

HOME OFFICE MAIN ESTIMATE 2018-19: EXPLANATORY MEMORANDUM

Introduction

The primary purpose of this Memorandum is to provide the Committee with an overview of the changes between the final position for 2017-18, as shown below and the opening position for 2018-19, as shown in the Main Estimate.

The Main Estimate reflects the priorities agreed between the Home Office and Treasury in the 2015 Spending Review settlement and subsequent fiscal events.

This Memorandum is split into the following parts:

1. Summary of changes sought to the Department's budget and Net Cash Requirement and overview, together with an illustration of the associated impact upon the Departmental Expenditure Limit ("DEL"), Administration Budget and Annually Managed Expenditure ("AME").
2. Variance in DEL Spending Broken Down by Business Area including Resource AME.
3. Contingent Liabilities.

Part 1: Summary of changes sought to the Department's Budget and Net Cash Requirement and overview.

1. The Main Estimate shows an overall reduction in Resource DEL of £28.9m, in Capital DEL of £171.8m and in AME £304.9m. The main reasons for the Resource DEL reduction are the realisation of administration savings as set out in the 2015 Spending Review settlement as well as highlighting the additional funding received in the 2017-18 Supplementary Estimate for Brexit, Asylum, Counter Terrorism and Police Pensions.

This Main Estimate does not include an additional £395m funding for the EU Exit preparations which the Chancellor has announced. This additional funding will be received in the Supplementary Estimate.

As with all Reserve funding, finalised allocations will be confirmed at Supplementary Estimates 2018-19 in early 2019.

Provision at headline level

	£m					
	2018-19 Estimate	Main	2017-18 Estimate	Supplementary	Change	Change %
Departmental Expenditure Limit						
Resource	10,508.9		10,539.3		-28.9	-0.27%
<i>o/w</i>						
<i>Admin</i>	319.3		347.6		-28.4	-8.17%
<i>Programme</i>	10,189.6		10,191.7		-2.1	-0.02%
Capital	441.2		613.0		-171.8	-28.03%
Annually Managed Expenditure						
Resource	2,696.9		3001.8		-304.9	-10.16%
Capital	-		-		-	
Net cash requirement	13,343.1		13,727.6		-384.5	-2.8%

The above table shows the total change in the Department's budget and the net cash requirement (NCR). The NCR reflects not only the change to resources and capital but also a change in working capital. The breakdown of the main areas which have caused these changes will be explained in the following section.

Part 2: Variance in DEL Spending Broken Down by Business Area.

2. The Main Estimate has been reviewed against the comparative 2017-18 totals in the table above. The following tables show the main changes to the Main Estimate to current internal budget delegations in response to changing priorities and pressures. It also includes transfers with other government departments including the Machinery of Government Transfer into the Home Office of the Government Equalities Office and it's ALB. The tables below show the overall changes made between Resource DEL, Capital DEL and Resource AME.

Resource DEL by Estimate section

£m

Estimate Section	2018-19 Main Estimate	2017-18 Supplementary Estimate	Change	Change (%)
Crime Policing & Fire Group	8,675.10	8437.7	237.4	2.8%
Office for Security and Counter	775.4	891.7	-116.3	-13.1%
Immigration Enforcement	382.9	412.4	-29.5	-7.2%
UK Visas & Immigration	-528.3	-502.5	-25.8	5.13%
International & Immigration Policy	59.2	49.3	10.0	20.2%
Border Force	544.8	560.6	-15.8	-2.8%
HM Passport Office	-159.9	-146.7	-13.2	9.0%
Enablers	593.1	743.9	-150.8	20.3%
Government Equalities Office	20.8	-	20.8	-
Arms Length Bodies (Net)	100.1	92.9	7.2	7.8%
European Solidarity Mechanism (Net)	0	0	0	
DUP	45.7	-	45.7	-
Resource DEL	10,508.9	10,539.3	-30.4	-0.3%

Resource DEL (Admin) by Estimate section

£m

Estimate Section	2018-19 Main Estimate	2017-18 Supplementary Estimate	Change	Change (%)
Crime Policing & Fire Group	41.1	34.8	6.3	18.3%
Office for Security and Counter Terrorism	45.8	40.8	5.0	12.2%
Immigration Enforcement	6.4	7	-0.6	-8.6%
UK Visas & Immigration	13.5	12.4	1.1	9.1%
International & Immigration Policy	23.0	23.0	-	0%
Border Force	2.8	5.7	-2.9	-50.7%
HM Passport Office	-1.8	-0.9	-0.9	94.8%
Enablers	161.0	224.9	-63.9	-28.4%
Government Equalities Office	6.3	-	6.3	-
Arms Length Bodies (Net)	13.6	-	13.6	-
DUP	7.6	-	7.6	-
Resource DEL Admin	319.3	347.6	-28.3	-0.1%

