

HOME OFFICE SUPPLEMENTARY ESTIMATE 2017-18: EXPLANATORY MEMORANDUM

Introduction

The primary purpose of this Memorandum is to provide the Committee with an explanation of the underlying business drivers for the changes made between the Home Office's 2017-18 Main Estimate and Supplementary Estimate ("SE"), together with an overview of the associated impact on the Department's budgets and an analysis of changes by aims and objectives.

This Memorandum is split into the following parts:

1. Summary of changes sought to the Department's budget and net cash requirement (NCR), together with an illustration of the associated impact upon the Departmental Expenditure Limit (DEL), Administration Budget and Annually Managed Expenditure (AME).
2. Overview of the Supplementary Estimate.
3. AME.
4. Variance in DEL Spending Broken Down by Business Area.
5. Contingent Liabilities and Provisions.

Part 1: Summary of changes sought to the Department's budget and net cash requirement.

1. The following table shows the total change in the department's budget and the net cash requirement (NCR). The NCR reflects not only the change to resource and capital but also a decrease in creditors. The breakdown of the main areas which have caused these changes will be explained in the following sections.

	£m		
	2017-18 Main Estimate	Changes	2017-18 Supplementary Estimate
Departmental Expenditure Limit			
Resource	10,510.369	28.899	10,539.268
<i>o/w</i>			
<i>Admin</i>	347.364	0.222	347.586
<i>Programme</i>	10,163.005	28.677	10,191.682
		-	
Capital	515.919	97.073	612.992
		-	
Less Depreciation†	-284.400	-	-284.400
Total DEL	10,741.888	125.972	10,867.860
Annually Managed Expenditure			
Resource	2,497.825	504.000	3,001.825
Capital	-	-	-
Net cash requirement	13,417.921	309.707	13,727.628

† Depreciation, which forms part of Resource DEL, is excluded from Total DEL since Capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

2. The table below shows the actual spend against planned budget for 2016-17 to enable comparison between years. This shows an overall reduction in Resource and Capital DEL spend of £77.5m and £15.5m respectively and in Resource and Capital AME a reduction of £83.5m and £3.1m respectively. The main reason for coming in below budget were due to not fully utilising CT and ODA budgets which ultimately could not be reallocated to eligible programmes.

	£m		
	2016-17 Plans	2016-17 Outturn	Variance (%)
Departmental Expenditure Limit			
Resource	10,573.025	10,495.559	-0.73
<i>o/w</i>	-	-	
<i>Admin</i>	352.467	341.286	-3.17
<i>Programme</i>	10,220.558	10,154.273	-0.65
Capital	481.914	466.389	-3.22
Annually Managed Expenditure			
Resource	2,472.781	2,389.331	-3.37
Capital	3.100	-	-100.00

Part 2: Overview of the Supplementary Estimate.

3. The Supplementary Estimate seeks to align the Main Estimate to internal budget delegations in response to changing priorities and pressures. It also includes transfers with other government departments and other changes that affect the Department's control totals such as reserve claims and capital to resource switches. The table below shows the overall changes made between Resource DEL, Capital DEL, Resource AME and Capital AME.

	£m	
	2016-17	2017-18
Resource DEL as at Main Estimate 2016-17	10,614.947	-
Changes	-41.922	-
Resource DEL post Supplementary Estimate 2016-17	10,573.025	-
Resource DEL as at Main Estimate 2017-18	10,573.025	10,510.369
Changes		28.899
Resource DEL post Supplementary Estimates 2017-18	10,573.025	10,539.268
<i>o/w Admin</i>	352.467	347.586
<i>o/w Programme</i>	10,220.558	10,191.682
Capital DEL as at Main Estimate 2016-17	477.463	
Changes	4.451	
Capital DEL post Supplementary Estimate 2016-17	481.914	
Capital DEL as at Main Estimate 2017-18	481.914	515.919
Changes		97.073
Capital DEL post Supplementary Estimates 2017-18	481.914	612.992
Resource AME as at Main Estimate 2016-17	2,144.781	
Changes	328.000	
Resource AME post Supplementary Estimate 2016-17	2,472.781	
Resource AME as at Main Estimate 2017-18	2,472.781	2,497.825
Changes		504.000
Resource AME post Supplementary Estimates 2017-18	2,472.781	3,001.825
Capital AME as at Main Estimate 2016-17	-	
Changes	3.100	
Capital AME post Supplementary Estimate 2016-17	3.100	
Capital AME as at Main Estimate 2017-18	3.100	-
Changes		-
Capital AME post Supplementary Estimates 2017-18	3.100	-

A breakdown of expenditure by Estimate Section Area is as follows:

Resource DEL (Admin) £m

Estimate Section	2017-18
Crime Policing and Fire Group	34.755
Office for Security and Counter Terrorism	40.824
Immigration Enforcement	7.000
UK Visas & Immigration	12.370
International & Immigration Policy	22.999
Border Force	5.683
HM Passport Office	-0.924
Enablers	224.879
Arms Length Bodies (Net)	0.000
European Solidarity Mechanism (Net)	0.000
Admin total	347.586

