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Based on the findings and insights of our recent audit work, in the first three parts we set out key themes which cover some of the ongoing challenges the Department faces. In part four, we set out things to look out for.

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**PART ONE**
Changing nature of crime

**PART TWO**
Operational delivery challenges

**PART THREE**
Effective use of information

**PART FOUR**
What are the things to look out for?
The Department set out seven goals in its 2018 Annual Report:

1. Cut crime and the harm it causes, including cyber-crime and serious and organised crime.
2. Provide world-class public services and contribute to prosperity.
3. Protect vulnerable people and communities.
4. Manage civil emergencies within the remit of the Home Office.
5. Control migration.
6. Reduce terrorism.
7. Maximise the benefits of the United Kingdom leaving the European Union.

To meet its objectives, the Department has arranged its activities into three strands of policy and operational delivery:

**Homeland Security**
Counter-terrorism and national security activity is delivered by a community of different organisations using ring-fenced money.

**Public Safety**
The Department sets policy but outcomes are delivered through locally accountable bodies such as police and fire services with independent assurance from an inspectorate.

**Borders, Immigration and Citizenship**
The Department is responsible for policy and planning, as well as delivery through the operational management of the border and immigration systems.

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About the Department

The Home Office is a ministerial department that oversees 30 agencies and public bodies. The Department is the lead government department for: immigration and passports, fire, counter-terrorism, police, drugs policy and crime.
OVERVIEW

How the Department is structured

Activity

- **Borders, Immigration and Citizenship**
  - **Purpose**: Secure the UK’s border, manage immigration and control access to citizenship.
  - **Responsibilities**: UK immigration and passport controls, visas, immigration applications, border security, issuing UK passports, enforcing immigration laws and managing civil registration.

- **Homeland Security**
  - **Purpose**: Reduce the risk to the UK and its interests overseas by stopping terrorist attacks; stopping people becoming terrorists or supporting terrorism; strengthening protection against terrorist attacks, and mitigating the impact of terrorist attacks.
  - **Responsibilities**: Counter-terrorism and serious organised crime including child abuse and exploitation.

- **Public Safety**
  - **Purpose**: Provide strategic leadership to reduce crime, support vulnerable people, tackle extremism and manage civil emergencies and fire safety.

Policy and Governance

- **Borders, Immigration and Citizenship Strategy Group**
- **Office of Security and Counter-Terrorism**
- **Crime, Policing and Fire Group**

Operational Delivery

- **UK Visas and Immigration**
- **Border Force**
- **Police forces**
- **College of Policing**
- **Immigration Enforcement**
- **HM Passport Office**
- **Locally accountable bodies**
- **Independent Office for Police Conduct**
- **Disclosure and Barring Service**
- **Gangmasters and Labour Abuse Authority**
- **Security Industry Authority**
- **Fire and rescue services**
- **Migration Advisory Committee**

Inspection Body

- **Office of the Immigration Services Commissioner**
- **Independent Chief Inspector of Borders and Immigration**
- **Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services**

Notes

1. The National Crime Agency and the Security Service (MI5) report to the Home Secretary but sit outside the Home Office structure.
2. Locally accountable bodies are not part of the Home Office. For example, in 40 out of 43 forces, police and crime commissioners are responsible for setting strategic policing priorities, engaging with the public and holding their force to account through the chief constable. The Metropolitan Police Service, Greater Manchester Police and City of London Police have different arrangements.

Source: National Audit Office analysis
OVERVIEW

Where the Department spends its money

In 2017-18, the Department’s gross expenditure was £15.9 billion, with an income of £2.8 billion, resulting in net expenditure of £13.2 billion.\(^1,4\)

The majority of that expenditure is spent by the Crime, Policing and Fire Group. The main sources of income for the Department are visa and passport fees.

