build a fairer and more equal society.

**47** The Department's Structural Reform Plan sets out the actions that it has to meet in order to fulfil these priorities. During 2010-11, it met 37 out of 50 milestones identified for that year.<sup>26</sup> Of the 13 that missed their target delivery date, 5 were missed by less than one month and 4 were still overdue by the end of the March 2011. The Home Office attributed the following delays to additional or extended consultation, combined with a publications purdah during the May elections:

- Plan for the creation of the National Crime Agency (published in June 2011).
- Publication of the revised Prevent anti-terrorism strategy (due January 2011, published June 2011).
- Publication of the serious organised crime strategy (due March 2011, published July 2011).

**48** The development of proposals for functions currently undertaken by the National Police Improvement Agency was due at the end of December 2010, but was still outstanding as of August 2011. In its Structural Reform Plan Update for August 2011, the Home Office reports that it is still reviewing which NPIA functions should be retained and how these might best be delivered in the new policing landscape. The Department expects this activity to be completed in Autumn 2011.<sup>27</sup>

**49** As well as its input and impact indicators, the Home Office publishes a range of data on its website which are linked to specific actions in its Structural Reform Plan. These data include the number of hate crime offences; number of complaints to the Independent Police Complaints Commission by local police force; figures on anti-social behaviour; and extensive crime, immigration and drugs statistics.

### **Testing the reliability of performance data across government**

**50** Some of the data systems used to report against the new performance indicators will be the same as those used by the Department to report against Public Service Agreements. In July 2010, we published our Sixth Validation Compendium Report<sup>28</sup> on our work to test the systems used to report against Public Service Agreements. Our report found that the quality of data systems had improved but a third of the systems examined needed strengthening to improve controls or transparency and 10 per cent of systems were not fit for purpose.

**51** Over the next three years we will complete work to validate the data systems underpinning the Departmental business plans and other key management information.

<sup>26</sup> Home Office Annual Report and Accounts 2010-11, HC 985, July 2011.

<sup>27</sup> Home Office Structural Reform Plan Monthly Update, August 2011, <http://www.number10.gov.uk/wp-content/uploads/2011/09/ho-aug-srp-update.pdf>

<sup>28</sup> National Audit Office, *Taking the measure of government performance* [www.nao.org.uk/publications/1011/government\\_performance.aspx](http://www.nao.org.uk/publications/1011/government_performance.aspx)

### Use of information by the Department

**52** The Home Office Group has an overarching Information, Systems and Technology Strategy which is published as part of its Business Plan and is well-regarded by the Cabinet Office.<sup>29</sup> The Strategy aims to share and re-use systems and technology across the Group, in order to join up information flows while staying compliant with relevant legislation and regulations.

**53** One of the Home Office's key actions for 2010 was to meet its transparency commitments under the Strategy. It has achieved this through publication of over 200 datasets on the data.gov.uk website; publication of street level crime and anti-social behaviour data through the police.uk website, which received over 423 million hits between January and June 2011; and through the release of expenses, contracts and salary data.

**54 Using information to inform decisions:** In our 2011 report **Option Appraisal: Making Informed Decisions in Government**,<sup>30</sup> we identified the Home Office as a department which had made good progress in its use of data to inform the internal challenge process carried out by its Group Investment Board. Our latest Financial Management report<sup>31</sup> had noted a marked improvement in the Home Office's governance processes for scrutinising business cases and found "that the Group Investment Board and its reviewers [...] take an increasingly constructive approach and provide an appropriate level of challenge."

### 55 Using information to evaluate performance:

Our 2010 report on **Tackling Problem Drug Use**<sup>32</sup> found that the government spent £1.2 billion a year on measures aimed at reducing problem drug use, yet did not know how effective this was due to limited evaluation. We recommended that the Home Office should publish annual reports on progress against the Drug Strategy's action plan, setting out expenditure, outputs and outcomes on each measure. Since the publication of its new Drug Strategy in December 2010, the Home Office has worked with other relevant government departments to collect baseline information on spending arrangements and the existing evidence base. It is also producing guidance for new research to establish consistency between individual programme evaluations, with a view to conducting a series of meta-evaluations of the Strategy to assess overall value for money.

