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The UK Border Agency and Border Force: Progress in cutting costs and improving performance

Key facts

£2.17bn

spent by the UK Border Agency and Border Force in 2011-12

£2.44bn

UK Border Agency and Border Force spending in 2008-09

4,500

planned staff reductions between 2011 and 2015

22,580	full-time equivalent (FTE) staff employed by the UK Border Agency (including Border Force) at April 2011
20,469	full-time equivalent (FTE) staff employed by the UK Border Agency and Border Force at April 2012
Over 1,000	FTE staff reductions made above planned reductions by March 2012 in the UK Border Agency and Border Force
350	actual FTE staff reductions made in the Border Force in 2011-12
120	current performance indicators
£385 million	Immigration Case Work programme budget to March 2015
£28 million, or 12 per cent	Immigration Case Work programme overspend against profile by the end of March 2012
£285 million	spent on asylum support in 2011-12

Summary

1 UK immigration, asylum and border operations are administered by the UK Border Agency (the Agency) and the Border Force on behalf of the Home Office. Between them they spent £2.2 billion in 2011-12 and employed around 21,000 staff. Their purpose is to regulate the flow of people and goods into and out of the UK, with the objectives of securing the border and reducing immigration. They decide on the eligibility of foreign nationals to stay in the country and enforce immigration law. At the same time, they aim to facilitate legitimate travel and trade, helping to protect UK tax revenue and support economic recovery.

2 Between April 2008 and February 2012, operations were managed by the Agency alone. On 1 March 2012, the Home Secretary separated the Border Force from the rest of the Agency. The transition arrangements to establish two separate organisations will not be complete until autumn 2012.

3 Since 2009, the Agency has wanted to change the way it operates, both to deliver better services and to reduce costs. By automating its processes and becoming more flexible, the Agency's overall aim is to deliver a better service by March 2015, reducing costs by at least £350 million and employing around 5,000 fewer staff than in 2010-11. The National Audit Office has devised a good practice framework to assess the organisation's progress in developing and implementing an optimal operating model that offers maximum service delivery at the lowest cost (Appendix One). This report examines progress against the framework, assessing the:

- coherence and robustness of the target operating model and plans; and
- progress in reducing costs and improving performance.

Key findings

Coherence and robustness of the target operating model and plans (Part Two)

4 The Agency and Border Force deserve credit for planning ambitious transformation initiatives in caseworking and in workforce practices at the border, as well as a range of cost reduction measures in contracting and central services.

The Agency is undertaking transformation of immigration and asylum casework by 2015, through streamlining processes and implementing a new information technology (IT) programme (known as Immigration Case Work or ICW). The Border Force is modernising its workforce and making greater use of e-borders technology. Overseas offices are being cut from 130 to 25 to streamline visa processing. The 2010 spending review required the Agency to reduce its budget by at least 15 per cent between 2011 and 2015, and the Agency has been looking for additional cost reductions beyond its transformation initiatives, including new asylum support contracts and streamlined corporate services.

5 Since 2009, the Agency has improved its business planning, introducing better processes and embedding value for money. The Agency's corporate centre has introduced a standard planning approach for its business units, setting each annual performance targets, workforce numbers, budgets and change initiatives on a three-year rolling basis. In 2009, the establishment of a Value for Money Directorate helped units include cost reduction measures in their plans, and it also constructed new Agency-wide productivity metrics and a unit costing model. Since 2010, it has also joined up operational and finance data in Agency planning and insisted that business units use standard reporting of progress. The corporate centre now challenges unit performance at quarterly meetings, helping to identify information gaps and areas where units need to define their plans more clearly.

6 The Agency has made some progress in managing the risk of poor integration across its business units, but more action is needed. In addition to introducing a standard unit approach to planning, in 2011 the Agency's corporate centre established a Programme Integration Board to identify critical interdependencies between its major transformational change initiatives. But integration remains limited, because of the Agency's structure of self-contained business units which draw up their own plans and run their change initiatives themselves. The Agency's 2015 target operating model was drawn up after the business units had started developing theirs, resulting in a collecting together of different target operating models into one, rather than a coherent Agency-wide vision of future activities. There is also a lack of detail in the Agency's target operating model, for example exactly how caseworking processes will change in practice, and how changes in operations will affect costs and performance levels.