### Total expenditure 2017-18
- Crime, Policing and Fire Group: £11.3bn
- Office for Security and Counter-Terrorism: £1.2bn
- Enablers (back-office functions): £1.1bn
- HM Passport Office: £263.7m
- Immigration Enforcement: £430.8m
- Border Force: £522.6m
- UK Visas & Immigration: £1.1bn
- Borders, Immigration & Citizenship Policy and Strategy Group: £38.1m
- Income – £267.4m
- Income – £178.1m
- Income – £197.7m
- Income – £1.6bn
- Income – £22.2m
- Income – £435.6m
- Income – £5.1m

### Notes
1. Back-office functions (referred to as ‘Enablers’ in the accounts) include Corporate Services, Communications Directorate, Human Resources Directorate and Strategy, Delivery and Private Office Group.
2. Figures for the Department are taken from its Statement of Operating Costs by Operating Segment (note 2), within the Department’s Annual Report and Accounts for the year ending 31 March 2018.
3. Data may not sum to total due to rounding.
4. Total Net Expenditure = Resource DEL + Annually Managed Expenditure + Adjustments for non-cash transactions.

Source: Home Office Annual Report and Accounts 2017-18, July 2018
Key changes to departmental expenditure since 2015

**Capital Investments**

In the 2015 Spending Review, the Home Office (the Department) planned capital investments of more than £1.3 billion by 2019-20.

- Capital investment can include spending on investment projects, capital grants and maintenance of assets.
- Much of this was intended to fund border/immigration-related projects and to streamline the core Department processes.

- The Department plans to spend an additional £1 billion to overhaul the Emergency Services Network (ESN).

**Counter-terrorism spending**

The government is spending £2 billion per year in counter-terrorism, as part of the Summer Budget 2015. The 2015 Spending Review set out that a further 30% would be spent on key counter-terrorism capabilities across government including:

- £1.4 billion of investment in new counter-terrorism capabilities for the security and intelligence services; and
- £500 million of additional investment in the Department to protect UK citizens from terrorist threats.

The government allocated an additional £50 million to counter-terrorism policing in 2018-19 and an additional £28 million to the police to cover costs of responding to the terrorist attacks in London and Manchester in 2017-18.

**Borders and immigration system**

In the 2015 Spending Review, the Department planned resource savings of 5% by 2019-20 through a fully self-funded borders and immigration system.

### The Home Office’s budget for day-to-day spending, estimate and outturn, 2015-16 to 2019-20

**Resource Departmental Expenditure Limits (RDEL)** increased by £300 million between 2015-16 and 2016-17 and decreased slightly in 2017-18

**Capital Departmental Expenditure Limits** are expected to fall by £100 million in 2018-19 to £400 million and remain at this level to 2020-21.
Responding to a changing environment

The Home Office (the Department) operates in a fast-moving and highly visible environment, which is shaped by external developments such as changes in immigration patterns and terrorist attacks. In response it has to introduce legislation, update its strategies and then deliver projects in partnership with a range of public bodies and private sector partners to achieve its objectives.

Legislative changes

The Counter-Terrorism and Border Security Bill (2018) was introduced in the House of Commons on 6 June 2018 and aims to update and close gaps in existing counter-terrorism legislation to ensure that it is fit for the digital age and reflects contemporary patterns of radicalisation.

The Offensive Weapons Bill (2018) was introduced in the House of Commons on 20 June 2018 and will bring new powers to tackle knife crime, acid attacks and deal with the risk that criminals could obtain powerful firearms.

Policy changes

- In June 2018 the Department published its updated Counter-Terrorism Strategy as a response to the 2017 terrorist attacks.
- In April 2018, the Department published its Serious Violence Strategy, responding to recent increases in serious violence including knife crime, gun crime and homicide.
- In January 2018, the Department announced a set of voluntary commitments on the responsible sale of corrosive substances.
- A strategy on Serious and Organised Crime is expected to be published in 2018 following a review of the 2013 strategy.

Top five current contracts by value awarded by the Department

Two contracts, covering the Airwave Mobile Communications Programme and Asylum Accommodation and Support Services, account for the majority of expenditure in the Home Office’s top five contracts.

Public Safety Radio Communications Service
Airwave Solutions Ltd/Motorola
£4.4bn

Asylum Accommodation and Support Services
[Various]
£4.0bn

Support Payments to Eligible Users (Asylum)
Sodexo Motivation Solutions Ltd
£0.44bn

Emergency Services Network Lot 3
EE Ltd
£0.74bn

Passport Design and Production
De La Rue International Ltd
£0.42bn

Notes
1. This contract has subsequently been won by Gemalto UK Ltd, in April 2018.
2. The values shown above are based on figures available on Contracts Finder. These amounts do not necessarily reflect the amount paid by the Home Office in a specific year or to date.