### 56 Using information to monitor compliance:

In our report on **Immigration: The Points-Based System, Work Routes**<sup>33</sup> we found that the UK Border Agency had insufficiently robust management information. It could not identify easily individuals whose visas had expired and subsequently it did not do enough to check that migrants left the UK if they had no right to remain. Poor information systems also undermined the ability of the Agency to manage the risk that sponsors failed to comply with immigration rules.

29 Home Office Annual Report and Accounts 2010-11, HC 985, July 2011, p.86.

30 National Audit Office, *Option Appraisal: Making Informed Decisions in Government*, May 2011.

31 National Audit Office, *Progress in improving financial management in government*, March 2011, HC 487, 2010-11.

32 National Audit Office, *Tackling Problem Drug Use*, March 2010, HC 489, 2009-10.

33 National Audit Office, *Immigration: the Points-Based System*, March 2011, HC 819, 2010-11.



# Part Four

## Service delivery

**57** Public services are different in the ways they are delivered but their quality and cost-effectiveness depends on a number of common minimum requirements. For example, service delivery requires a well thought-out delivery model, sound programme and project management, strong commercial skills, mature process management and a real understanding of customer needs. Many of our reports to Parliament cover these issues. We summarise below some of this work, organised by key areas of the Department's business.

**58 Governance and accountability:** Our 2011 report on **Immigration: The Points-Based System, Work Routes**<sup>34</sup> found that limited information systems meant that the UK Border Agency was unable to use Management Information to demonstrate adequate control over work-related immigration. To tighten controls in the system, we recommended that the UK Border Agency should do more to identify and deal with those overstaying their visas; encourage better compliance from sponsors; improve the Management Information it holds on sponsors; and increase its oversight of intra-company transfers.

**59** Our 2010 report on the **Home Office's Management of Major Projects**<sup>35</sup> found that governance structures for the case study projects we examined were appropriate and regularly reviewed. Alongside this, the Group Investment Board provided effective challenge to business cases and project progress, providing a robust level of scrutiny.

**60 Cost-effective delivery:** Our 2010 report on **Tackling Problem Drug Use**<sup>36</sup> found inconsistency between local partnerships, with differing priorities and funding per drug user up to seven times higher in some areas than the minimum. We recommended that the Home Office should set out specific measures to drive down offending by hardcore problem drug-users, and should introduce support measures to reduce the risk of relapse. It is currently working with

the Department of Health to design pilot schemes which will pay providers helping offenders to recover from drug dependency according to the results they achieve. There is also ongoing work with the National Treatment Agency to increase the support provided to local partnerships, which has resulted in a 20 per cent increase in the number of people successfully completing their treatment.<sup>37</sup>

**61 In Immigration: The Points-Based System, Work Routes**<sup>38</sup> we found that although the new system was an improvement on the previous system of visas, it had yet to meet fully its objectives. To improve efficiency and effectiveness, we recommended that the Agency should address the wide variations in productivity between its different UK and overseas offices; and explore options to minimise errors made by applicants and their sponsors, by extending the range of evidence that sponsors can submit to support their case, and offering a single caseworker contact to employers who are willing to pay for a premium service.

**62** Our June 2011 briefing to the Home Affairs Select Committee on **Accountability and Cost Reduction in the New Policing Landscape**<sup>39</sup> concluded that "if forces spend a greater proportion of their budget on workforce-related costs, and are more dependent on central Government funding, then they will be under more pressure to make reductions in their workforce in order to deliver the required savings". Reductions in central government funding are likely to affect police forces to differing extents as dependency on this varies significantly from force to force, ranging from 98 to 54 per cent of their budgets. In conjunction, spending on staff costs varies significantly as a proportion of overall spend, ranging from 86 per cent to 71 per cent.