7 The lack of integration has affected efficiency and performance in some areas. Caseworking and Border Force changes have often been independent of headcount reduction plans. In 2011-12, the Agency's workforce reduced by over 1,000 more than planned, despite the fact that progress was slower than expected in the ICW programme and workforce modernisation at the border, and no Agency-wide skills strategy was yet in place. The result of this disconnect was, in some places, a dip in performance and the need to hire new staff or increase overtime.

8 The Agency's business unit structure and poor cost data inhibit the flexibility needed to enable a nimble and efficient response to unpredictable levels of applications for immigration and asylum. Resource use is closely correlated to demand, and despite robust modelling processes in forecasting immigration and asylum, forecasting accuracy remains elusive because of unforeseeable changes in global political and economic conditions. Within the constraints of the current structure, the Agency works hard to respond quickly to fluctuations, (for instance, it did well in transferring staff to other functions after the Case Resolution Directorate closed), but such efforts are made more difficult by the static business unit structure and relatively rigid resourcing. At the same time, the lack of detailed understanding of cost drivers and their relationship to processes and outputs further undermines flexibility, as there is insufficient information for Agency managers to be confident in making the most value for money operational and resource changes when responding to unexpected demand spikes.

9 The Agency has recognised its lack of integration and other deficiencies, and is seeking to address them with a new transformation programme. The Agency is working to produce a new, Agency-wide transformation plan, which, as the Agency recognises, will address "significant underlying weaknesses in the Agency's structure, procedures, culture and ICT". In advance of the new programme, the Agency has recently established a new Strategy and Intelligence Directorate to provide a stronger corporate centre, which will direct future Agency activity more explicitly on the basis of intelligence information. The goal of the new Transformation Programme is to outline a new unifying operating model based on fewer management layers and cross-cutting directorates, with the goal to bring about 'root and branch' change to operations and performance by 2015. One current priority is a review of Agency performance metrics and the robustness of its corporate performance information.

Progress in reducing costs and improving performance (Part Three)

10 Since 2009, the Agency has made cost savings across many operational areas. Regional offices have reduced administrative spend in travel, subsistence and consultancy in particular. Centrally, the Agency has made good progress in streamlining corporate services and rationalising IT and estates infrastructure, as well as establishing new asylum support contracts. It reduced its workforce by over 3,000 between 2008-09 and 2011-12.

11 The Agency (including the Border Force) has reported savings of £675 million between 2009 and 2012. The Agency has used its own methodology to calculate savings made, and includes all asylum support cost reductions and excludes both early exit costs borne by the Cabinet Office and shared service costs borne by the Home Office. Against current standards on the public reporting of savings, some of these amounts could be excluded. According to the audited accounts, spending has reduced by £269 million over the period.

12 According to the Spending Review settlement, the Agency and Border Force together need to reduce costs by £126 million between 2011 and 2015, which equates to £350 million if adjusted for forecast inflation. The Agency has calculated that the 'real' savings target is higher at £594 million, to take account of an additional £244 million expected increasing cost pressures over the spending review period compared to 2010-11, for example from increased immigration and asylum costs. But the unpredictability of future demand means that cost pressures might turn out to be less than expected: in 2010-11 and 2011-12 the reduction in asylum support costs was due in part to lower than expected asylum intake.

13 It is difficult to assess the Agency's overall performance over recent years due to the way performance information has been collected. Since 2010, the Agency has tracked delivery of all of its business plan commitments, producing a detailed report each month covering all change-related and performance activities. Much of the data is a snapshot in time on the day it was gathered and is to signal in a broad sense which areas indicate performance exceptions requiring board attention. To enable stronger scrutiny and a clearer assessment of performance, the Agency is now redesigning its performance framework and assurance processes, including changes to the way in which performance and risk are reported to the board and the robustness of performance information. In carrying forward this work it is important that the Agency manages the risk that some areas of activity may not be monitored.