Source: National Audit Office analysis of Contracts Finder data
The Department is responsible for 12 of government’s 133 major projects, which in turn support all aspects of its work, including border operations, asylum accommodation, emergency services capabilities and corporate performance.

Programmes and projects, with IPA ratings as at September 2017

<table>
<thead>
<tr>
<th>Rating</th>
<th>Programme Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red</td>
<td>Emergency Services Mobile Communications Programme (ESMCP)</td>
<td>Intended to replace the mobile communications service currently used by the three emergency services and other public safety users.</td>
</tr>
<tr>
<td>Amber-Red</td>
<td>Digital Services at the Border (DSAB)</td>
<td>Intended to replace a number of obsolete IT systems currently used at the border.</td>
</tr>
<tr>
<td>Amber-Red</td>
<td>Disclosure and Barring Service (DBS) Programme</td>
<td>Intended to unify operations, introduce electronic applications and referrals, and enable new services, with the aim of delivering cost reductions and service improvements.</td>
</tr>
<tr>
<td>Amber</td>
<td>Immigration Platform Technologies (IPT)</td>
<td>Intended to deliver technology and information systems to support the immigration service.</td>
</tr>
<tr>
<td>Amber</td>
<td>Metis Programme</td>
<td>Intended to transform the way the Home Office delivers its back-office processes. Metis will comprise a suite of applications which include enterprise resource planning (ERP), customer relationship management (CRM) and human capital management (HCM).</td>
</tr>
<tr>
<td>Amber</td>
<td>Technology Platforms for Tomorrow (TPT)</td>
<td>Aims to overhaul IT across the Department, impacting around 29,000 staff, delivering a new IT operating system, and replacing the mobile phone estate with modern smartphones.</td>
</tr>
<tr>
<td>Amber</td>
<td>Cyclamen Project</td>
<td>Cyclamen equipment provides the capability to detect and deter the illicit movement of radiological materials into the United Kingdom.</td>
</tr>
<tr>
<td>Amber</td>
<td>Smarter Working Programme</td>
<td>Helping to modernise ways of working and embed a smart working culture through better support for people, improved technology and workplaces.</td>
</tr>
<tr>
<td>Amber</td>
<td>National Law Enforcement Data Programme (NLEDP)</td>
<td>Aims to replace the current Police National Computer (PNC) and Police National Database (PND) systems with the Law Enforcement Data Service (LEDS).</td>
</tr>
<tr>
<td>Amber</td>
<td>Asylum Accommodation and Support Transformation (AAST)</td>
<td>Intended to deliver an asylum accommodation and support model that will ensure the safety and security of service users and their host communities.</td>
</tr>
<tr>
<td>Amber-Green</td>
<td>Home Office Biometrics (HOB) Programme</td>
<td>Intended to deliver improvements to the services supporting fingerprints, DNA and facial images.</td>
</tr>
<tr>
<td>Amber-Green</td>
<td>Communications Capabilities Development (CCD) Programme</td>
<td>Intended to help ensure police, wider law enforcement, security and intelligence agencies can lawfully obtain, manage and use communications data and intercepted content to detect, prevent and disrupt crime.</td>
</tr>
</tbody>
</table>

Note: A Delivery Confidence Assessment is an evaluation of a project’s likelihood of achieving its aims and objectives and doing so on time and on budget. It refers to a fixed point in time, using a five-point scale: Red, Amber/Red, Amber, Amber/Green and Green.

Exiting the European Union

The Department’s goals
- Maximise the benefits of the UK leaving the EU by implementing a new immigration system.
- Keep British citizens safe as the UK leaves the EU by agreeing a comprehensive new security, law enforcement and criminal justice partnership with the EU to fight shared threats from terrorism and organised crime.

Work streams
The Department has 10 active work streams including: immigration, asylum, the Common Travel Area, passports, customs operational delivery, internal security and law enforcement, regulatory systems, and equalities.

Funding and spending
In 2017-18, the Department received £60 million from HM Treasury to prepare for EU exit, with £21 million spent on strengthening border controls and £24 million on the Settled Status Scheme.
In 2018-19, it was allocated £395 million to prioritise programmes to realise EU exit.

Policing and security cooperation
The government currently cooperates with other EU member states and agencies on security, law enforcement and justice, including practical cooperation arrangements. It intends that effective cooperation between the UK and the EU continues in these areas.
Changes to areas such as the Northern Ireland border arrangements may affect the Department’s ability to access capabilities that currently support cross-border law enforcement.