34 National Audit Office, *Immigration: the Points-Based System*, March 2011, HC 819, 2010-11.

35 National Audit Office, *Home Office: Management of Major Projects*, March 2010, HC 489, 2009-10.

36 National Audit Office, *Tackling Problem Drug Use*, March 2010, HC 489, 2009-10.

37 <http://www.homeoffice.gov.uk/publications/about-us/corporate-publications/pac-recommendations>

38 National Audit Office, *Immigration: the Points-Based System*, March 2011, HC 819, 2010-11.

39 National Audit Office, *Accountability and Cost Reduction in the New Policing Landscape: A Briefing for the House of Commons Home Affairs Select Committee*, May 2011.



# Appendix One

## The Home Office's sponsored bodies at 1 April 2011

---

### Executive sponsored bodies

#### Crime

##### Executive Non-Departmental Public Bodies (NDPBs)

Independent Safeguarding Authority

Security Industry Authority

Serious Organised Crime Agency

##### Executive Agency

Criminal Records Bureau

National Fraud Authority (from 1 April 2011)

#### Policing

##### Executive Non-Departmental Public Bodies (NDPBs)

National Policing Improvement Agency

Independent Police Complaints Commission

#### Borders and Migration

##### Executive Non-Departmental Public Bodies (NDPBs)

Office of the Immigration Services Commissioner

##### Executive Agency

UK Border Agency

#### Identity

##### Executive Agency

Identity and Passport Service

#### Equalities

Equalities and Human Rights Commission

(from 1 April 2011)

### Other sponsored bodies

#### Advisory NDPBs

Advisory Council of the Misuse of Drugs

Animal Procedures Committee

Migration Advisory Committee

National DNA Ethics Group

Police Advisory Board

Police Negotiating Board

Regulation of Investigatory Powers Act Technical Advisory Board

#### Tribunal NDPBs

Investigatory Powers Tribunal

Office of Surveillance Commissioners

Police Arbitration Tribunal

Police Discipline Appeals Tribunal

#### Independent inspectorates

Her Majesty's Inspectorate of Constabulary

Independent Chief Inspector of the UK Border Agency

#### Government-owned company

Forensic Science Service

---

# Appendix Two

## Results of the Civil Service People Survey 2010

### Question scores (% strongly agree or agree)

#### Leadership and managing change

I feel that the department as a whole is managed well	41
Senior Civil Servants in the Department are sufficiently visible	45
I believe the actions of Senior Civil Servants are consistent with the Department's values	39
I believe that the Departmental Board has a clear vision for the future of the Department	35
Overall, I have confidence in the decisions made by the Department's Senior Civil Servants	36
I feel that change is managed well in the Department	27
When changes are made in the Department they are usually for the better	23
The Department keeps me informed about matters that affect me	54
I have the opportunity to contribute my views before decisions are made that affect me	32
I think it is safe to challenge the way things are done in the Department	39

#### Organisational objectives and purpose

I have a clear understanding of the Department's purpose	84
I have a clear understanding of the Department's objectives	78
I understand how my work contributes to the Department's objectives	80

Civil Service overall

Department for Business, Innovation and Skills (excluding agencies)																	
Cabinet Office (excluding agencies)																	
Department for Communities and Local Government (excluding agencies)																	
Department for Culture, Media and Sport (excluding agencies)																	
Ministry of Defence (excluding agencies)																	
Department for Education																	
Department of Energy and Climate Change																	
Department for Environment, Food and Rural Affairs (excluding agencies)																	
Foreign and Commonwealth Office (excluding agencies)																	
Department of Health (excluding agencies)																	
HM Revenue & Customs																	
HM Treasury (excluding agencies)																	
Home Office (excluding agencies)																	
Department for International Development																	
Ministry of Justice (excluding agencies)																	
Department for Transport (excluding agencies)																	
Department for Work and Pensions (including Jobcentre Plus and Pension, Disability and Carers Service)																	
	38	33	27	38	23	55	47	38	58	39	12	56	43	60	38	42	25
	50	48	42	62	27	60	68	49	64	51	23	68	50	65	46	53	25
	40	38	28	43	28	49	52	37	60	42	19	52	43	56	40	39	23
	29	24	19	25	21	40	35	31	49	28	15	35	30	51	32	29	20
	33	33	23	33	20	46	49	32	52	37	11	51	39	50	34	32	17
	31	20	21	29	16	41	31	29	45	21	11	35	26	41	27	25	22
	18	15	13	12	12	23	25	20	37	14	9	32	21	30	24	15	15
	58	52	51	68	45	64	69	62	64	52	31	64	57	66	53	57	41
	28	32	29	48	22	34	34	34	43	29	16	54	34	44	31	36	19
	34	38	32	44	35	41	45	40	47	33	21	57	40	42	37	40	28
	75	70	63	71	83	79	89	77	82	74	65	85	82	94	76	68	76
	68	58	59	67	77	69	83	71	79	69	62	79	77	91	70	61	73
	76	67	67	70	81	73	84	77	83	74	65	77	79	90	73	69	75