14 The bulk of future expected savings, and improvements in service delivery, depend largely on successful transformation measures in casework and the Border Force workforce. Casework change is dependent on tackling both business processes and successful delivery of the £385 million Immigration Case Work (ICW) programme. Both are behind schedule: there is scope to improve the efficiency of caseworking processes in preparation for the introduction of the ICW programme, and, despite early successes, there are significant problems with the programme, which has slipped by a year and is over budget. We found it had suffered from a loss of focus, poor governance structures and optimism bias in planning and reporting, although the Agency took steps to address these issues during 2011-12. Border Force workforce change has been hampered by the disjointed introduction of change measures and delay in implementation of a comprehensive operating resource model, which is needed to plan optimal deployment of staff.

15 Achieving significant change in any organisation requires strong leadership and good communication, which have not been evident enough to date. There have been well-documented problems within the Border Force, and other criticisms of the Agency's management. The most recent Civil Service People Survey results show that only one-quarter of staff believe that the Agency's board has a clear vision for the future, and fewer than one in five consider that change is managed well. This is below average compared to the Civil Service as a whole, but comparable to other large operational departments like HM Revenue & Customs. The real leadership test will be whether the Agency can effectively transform casework processing without solely relying on the introduction of new IT, and whether the Border Force can improve its workforce practices. These tasks will require senior managers to overcome strong cultural resistance in order to fully achieve their transformation goals.

Conclusion on value for money

16 The Agency and Border Force deserve credit for undertaking ambitious transformation initiatives in caseworking and workforce practices at the border, and for adopting a series of cost reduction measures in contracting and central services. Progress has been made, but is hampered by insufficiently coherent planning, poor data and delayed delivery of key projects. The Agency's target operating model is not based on clear performance priorities, and strategic planning is not yet integrated enough to deliver cross-cutting measures effectively. The Immigration Case Work programme has slipped, and data on performance and costs still need improvement. The Border Force has only partly modernised its workforce so far. We welcome the new Agency Accounting Officer's and Border Force head's determination to address weaknesses and bring about deeper transformation, but the organisations face a steep climb to ensure that work to cut costs and improve performance in the spending review period to 2015 delivers value for money.

Recommendations

In taking forward transformational planning work:

- a The Agency and Border Force need to focus on defining their target operating models in as much detail as possible.** They should:
 - Prioritise performance objectives, aligning them with key future activities and establishing a set of performance indicators that will reflect progress against the new objectives.
 - Detail how activities will operate in terms of processes and outputs.

- b To help integrate its strategic planning and operations more effectively,** the Agency should:
 - streamline governance structures, for example merge the Corporate Services Board with the Programme Integration Board, and adopt rigorous monitoring arrangements, such as restructure the unit-based efficiency tracker tool to reconcile individual unit cost reduction measures with change initiatives; and
 - build in flexibility to its plans and future operating model to enable a nimble response to unexpected fluctuations in demand.

- c The Agency needs to transform caseworking in order to establish a strong foundation for future planning.** It should:
 - Further streamline processes across immigration and asylum caseworking, adhering to process management best practice, and set more stretching targets, ensuring the ICW programme supports rather than leads this work.
 - Further strengthen control over the ICW programme.

- d The Border Force needs to finalise its operating resource model as soon as possible and continue work to make its workforce more flexible.** It should conduct a thorough evaluation of the change measures it has introduced to date, in order to ascertain their combined impact on both staff deployment and operational performance.

- e The Agency and Border Force should improve their data on performance and unit costs.** This will clarify how far spending reductions represent year-on-year efficiency changes and the impact on front-line services, as well as enabling a more flexible response to unexpected changes in demand. They should:

On performance data:

- Ensure there is sufficient information on key areas; for example, for headcount, conduct a skills audit once the capability strategy is finalised.
- Ensure data are accurate and consistent between reporting periods.

On unit costs:

- Carry out more regular reviews of the way that costs within the model are allocated across organisational activities, to ensure apportionment rates are up to date.
- Consider ways to use the model unit cost more widely, for example integrating it with central planning and monitoring of key performance indicators.