Immigration
The Department is responsible for delivering immigration arrangements and managing the new arrangements for EU citizens visiting the UK. Its three immigration directorates would implement the changes: UK Visas & Immigration, Immigration Enforcement and Border Force. The government will set out the UK’s future immigration system, with an immigration white paper later in 2018.
EU citizens living in the UK and their family members will need to apply under the EU Settlement Scheme to obtain their new UK immigration status.
In June 2018, the Department published a Statement of Intent setting out the basis of the EU Settlement Scheme it plans to begin opening later this year.
In August 2018, the Department began a pilot of the new application process for the EU Settlement Scheme in the North West of England, following the standard approach for the launch of new government services.

Border services
Border Force is responsible for securing the border and managing flows of people and goods entering the UK. HM Revenue & Customs also has important border responsibilities for collecting tax, duties and excise, and processing customs declarations.
The UK border (2017) found that demand for border services could increase following EU exit:
- extending the existing entry regime for non-European Economic Area (EEA) nationals to all EEA arrivals could increase the number of decisions about permitting people to cross the border by 230%; and
- the number of decisions about permitting goods to cross the border could increase by 360%.

Parliament has identified specific concerns around the future operation of the border between Northern Ireland and the Republic of Ireland and the maritime border between Wales and the Republic of Ireland.
PART ONE

The changing nature of crime

Although crime data present a mixed picture, the Home Office (the Department) and the police forces it funds are having to respond to the changing nature of crime. They need to respond to crimes such as modern slavery, child sexual exploitation and online fraud that have previously been under-reported or that have increased in prevalence. These cases are often complex and place substantial demands on police resources. In addition, the terrorist threat remains acute and continues to evolve rapidly.

Crime trend data are difficult to interpret and need to be treated with caution but nonetheless there are indicators of changing patterns to which the Department is seeking to respond. In the year ending March 2018, results from the Crime Survey showed that crime was at a similar level to that reported in 2016. This follows a long-term fall in crime since the 1990s, although it is too early to say whether the stability in crime levels indicates a change in the overall trend or simply a pause.

Crime recorded by the police can be affected by changes in reporting rates or police activity. The Office for National Statistics (ONS) advises caution in interpreting increases in offences.

For example, the ONS highlights that ongoing work by police forces over the past three years to improve crime-recording practices has driven an increase in recorded violence against the person.

However, the ONS identified genuine increases in less frequent, but higher-harm violent offences, such as robbery and possession of weapons, which includes those involving knives or sharp instruments.

Police-recorded crime by offence, in England and Wales, 2010-11 to 2017-18

<table>
<thead>
<tr>
<th>Year</th>
<th>Total recorded offences</th>
<th>Theft</th>
<th>Other offences</th>
<th>Criminal damage and arson</th>
<th>Drug offences</th>
<th>Robbery</th>
<th>Miscellaneous crimes against society</th>
<th>Possession of weapons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>4,150</td>
<td>2,107</td>
<td>965</td>
<td>695</td>
<td>233</td>
<td>76</td>
<td>48</td>
<td>26</td>
</tr>
<tr>
<td>2011-12</td>
<td>4,381</td>
<td>2,075</td>
<td>1,307</td>
<td>626</td>
<td>229</td>
<td>75</td>
<td>45</td>
<td>24</td>
</tr>
<tr>
<td>2012-13</td>
<td>4,063</td>
<td>1,901</td>
<td>1,297</td>
<td>530</td>
<td>208</td>
<td>65</td>
<td>42</td>
<td>20</td>
</tr>
<tr>
<td>2013-14</td>
<td>4,028</td>
<td>1,845</td>
<td>1,355</td>
<td>506</td>
<td>198</td>
<td>58</td>
<td>45</td>
<td>21</td>
</tr>
<tr>
<td>2014-15</td>
<td>4,166</td>
<td>1,751</td>
<td>1,619</td>
<td>503</td>
<td>171</td>
<td>50</td>
<td>45</td>
<td>22</td>
</tr>
<tr>
<td>2015-16</td>
<td>4,608</td>
<td>1,758</td>
<td>1,922</td>
<td>539</td>
<td>149</td>
<td>51</td>
<td>45</td>
<td>26</td>
</tr>
<tr>
<td>2016-17</td>
<td>4,972</td>
<td>1,878</td>
<td>2,227</td>
<td>564</td>
<td>136</td>
<td>59</td>
<td>45</td>
<td>31</td>
</tr>
<tr>
<td>2017-18</td>
<td>5,516</td>
<td>2,010</td>
<td>2,571</td>
<td>590</td>
<td>136</td>
<td>77</td>
<td>39</td>
<td>39</td>
</tr>
</tbody>
</table>