Resource DEL (Programme) £m

Estimate Section	2017-18
Crime, Policing and Fire Group	8,452.264
Office for Security and Counter Terrorism	850.911
Immigration Enforcement	405.413
UK Visas & Immigration	-514.879
International & Immigration Policy	26.252
Border Force	554.884
HM Passport Office	-145.766
Enablers	519.060
Arms Length Bodies (Net)	92.894
European Solidarity Mechanism (Net)	0.000
Programme total	10,191.682

Capital DEL £m

Estimate Section	2017-18
Crime, Policing and Fire Group	228.708
Office for Security and Counter Terrorism	102.926
Immigration Enforcement	19.390
UK Visas & Immigration	70.361
International & Immigration Policy	0.892
Border Force	65.420
HM Passport Office	13.500
Enablers	99.054
Arms Length Bodies (Net)	12.741
European Solidarity Mechanism (Net)	0.000
Capital total	612.992

Part 3 – AME

5. As required through the Estimates process a breakdown of AME is as follows:

AME

£m

Estimate Section	2017-18	
	Resource	Capital
AME Charges	423.830	0.000
Police Superannuation	2,527.994	0.000
AME Charges Arms Length Bodies (Net)	50.001	0.000
AME total	3,001.825	0.000

Following table breaks AME down by business area.

£m

Estimate Section	2017-18	
	Resource	Capital
Crime and Policing Group	3,001.825	0.000
Resource AME total	3,001.825	0.000

Part 4 – Variance in DEL Spending Broken Down by Business Area

6. The following table breaks down the movement by Estimate Section, showing the figures in Admin, Programme and Capital and then the percentage difference.

Spending in DEL - Variance shown in amount and as a percentage

Estimate Section	Variance (£m)			Variance (%)		
	Admin	Programme	Capital	Admin	Programme	Capital
Crime Policing and Fire Group	-23.729	-53.277	77.102	-40.57%	-0.63%	50.86%
Office for Security and Counter Terrorism	-4.596	71.873	19.069	-10.12%	9.22%	15.63%
Immigration Enforcement	0.000	1.713	1.040	0.00%	0.42%	5.67%
UK Visas & Immigration	-1.120	-3.800	-5.939	-8.30%	0.74%	-7.78%
I&IP	-0.001	-8.168	0.232	0.00%	-23.73%	35.15%
Border Force	2.763	5.454	-5.980	94.62%	0.99%	-8.38%
HM Passport Office	-0.524	0.000	-1.000	131.00%	0.00%	-6.90%
Enablers	31.505	16.434	48.461	16.29%	3.71%	72.33%
Arms Length Bodies (Net)	0.000	-1,491	2.226		-1.58%	21.17%
European Solidarity Mechanism (Net)	0.000	-0.001	0.000			
DUP	-4.076					
Total	0.205	28.899	97.073	0.06%	0.28%	18.82%

7. The explanation for the changes above are as follows:

Crime, Policing and Fire Group (CPFG)

- The main changes are due to the exchange of Resource Del programme budget for additional Capital Del.

Office for Security and Counter Terrorism (OSCT)

- The main increase was due to National Cyber funding received from the Cabinet Office and reserve claim funding for the response to the 2017 attacks.

Immigration Enforcement (IE)

- The main changes are due to Brexit funding received.

UK Visas and Immigration (UK V&I)

- The balance of changes relates to budget transfers out to Department of Health for the Immigration Health Surcharge against received reserve funding for Brexit and Asylum Support.

International & Immigration Policy (I&IP)

- Main change relates to transfer of contingency funding to operational areas.

Border Force

- The main change is due to receipt of Brexit reserve funding.

Her Majesty's Passport Office (HMPO)

- The main changes are due to in year savings contribution.

Enablers

- The main increase is the receipt of Brexit funding.

Arms Length Bodies (ALBs)

- The main changes are due to in year savings contribution.

8. This section covers the AME variance.

	Variance (£m)	Variance (£m)	Variance (%)	Variance (%)
Estimate Section	Resource	Capital	Resource	Capital
AME Charges	418.976	0.000	86.326	
Police Superannuation	35.024	0.000	0.014	
AME Charges Arms Length Bodies (Net)	50.000	0.000	0.000	
Resource AME total	504.000	0.000	0.202	

AME Charges and Police Superannuation

- These increases reflect the increase for Police and Fire Service pension payouts based on the information provided by Government Actuary Department and returns from Police and Fire.

AME Charges Arms Length Bodies (Net)

- This increase relates to the creation of a provision for a commercial dispute within DBS.

Part 5 - Contingent Liabilities

Contingent Liabilities

9. The Department has created a new contingent liability for the continued funding of certain EU programmes in the event of a “no deal” scenario in exiting the EU.

This is contained within the Estimates as in the below line and is judged to be unquantifiable:

HMG guarantee for EU funding streams as announced in August and October 2016. Home Office responsibility covers AMIF Programmes

Home Office