# Appendix Three

## Publications by the NAO on the Home Office since 2008

Publication date	Report title	HC number	Parliamentary session
21 June 2011	Report of the Comptroller and Auditor General on the 2009-10 Accounts of the Equality and Human Rights Commission	<a href="http://www.nao.org.uk/publications/1012/ehrc_accounts_0910.aspx">http://www.nao.org.uk/publications/1012/ehrc_accounts_0910.aspx</a>	
6 June 2011	Accountability and Cost Reduction in the New Policing Landscape: A Briefing for the Home Affairs Select Committee	<a href="http://www.nao.org.uk/publications/1012/policing_landscape_briefing.aspx">http://www.nao.org.uk/publications/1012/policing_landscape_briefing.aspx</a>	
14 March 2011	Immigration: The Points-Based System	HC 819	2010-11
15 July 2010	Report of the Comptroller and Auditor General on the 2008-09 Accounts of the Equality and Human Rights Commission	<a href="http://www.nao.org.uk/publications/1011/ehrc_2008-09.aspx">http://www.nao.org.uk/publications/1011/ehrc_2008-09.aspx</a>	
30 June 2010	Short Guide to the NAO's Work on the Home Office	<a href="http://www.nao.org.uk/publications/1011/short_guide_home_office.aspx">http://www.nao.org.uk/publications/1011/short_guide_home_office.aspx</a>	
23 March 2010	Home Office: Management of Major Projects	HC 489	2009-10
4 March 2010	Tackling Problem Drug Use	HC 297	2009-10
January 2010	Briefing for the House of Commons Home Affairs Committee: the Performance of the Home Office 2008-09	<a href="http://www.nao.org.uk/publications/0910/home_office_performance.aspx">http://www.nao.org.uk/publications/0910/home_office_performance.aspx</a>	
16 December 2009	Independent Reviews of reported CSR07 Value for Money Savings (relates to the Home Office and Department for Transport)	HC 86	2009-10
22 May 2009	Financial Management in the Home Office	HC 299	2008-09
23 January 2009	Management of Asylum Applications by the UK Border Agency	HC 124	2008-09
14 November 2008	The Independent Police Complaints Commission	HC 1035	2007-08
21 February 2008	The Home Office: Reducing the Risk of Violent Crime	HC 241	2007-08

# Appendix Four

## Cross-government NAO reports of relevance to the Home Office since 2008

Publication date	Report title	HC number	Parliamentary session
13 July 2011	Identifying and Meeting Central Government's Skill Requirements	HC 1276	2010-12
6 June 2011	Managing Risks in Government		2010-11
26 May 2011	Option Appraisal: Making informed decisions in Government		2010-11
13 May 2011	Performance Frameworks and Board Reporting II		2010-11
28 April 2011	Lessons from PFI and other projects	HC 920	2010-11
11 March 2011	Managing staff costs in central government	HC 818	2010-11
3 March 2011	Progress in improving financial management in government	HC 487	2010-11
17 Feb 2011	Delivering regulatory reform	HC 758	2010-11
17 Feb 2011	Information and Communication Technology in Government: Landscape Review	HC 757	2010-11
21 December 2010	Short Guide to Re-Organising Arm's-Length Bodies		2010-11
15 October 2010	The NAO's work on regulatory reform		2010-11
14 October 2010	Central Government's use of consultants and interims	HC 488	2010-11
18 August 2010	A framework for managing staff reductions in a period of spending reduction		2010-11
19 July 2010	Progress with VFM savings and lessons for cost reduction programmes	HC 291	2010-11
13 July 2010	Taking the measure of government performance	HC 284	2010-11
1 July 2010	Assessing the impact of proposed new policies	HC 185	2010-11
18 June 2010	A short guide to structured cost reduction		2010-11
3 June 2010	Assurance for high risk projects		2010-11
27 May 2010	Non-Departmental Public Bodies Performance Reporting to Departments		2010-11
18 March 2010	Reorganising central government	HC 452	2009-10
6 November 2009	Commercial skills for complex government projects	HC 962	2008-09