Note
1. ‘Other offences’ includes violence against the person, sexual offences, public order offences and fraud offences. These offences have been grouped together as they have been identified as being subject to previous under-reporting.
2. Data may not sum to total due to rounding.

Source: National Audit Office analysis of Office for National Statistics data
The changing nature of crime

Work we have undertaken shows how particular crime types have evolved. Online crime in particular continues to evolve quickly because of the constantly changing opportunities to commit fraud through rapid changes in technology. As a result, the Department is having to reconsider its strategies and its ways of working with others in both private and public sectors to ensure it can continue to address these areas of crime effectively.

Fraud has become the most commonly experienced crime in England and Wales, and most takes place online. Online Fraud (2017) found that there were around two million estimated cyber-related incidents in 2016. The true cost of online fraud is unknown, but is likely to be billions of pounds. One estimate was that individuals lost around £10 billion and the private sector around £144 billion to fraud in 2016. A majority of provisions of the Criminal Finances Act 2017 came into force on 31 January 2018, which the Department sees as a key element of delivering the Government’s Action Plan for tackling financial crime.

Between March and June 2017, London and Manchester saw four attacks that claimed the lives of 36 people and placed renewed pressure on the Department and law enforcement partners. Financial sustainability of police forces in England and Wales (2018) found that there is strong evidence the police are facing increased pressure compared with 2015, most notably from a changing terrorist threat. In June 2018, the Department revised its counter-terrorism strategy, which builds on its existing model of Prevent, Pursue, Protect and Prepare.

Referrals of potential victims of modern slavery to the National Referral Mechanism have increased year-on-year since 2012. Reducing Modern Slavery (2017) reported that the Department’s 2013 estimate of the overall social and economic cost to the UK of human trafficking for sexual exploitation alone was £890 million. The report also found that the Department significantly underestimated the cost of tackling modern slavery. Despite a revision to the cost estimates for victim support services in 2016, the Department is still overspending against the contract, and forecasts that it will cost around £90 million, instead of £53.2 million, for the period 2015-16 to 2019-20. On 30 July 2018, the Department announced plans to launch an independent review of the Modern Slavery Act 2015.

Why online crime is a greater challenge than traditional crime

New technologies and increasing use of the internet mean online crime can happen on a greater scale, at a faster speed and reach more victims than traditional crime.

- Traditional crime must have three elements to take place: offender, location and victim.
- There are a limited number of victims.
- The internet has vastly increased opportunities to commit fraud, and emerging technology creates new types of threat.
- Criminals can target thousands of victims quickly without any direct contact, and can hide their identities with ease.

Victims and offenders share closer locations.

Increasing use of the internet exposes people to greater risks.

PART TWO

Operational delivery challenges

The Home Office (the Department) faces significant operational delivery challenges. We have seen weaknesses in its identification and management of risks and some examples of poor management of its contractors.

The Department is challenged by inadequate contracting procedures. Disclosure and Barring Service (DBS) (2018) found that the delivery of its programme to modernise its IT systems was running more than three and a half years late, and anticipated costs had increased. The Department had followed a commercial strategy that allowed varying interpretations of the contract, in particular of the underlying requirements, which led to disputes about whether the Department or its contractor was responsible for the delays in the delivery of the project. We also found that the Department was not tracking whether the programme was achieving its intended benefits.

Management of key risks in programmes present a challenge for the Department. The Emergency Services Network (ESN) is intended to replace the Airwave system currently in use by 2019. Upgrading emergency service communications: the Emergency Services Network (2016) raised concerns about the project’s high level of implementation risk and concluded that the programme’s management of its key risks needed to improve if it was to deliver ESN successfully. Despite the high risks, the Department adopted ambitious timelines for delivery, and by 2016 the programme was already five to 10 months behind schedule.

