National Audit Office

Report
by the Comptroller
and Auditor General

Home Office

Reforming the UK border and immigration system

Key facts

£1.8bn

total gross budget for immigration and borders operations, 2014-15

40%

of Department budget (excluding police grant) spent on immigration and borders

69%

of Department staff work on immigration and borders

94 per cent   of immigration applications decided within service standards – first quarter 2014

24 per cent   increase in local enforcement activity, such as arrests, by Immigration Enforcement in 2013-14, compared with 2012-13

301,000   open cases, including backlogs, reported to the Home Affairs Select Committee – first quarter 2014. Some 85,000 open cases are normal work in progress in temporary and permanent migration

9   oversight boards and committees for the immigration and border system

13 and 15 per cent   percentage amount that UK Visas and Immigration and Immigration Enforcement scored below the civil service average – for pride in telling people where they work (October 2013 Department-wide survey)

£347 million   spent on the cancelled Immigration Case Work (ICW) programme

Summary

1   The Home Office (the Department) has been directly responsible for managing the UK's immigration and border operations since April 2013. The Department aims to ensure the flow of people and goods through the system is efficient, while working towards its target to reduce net migration. In 2013-14, nearly 112 million people arrived in the UK.

2   Before 2013, the former UK Border Agency (the Agency) managed the Department's immigration and asylum work. The Home Secretary separated border operations from the Agency in March 2012, setting up Border Force as a directorate within the Department. In March 2013, the Home Secretary abolished the remaining Agency and brought its work into the Department under two new directorates: **UK Visas and Immigration** and **Immigration Enforcement**. The Home Secretary did this because of the Agency's troubled history, including its large size and conflicting cultures; inadequate IT systems; the problematic policy and legal framework it worked in; and the resulting lack of transparency and accountability.

3   The three directorates now working within the Department each have a different focus. UK Visas and Immigration decides on applications to visit and stay in the UK with a strong customer focus. Immigration Enforcement's remit is to enforce the law for those who break immigration rules. Border Force secures the UK border, through immigration and customs controls. The Department's new corporate centre, comprising finance, human resources, IT and performance reporting, supports the directorates.

4   We reported progress in cutting costs and improving performance in the Agency and Border Force in July 2012. We also reported progress in Border Force in September 2013. After our 2012 report, the Committee of Public Accounts (the Committee) wrote to the Department expressing concerns, including: delays to the former Agency's transformation programme; the risk that a flagship IT programme would not deliver intended benefits; significant backlogs; poor workforce planning and skills strategy; inadequate demand modelling; and an insufficient focus on improvingperformance management.

5   This report focuses on the progress the two new directorates have made in addressing the Committee's concerns and the Home Secretary's reasons for abolishing the Agency.

Key findings

Addressing performance issues

6   **A new focus on service standards and customer service has increased transparency in reporting the time taken to process and decide applications and so far the new standards have largely been achieved.** In January 2014, UK Visas and Immigration introduced new service standards for expected time to complete different application types. These now provide transparent outcome expectations for customers. UK Visas and Immigration has largely met these new standards, even during periods of increased demand. Immigration Enforcement's standards and performance targets are less developed (paragraphs 2.2, 2.3 and 2.5).

7   **The directorates have had no significant performance falls during or after the Agency split, and improvements have been made in some areas.** In most parts of UK Visas and Immigration and Immigration Enforcement, performance has held steady, or improved, since the Agency split. For example, UK Visas and Immigration completed 94 per cent of immigration applications within service standards in the first quarter of 2014. Immigration Enforcement removed 16 per cent more people in 2013-14 compared with 2012-13. However, limited changes to staffing numbers and ways of working mean improvements have not been seen across the business. Significant amounts of change activity have brought progress in some areas, such as better communications and clarity of roles, but overall the Department has not yet significantly increased performance across the border and immigration system. UK Visas and Immigration now has a delivery plan for 2014-15, setting out what it wants to achieve this year (paragraphs 2.4 to 2.14 and 3.1).