---

<b>Publication date</b>	<b>Report title</b>	<b>HC number</b>	<b>Parliamentary session</b>
21 October 2009	Measuring up: How good are the Government's data systems for monitoring performance against Public Service Agreements? Fifth validation compendium report	HC 465	2008-09
16 October 2009	Government cash management	HC 546	2008-09
29 April 2009	Addressing the environmental impacts of Government procurement	HC 420	2008-09
26 March 2009	Innovation Across Central Government	HC 12	2008-09
27 February 2009	Helping Government Learn	HC 129	2008-09
13 February 2009	Recruiting Civil Servants Efficiently	HC 134	2008-09
5 February 2009	Assessment of the Capability Review programme	HC 123	2008-09
20 February 2008	Managing financial resources to deliver better public services	HC 240	2007-08
17 January 2008	Making changes in operational PFI projects	HC 205	2007-08

---



# Appendix Five

## Other sources of information

---

### Reports from the Committee of Public Accounts since 2010

Publication date	Report title	HC number
24 May 2011	Thirty-seventh Report of Session 2010–12, Departmental Business Planning	HC 650
9 May 2011	Thirty-fourth Report of Session 2010–12, Immigration: The Points-Based System, Work Routes	HC 913
6 April 2010	Thirty-third Report of Session 2009-10, Nine reports from the Comptroller and Auditor General published from July 2009 to March 2010	HC 520

### Recent reports from Central Government

June 2011	The National Crime Agency: A plan for the creation of a national crime-fighting capability, Cm 8097
May 2011	Home Office Business Plan
April 2011	Home Office Response to PAC Recommendations
March 2011	The Independent Review of Police Officer and Staff Remuneration and Conditions [The Winsor Review] – Part 1
December 2010	The Equality Strategy: Building a Fairer Britain
December 2010	Drug Strategy 2010: Reducing Demand, Restricting Supply, Building Recovery

### Cabinet Office Capability Reviews

December 2009	Capability Reviews: An overview of progress and next steps
July 2008	Home Office: Progress and next steps
July 2007	Capability Review of the Home Office: One Year Update
July 2006	Capability Review of the Home Office

---





# Where to find out more

The National Audit Office website is  
[www.nao.org.uk](http://www.nao.org.uk)

If you would like to know more about  
the NAO's work on the Home Office,  
please contact:

**Mark Andrews**

Director  
020 7798 7743  
[mark.andrews@nao.gsi.gov.uk](mailto:mark.andrews@nao.gsi.gov.uk)

If you are interested in the NAO's work  
and support for Parliament more widely,  
please contact:

**Rob Prideaux**

Director of Parliamentary Relations  
020 7798 7744  
[rob.prideaux@nao.gsi.gov.uk](mailto:rob.prideaux@nao.gsi.gov.uk)

Twitter: @NAOorguk



This report has been printed on Consort 155 and contains material sourced from responsibly managed and sustainable forests certified in accordance with FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation. This ensures that they have effective procedures in place to manage waste and practices that may affect the environment.

Design & Production by  
NAO Communications  
DP Ref: 009701-001

© National Audit Office | September 2011

Printed by Precision Printing



National Audit Office

[www.nao.org.uk](http://www.nao.org.uk)