Following publication of our report it was confirmed that the delivery timetable for ESN was becoming longer. In February 2018 the Department confirmed that the delay was a minimum of 15 months. The Department is now undertaking a major review of the ESN programme. The review will assess how ESN might best be delivered going forward, and examine its approach to governance and programme management.

Main Emergency Services Network (ESN) risks by project phase

<table>
<thead>
<tr>
<th>Project Phase</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design, build and test complete</td>
<td>July 2017</td>
</tr>
<tr>
<td>User organisations transition</td>
<td>January 2020</td>
</tr>
<tr>
<td>Operate and benefits realisation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Design, build and test complete</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>User organisations transition</td>
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<tr>
<td>Operate and benefits realisation</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Main risk

<table>
<thead>
<tr>
<th>Risk</th>
<th>Technical</th>
<th>User take-up</th>
<th>Commercial arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of risk materialising</td>
<td>Programme delayed/fails Costs rise</td>
<td>Programme delayed</td>
<td>Operational and financial benefits not realised</td>
</tr>
</tbody>
</table>

Notes

1. Dates are those planned in the full business case.
2. Contract with Kellogg Brown and Root was signed in September 2015; contracts with Motorola and EE were signed in December 2015.

Source: National Audit Office analysis
Operational delivery challenges

The Department also faces delivery and coordination challenges when it relies on other government bodies, law enforcement agencies and private sector contractors to play a role.

Weak oversight remains a challenge for the Department. The Home Office oversees six independent arm’s-length bodies (ALBs) and gives grants to a wide range of delivery partners.

None of the six ALBs laid their annual reports and accounts for 2016-17 by the summer Parliamentary recess in July 2017, with two subsequently missing the January 2018 statutory deadline. *Funding and Governance of Broken Rainbow* (2017) raised concerns about the Department’s weak grant management, noting that it did not meet its own requirements for monitoring its grant. The Government Internal Audit Agency also reported on the whole of the Department’s grant monitoring mechanisms in March 2015, and found a number of weaknesses, resulting in a low assurance rating for the Department’s grant management process.

During 2017-18, the Home Office strengthened its sponsorship arrangements over its ALBs and also devised a protocol with their ministers so that the annual reports could be cleared more effectively. As a result, of the six ALBs, three laid their audited annual reports and accounts for 2017-18 by the summer recess 2018, with plans to lay the remaining three before Parliament’s Christmas recess. The Gangmasters and Labour Abuse Authority laid its 2016-17 accounts in July 2018.

The Department has shown limited ability in influencing partners. *Online Fraud* (2017) found the Department had to influence taskforce partners to take responsibility in the absence of a more formal legal or contractual lever. In June 2018 the Department reported on progress, including introduction of measures of the performance of the Joint Fraud Taskforce and confirming that it had commissioned an independent review of the taskforce.

Example of roles and responsibilities in tackling online fraud

Growth in online fraud presents new and significant challenges for the Home Office, as many other government bodies, law enforcement agencies and industry play a role. These roles are set out below.

<table>
<thead>
<tr>
<th>Prevention</th>
<th>Reporting</th>
<th>Disruption</th>
<th>Prosecution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raise awareness of crime and change people’s behaviour</td>
<td>Share information on cases between bodies</td>
<td>Develop capabilities to tackle fraudulent activity</td>
<td>Ensure effective legal powers are available</td>
</tr>
<tr>
<td>Protect people at risk of becoming victims</td>
<td>Collect and analyse data</td>
<td>Increase costs and/or reduce benefits of crime</td>
<td>Improve international cooperation</td>
</tr>
</tbody>
</table>

Government organisations  Law enforcement  Industry, regulators and organisations set up to tackle fraud  Citizens and businesses

Notes
1. The Department is included under ‘Reporting’ and ‘Disruption’ to indicate areas of oversight.
2. Credit industry fraud avoidance system (Cifas) is a not-for-profit fraud prevention membership organisation.
3. From 1 July 2017, the finance and banking industry operating in the UK is represented by a new trade association, UK Finance. Financial Fraud Action UK is now integrated into UK Finance.

Source: National Audit Office analysis
PART THREE

Effective use of information

The Home Office (the Department) faces a range of challenges in obtaining appropriate data of sufficient quality, resulting in challenges to plan and manage operations, while the use of legacy IT systems adds to the complexity and risk in upgrading systems and supporting performance improvements. The Department has, on occasion, been unclear about anticipated demand prior to launching new or additional services, resulting in additional costs and a poor experience for service users. Gaps in performance data make it harder for the Department to ensure consistent measures are in place to allow for trend analysis and benchmarking.