8   **Progress on clearing backlogs varies across the business and despite some success, some problems remain unresolved.** The former Agency had long-standing and highly visible backlogs of cases. The Department has prioritised clearing backlogs and made additional resource available. UK Visas and Immigration has made progress in temporary and permanent migration, clearing all straightforward cases. However, by March 2014 there were nearly 301,000 open cases. Some 85,000 of these cases were normal work in progress in temporary and permanent migration, some were backlogs and the others were on hold or other types of outstanding work. Backlogs include 6,437 pre-2007 immigration cases still awaiting a decision and 25,876 old, but still live, asylum cases dating back to pre-2007. There is a risk cases on hold are not dealt with in a reasonable time. UK Visas and Immigration plans to clear workable backlogs in asylum by March 2015 (paragraphs 2.15 to 2.19).

9   **The former Agency planned to reduce costs by £594 million between 2011-12 and 2014-15, but the Department was not able to provide us with a complete picture of what had happened to these plans, or how it now monitors them.** The Department has long underspent against reduced overall budget allocations, and as a result, does not appear to have prioritised tracking specific efficiencies achieved since the Agency split. Without this information, the Department cannot be sure that spending cuts are not adversely affecting its long-term priorities (paragraphs 2.20 to 2.22).

Improving oversight and managing change

10   **UK Visas and Immigration has developed a clear, focused business model that staff understand; while Immigration Enforcement is finalising its business model.** UK Visas and Immigration has developed three principles for its business: to be 'consistently competent', 'customer focused' and 'high performing'. Staff we met were aware of these principles. Immigration Enforcement has taken longer to develop its priorities. Its strategy focuses on 4Ps – prevent, pursue, protect and prepare. The impact of well-defined strategies on outcomes is hard to measure at this early stage, although the Department's focus on getting the basics right is a necessary building block (paragraphs 3.1 and 3.2).

11   **Cross-directorate working, including between the two new directorates and Border Force, is still immature, but there is potential for efficient end-to-end working.** There is staff consensus that it is now clearer where processes begin and end, so work is more likely to get passed to the right team and not fall through gaps. Directorates are starting to work cross-directorate, and there are several boards and committees across the system. This high-level cross-system oversight is important, but having six different executive or management boards and three committees could create overlaps and uncoordinated working (paragraphs 3.3-3.4, 3.9 and 3.12).

12   **The Committee identified performance reporting to the board as a risk and it has slowly improved so that, by early 2014, board 'performance packs' were clearer, shorter and more concise.** Performance reporting has evolved, and now focuses on the data needed to run the business effectively (compared with the 120 monthly performance indicators when we last reported) (paragraphs 3.5 to 3.7).

13   **The Department has been slow to address some of the potential consequences of the Immigration Act 2014.** A cross-government structure has been set up to implement the Act and there are recent high-level plans for phased introductions of some aspects, such as changes to appeals. However, there is a risk that the Department may not achieve all the intended benefits of the legislation (paragraphs 3.13 and 3.14).

14 Senior managers in the new directorates are improving the culture inherited from the former Agency and, while still low, morale is improving. Low morale and a fear of raising bad news were commonplace in the Agency and issues frequently only surfaced at crisis points. Senior staff are more visible and communications have improved. The Department's 2013 staff survey found 34 and 29 per cent of UK Visas and Immigration and Immigration Enforcement staff respectively felt it was safe to challenge how things are done. Staff we spoke to in 2014 thought this was improving. Staff morale, however, remains low. Only just over 20 per cent of staff in the new directorates were more positive about their work in January 2014 than six months previously (paragraphs 3.15 to 3.17).

Central support for directorates

15 The Department faces a tough challenge in its aim to increase performance in the face of further budget cuts next year. For 2013-14, UK Visas and Immigration were on budget. This was because increased income cancelled £6 million of over-expenditure. Immigration Enforcement underspent by £2 million. There are more resource cuts due to affect directorates in 2015-16. Without a clear plan to make efficiencies, it is unclear how the directorates will maintain or improve performance over the next spending review period (paragraphs 4.2 and 4.3).

16 The new directorates still have weak workforce planning, as was the case for Border Force when we reported in 2013. We found little evidence that the directorates have an organisation-wide understanding of capabilities and capacities needed to meet their objectives. Officials have begun to trial ways to improve workforce flexibility. Examples include: staggered hours to use estates more effectively; contracts that allow flexible shift lengths and times; and a team that is quickly deployable across the business. The impact of these initiatives has not been measured. Changes to the make-up of staffing across parts of the business have had mixed success. Notably, changing the grade mix in asylum led to 120 people leaving before sufficient staff could be recruited, hindering the area's ability to keep on top of cases (paragraphs 4.5 to 4.8).