Resource DEL (Programme) by Estimate section**£m**

Estimate Section	2018-19 Main Estimate	2017-18 Supplementary Estimate	Change	Change (%)
Crime Policing & Fire Group	8,634.0	8,402.9	231.1	2.75%
Office for Security and Counter Terrorism	729.6	850.9	-121.3	-14.26%
Immigration Enforcement	376.5	405.4	-28.9	-7.13%
UK Visas & Immigration	-541.8	-514.9	-26.9	5.22%
International & Immigration Policy	36.2	26.3	9.9	37.64%
Border Force	542.0	554.9	-12.9	-2.32%
HM Passport Office	-158.1	-145.8	-12.3	8.44%
Enablers	432.0	519.1	-87.1	-16.78%
Government Equalities Office	14.5		14.5	-
Arms Length Bodies (Net)	86.4	93.0	-6.6	-7.1%
European Solidarity Mechanism (Net)	-	-	-	-
DUP	38.1	-	-	-
Resource DEL Programme	10,189.6	10,191.7	-2.1	-0.00%

Capital DEL by Estimate section**£m**

Estimate Section	2018-19 Main Estimate	2017-18 Supplementary Estimate	Change	Change (%)
Crime Policing & Fire Group	150.5	228.7	-78.2	-34.2%
Office for Security and Counter Terrorism	131.2	102.9	28.3	27.5%
Immigration Enforcement	7.2	19.4	-12.2	-62.9%
UK Visas & Immigration	54.8	70.3	-15.5	-22.1%
International & Immigration Policy	0.7	0.9	-0.2	-22.2%
Border Force	54.4	65.4	-11.0	-16.8%
HM Passport Office	39.0	13.5	25.5	188.9%
Enablers	2.9	99.1	-96.2	-97.1%
Government Equalities Office	-	-	-	-
Arms Length Bodies (Net)	0.5	12.7	-12.2	-96.1%
DUP	-	-	-	
Capital DEL	441.2	613.0	-171.8	-28.0%

AME by Estimate section

£m

Estimate Section	2018-19 Main Estimate	2017-18 Supplementary Estimate	Change	Change (%)
AME Charges	4.9	423.8	-418.9	-98.8%
o/w				
Crime Policing & Fire Group	4.9	423.8	-418.9	-98.8%
Police and Fire Superannuation	2,692.1	2,528.0	164.1	6.5%
AME Charges Arms Length Bodies (Net)	-	50.0	-50.0	-100%
Total Resource AME	2,696.9	3,001.8	-304.9	-10.2%
Police and Fire Superannuation	-	-	-	-
Capital AME	-	-	-	-

3. The explanation for the key changes in the tables above are as follows:

Crime and Policing Group (CPG):

- The increase in Resource is in line with the outcome of the 2015 Spending Review and the subsequent Police Settlement.

Office for Security and Counter Terrorism (OSCT):

- The reduction in Resource appears exaggerated as it shows funds received in 2017-18 which are allocated annually at the Supplementary Estimate. Otherwise, this follows agreed 2015 Spending Review plans, and further CT resource is expected to be received by OSCT within the Supplementary Estimate. Taken together, this does not represent a reduction to CT spending.

Immigration Enforcement (IE)

- The reduction in Resource is in line with the outcome of the 2015 Spending Review. This position is before the receipt of £395m EU Exit funding which will increase the position at the Supplementary Estimate.

UK Visa's and Immigration (UKV&I)

- The reduction in Resource is in line with the outcome of the 2015 Spending Review. This position is before the receipt of £395m EU Exit funding which will increase the position at the Supplementary Estimate.

Immigration and International Policy Group

- The increase in Resource is the result of BICS Contingency monies which are held here until required by the business. This position is before the receipt of £395m EU Exit funding which will increase the position at the Supplementary Estimate.

Border Force

- The reduction in Resource is in line with the outcome of the 2015 Spending Review. This position is before the receipt of £395m EU Exit funding which will increase the position at the Supplementary Estimate.

HM Passport Office

- The reduction in Resource is in line with the outcome of the 2015 Spending Review. This position is before the receipt of £395m EU Exit funding which will increase the position at the Supplementary Estimate.

Enablers

- The change between years is a combination of additional savings as part of streamlining the core of the department.

Government Equalities Office

- The Government Equalities Office has transferred into the Home Office from Department for Education.

Arms Length Bodies (ALBs)

- ALB's have been updated to include Equalities and Human Rights Commission following the transfer of Government Equalities Office from Department for Education.

Part 3 - Contingent Liabilities

The Department has update a contingent liability for Heathrow Airport Holdings which previously referred to British Airports Authority following the organisations name change.

The Department has added a new contingent liability which transferred from Department for Education following the transfer of the Equalities and Human Rights Commission. This relates to pension provision for a Chair and Deputy Chairs of a legacy commission. This liability is unvalued.

Home Office