The Department’s data quality can be weak

The UK border (2017) found that, the government is increasingly collecting and using data to improve border management. Despite this, it has struggled to get good-quality data, or get the benefits of computerised systems, in a number of front-line systems. It has also struggled to effectively join up and use its internal management information within and across agencies. These gaps and weaknesses in collecting and sharing data mean that border management is not as good as it could be. In March 2018, the Department stated that the Border Planning Group had established arrangements for coordinating work, not only with government departments, agencies and their arm’s-length bodies, but also with local authorities and all the non-governmental organisations responsible for managing or enabling the border.

Ongoing use of legacy IT

E-borders and successor programmes (2015) found relying on legacy systems means that current processes involve extensive manual effort, duplication of effort and restrictions on the use that can be made of travel history records. In December 2017 the Department stated that as many as 30 IT systems would need to be modified or replaced to prepare for UK exiting the EU. As part of that work the Digital Services at the Border (DSaB) programme, the successor to the e-borders programme, is currently scheduled to be delivered by March 2019.

Estimated coverage of passport and booking data

This table from E-borders and successor programmes (2015) shows how the Home Office improved its collection of passports and booking data over time

<table>
<thead>
<tr>
<th></th>
<th>2003 (%)</th>
<th>December 2010 (%)</th>
<th>March 2014 (%)</th>
<th>Latest (September 2015) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passport data, inbound</td>
<td></td>
<td>54</td>
<td>80</td>
<td>86</td>
</tr>
<tr>
<td>Passport data, outbound</td>
<td></td>
<td>54</td>
<td>80</td>
<td>100</td>
</tr>
<tr>
<td>Booking data</td>
<td></td>
<td>Unknown</td>
<td>Unknown</td>
<td>20</td>
</tr>
<tr>
<td>e-Borders target (passport data only)</td>
<td></td>
<td>95</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Notes

1. Most data are received in advance of departure although some are only received after the vehicle has left its port of origin. Inbound passengers will also be subject to passport verification at the border itself.
2. Data are calculated based on number of journeys enabled to provide data to the Department and estimated number of passengers on the flight/train/ship concerned. It does not take account of whether data were actually received or not.
3. Journeys to and from the UK by land, general aviation and general maritime are excluded.
4. Data for December 2010 are currently based on a March 2011 estimate, as this is the earliest comparable estimate available within the Department. If travel within the EU is excluded then the estimate rises from 54% to 87%.
5. Booking data coverage was only measured from March 2015.

Source: National Audit Office analysis of Home Office data
The Department does not always gather sufficient information to manage or lead a system involving other bodies. Reducing Modern Slavery (2017) found the Department had no information on how much it spends tackling modern slavery across government, or how effective that expenditure is. In June 2018, the Department announced reforms to the National Referral Mechanism, stating the reforms will include decisions being made in a more efficient and streamlined way, and additional independent scrutiny that will ensure quality decision-making.

Gaps in performance data continue to put pressure on the Department’s ability to understand performance. Online Fraud (2017) found no consistent reporting of fraud in major banks’ annual reports and accounts, and no public information on losses incurred by individual banks. In June 2018, the Department stated that it supported the policy aim of increased transparency and that the financial sector’s concerns about the potential consequences of publishing such data were risks which will need to be explored and managed.

The Department has, on occasion, been unclear about anticipated demand for services prior to launching new or additional services. Disclosure and Barring Service (DBS) (2018) found that the Department had not collected systematic data about why the updated service, which was launched in 2013 and intended to increase customer use, has been used less than expected. In July 2012, the Home Office expected 2.8 million paying users by 2017-18, 69% of all transactions. In 2014, DBS cut this forecast to 0.9 million, 20% of transactions. The Home Office did not run a pilot or engage with potential users of the updated service before committing to the programme and DBS has not collected systematic data about why people are not using it.

Modern Slavery budgets

The Home Office has not brought together all of the budgets for tackling modern slavery across government.