17 IT systems remain largely unchanged and teams rely on multiple and complicated legacy systems with limited integration or data sharing, and on paper systems. The flagship Immigration Case Work (ICW) programme was supposed to replace the legacy Casework Information Database and 20 other systems by combining all casework interactions with people. The Department closed the programme in August 2013, having achieved much less than planned, at a cost of £347 million. Caseworkers, therefore, still use a legacy system. A new Immigration Platform Technologies programme is replacing ICW and is trialling an agile approach, focusing on incremental improvements. It still has far to go to have a significant impact and will cost £209 million over four years. Support contracts for vital legacy systems are due to expire in 2016, before the new programme rolls out fully in 2017. The Department is reviewing options regarding support contracts. The directorates still rely on paper systems, limiting opportunities to improve efficiency (paragraphs 4.9 to 4.14).

18   Partly because of poor IT, the Department lacks good quality management information to run the business. Operational staff across the directorates said they still had concerns about data quality for cases. This was borne out by our own data analysis where we struggled to access data in a meaningful format or found inconsistencies between data-sets. Poor data quality is a factor of poor data capture. Poor controls in the Casework Information Database increases the risk that staff fail to input the minimum standard information required. Transferring data manually – from paper to IT systems – increases the risk of errors and there is no single source of reliable information. Good quality forecasting would help better workforce planning and some early signs show that forecasting is more robust (paragraphs 4.15 to 4.16 and 4.18 to 4.20).

Conclusion on value for money

19   The structural changes made since breaking up the Agency have let the new UK Visas and Immigration and Immigration Enforcement directorates focus on their specific roles within the system. The Department has started making significant changes and the directorates have outlined new priorities and in some parts of the business there are measurable goals for this year. The directorates have made good progress in some areas – such as communications and oversight. But they have made slow progress in improving process efficiency, staff capability, and the quality of data and systems. In some areas, such as specific backlogs, workforce planning and the IT landscape, problems identified back in 2012 have not progressed as far as we would have expected by now. Overall it is also too early to identify any impact from organisational improvement on customers and stakeholders and the Department has not yet set longer-term time horizons in which it expects to make improvements across the border and immigration system.

20   To achieve value for money in its immigration work, the Department must progress faster with its changes and address the challenges it has struggled to tackle. It must sustain performance under the pressure of reducing budgets.

Recommendations

a   **The Department should prioritise outstanding backlogs and act to prevent cases that it classifies as unworkable building up into backlogs.** The directorates must decide on older, live cases, so people do not have to wait many years for decisions about their future. Some cases are classified as unworkable, for example where the applicant needs to supply further information. Directorates must ensure these do not stay in the system for long periods, particularly as such cases are not counted against service standards.

b   **The Department should develop a robust financial plan for how it will assign and track savings in the directorates and show that it can maintain performance.** Directorates must understand the implications for their respective 2015-16 budgets of efficiencies needed. They must be clear to the Department what is achievable and the possible impact on performance.

c   **The Department should develop its plans for an end-to-end system for immigration and borders and how this will fit together.** The Department must complete this exercise for operations staff, so they understand specific responsibilities and hand-offs, and strategically, to prevent fragmented oversight. The Department must also use principles of continuous improvement across the business, so it can measure what is working and implement good practice consistently.

d   **Senior leaders in the Department should build on early successes in changing the culture of their directorates.** Staff need to understand organisational priorities but also need to see how these affect their jobs on the frontline. Senior leaders need to continue being visible to staff and to sustain a culture of openness, particularly when the new model becomes business-as-usual.

e   **The Department, building on our 2013 recommendation to Border Force, should prioritise workforce modernisation and develop a cross-directorate plan.** The Department must evaluate what is working and build a long-term plan for workforce flexibility. As it develops support systems and processes it must also decide what levels and mix of staffing it needs to sustain performance on reduced budgets.

f   **The Department should assess whether its incremental, agile approach to IT will provide the system transformation needed to achieve high-performance operations.** The directorates need a sustainable solution for IT. Real process improvement can only come from replacing legacy systems and paper-based working with digitisation and data sharing.

g   **The Department should prioritise improving the quality of its management information.** Planned IT changes should help, but the Department will not roll these out fully until 2017. The Department must act now to improve the quality of case data so it is robust and reliable.