<table>
<thead>
<tr>
<th>Funding</th>
<th>Period</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victim care contract with the Salvation Army funded by Home Office and Ministry of Justice.</td>
<td>2015-16 to 2019-20</td>
<td>53.2</td>
</tr>
<tr>
<td>Home Office’s official development assistance budget to tackle modern slavery with countries from which the UK sees a large number of victims.</td>
<td>2016-17 to 2020-21</td>
<td>33.5</td>
</tr>
<tr>
<td>European Union Asylum, Migration and Integration Fund funding for Adult Asylum Seeker Victims of Modern Slavery Care and Coordination Services.</td>
<td>October 2017 to September 2020</td>
<td>15.0</td>
</tr>
<tr>
<td>Funding to support the Gangmasters and Labour Abuse Authority (GLAA), to tackle labour exploitation including modern slavery across the economy.</td>
<td>2017-18</td>
<td>2.0</td>
</tr>
<tr>
<td>Police Transformation Fund to help law enforcement agencies tackle modern slavery.</td>
<td>2016-17 to 2018-19</td>
<td>8.5</td>
</tr>
<tr>
<td>Home Office’s Modern Slavery Unit budget.</td>
<td>2017-18</td>
<td>1.5</td>
</tr>
<tr>
<td>UK Visas and Immigration’s national referral processing hub budget.</td>
<td>2017-18</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Notes
1. The budgets shown do not include all budgets spent by government tackling modern slavery, for example the budgets spent by the National Crime Agency (NCA), Crown Prosecution Service, police forces, intelligence agencies. The Home Office does not monitor these budgets.
2. The NCA can use all of its capabilities in the work it undertakes on tackling modern slavery, drawn from across the agency. The NCA’s total budget in 2016-17 was £646 million. This is allocated flexibly, according to need and operational activity.
3. Some of these budgets include funding for tackling modern slavery outside the UK.
4. We have only included known budgets of more than £1 million.

Source: Home Office and National Crime Agency
What are the things to look out for?

Ongoing preparations for EU Exit
The Home Secretary and Permanent Secretary recognise these preparations as one of the highest priorities for the Department. These preparations should account for a range of potential outcomes, including the possibility of a ‘no deal’ scenario.

Recognised risks relating to EU Exit
Parliament found risks remain over how the residence and immigration status of EU nationals will be communicated and what services will be provided to ensure a smooth transition. It also found existing processes to support the UK’s decision to leave the EU to be under strain and under-resourced.

Unknown impacts of EU Exit
The Department faces considerable unknown impacts on the Border Force (for example, customs infrastructure, staffing requirements, differentiation of goods and services) and other border-related activities. The Border Planning Group is considering the implications of EU Exit scenarios for each activity and will have to balance a pragmatic approach to border controls to ensure the secure flow of goods and people at the border with opportunities to re-design systems and processes for the longer term.

Windrush as a priority
The Home Secretary has apologised for the distress caused to people of the Windrush generation. He has stated the government’s priority to support those who have struggled to demonstrate their right to be in the United Kingdom.

Transparency on progress
The Home Affairs Committee recommended the promised “permanent and sustainable solution” should be implemented transparently and measurably, specifically procuring detailed figures on the number of people affected, through wrongful denial of services, detention, or removal.

The opportunities of digital services
Taking advantage of new technologies is vital to reducing costs and meeting changing user behaviours. Digital services could create opportunities in developing premium customer services in passport applications, effectively delivering anti-violent crime campaigns, and supporting data management and decision-making in anti-modern slavery operations. They also provide opportunities for meeting challenges to border security presented by Brexit.

Managing projects which use technology
The Department faces considerable unknown impacts on the Border Force (for example, customs infrastructure, staffing requirements, differentiation of goods and services) and other border-related activities. The Border Planning Group is considering the implications of EU Exit scenarios for each activity and will have to balance a pragmatic approach to border controls to ensure the secure flow of goods and people at the border with opportunities to re-design systems and processes for the longer term.

Clarity, detail and compensation
The Department needs to provide clarity and detail on proposed measures to confirm and document citizens’ rights to be in the UK, and to effectively deliver compensation for those suffering financial loss as a result of difficulties proving their immigration status.

Poor delivery of IT projects
However, the Department has a poor record of delivering IT projects on time and on budget. It also has a poor record of making best use of its systems to improve its processes. Until this changes it is unlikely that IT programmes will deliver step-changes in performance needed. The NAO will continue its oversight of the ESN and DBS programmes.