Home Office

Permanent Secretary

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

Dame Diana Johnson MP
Chair, Home Affairs Committee
House of Commons
London
SW1A 0AA

1 August 2022

Dear Chair,

Thank you for your letter of 18 July on the Department's Main Estimate and the corresponding memorandum for 2022-23. I have set out a response to your questions below.

1. The October 2021 Spending Review settlement provided an average annual real terms RDEL growth rate of 2.5%, high inflation has meant this is now lower. How is the department accommodating these additional pressures? Have you been able to quantify the financial impact of these higher costs and the impact it has had on the SR21 settlement for 2022/23?

Across the department, we continuously prioritise and balance our funding requirements in response to ongoing and newly arising pressures. At present, we are assessing the true impact of inflation changes on our position, including reviewing contracts and monitoring costs across the business. We are looking to mitigate the changes, including focussing on increasing productivity and efficiency of our delivery and reprioritising delivery. However, the pressures we facewill make financial control harder and we will need to actively manage costs throughout the year.

You will be aware that we have part funded the police pay uplift announced on 19 July through the provision of £70m in additional funding to forces in 22/23. We have not confirmed the source of funding, but indicatively we will look to make savings and use underspends in crime and related programmes.

2. How has the department responded to the government's challenge to reduce the number of civil servant jobs by 91,000?

The Prime Minister has set the target of returning workforce numbers across the Civil Service to 2016 levels over the next three years.

The Home Secretary responded to this work with a proposal that reduces the Home Office's headcount while prioritising frontline services. This work across Government is currently paused but we stand ready to return to it in the autumn. We are currently

working to understand the potential impact on policy, operations and wider services of a series of proposals for headcount reductions, all of which involve significant prioritisation, resource reallocation, and a greater focus on efficiencies.

3. Full Asylum costs for 2022/23 are unknown because the Main Estimate excludes costs for the 'Rwanda' strategy. Why was the department not able to provide a financial forecast for this strategy? Are there any financial estimates in relation to this that can now be shared?

The Migration & Economic Development Partnership (MEDP) with Rwanda will form part of the Supplementary Estimates, rather than the Main Estimates. This reflects the uncertainty over the timing of the implementation of the MEDP given the current legal challenges.

4. Last year £657million was provided for the Afghanistan resettlement scheme. Will a similar amount be required this year?

The United Kingdom responded at great speed in extremely difficult and dangerous circumstances to support vulnerable Afghans at risk from the change in regime in Afghanistan. We are continuing to provide that support this year. Costs related to Afghanistan were not part of the Home Office budget set as part of SR21, and we are in negotiations with HMT about funding to be provided as part of the Supplementary Estimate. We are expecting costs to be higher than in 2021-22 as we will incur costs for a full-year and not part-year.

5. The £243 million provision made last year for pension litigation in response to the McCloud judgement, has been increased by a further £15.6 million this year. Last year £50 million was paid out in a settlement to Police for 'injury to feelings' claimants. Can the department confirm if any further 'injury to feelings' settlements have been made this year so far?

Payments made to date remain within £50m. The provision shows there is a risk of further payments, but any future payments are subject to due legal process.

6. The whole project cost for the "Emergency Services Mobile Communication Programme" increased by 18% to £11.2bn from 2019/20 to 2020/21, following a programme re-plan.

i) Have there been any changes to this baseline since then?

No, as set out in the Full Business Case in July 2021 the total cost of providing critical emergency services communications for the period to 2036/37 is forecast to cost £11.3Bn. This includes £1.6Bn for ESMCP programme costs that will enable the reduction of the current Airwave system costs (circa £450m per year), to the lower costs to run ESN (circa £250m per year). The cost of running Airwave continues to be the largest percentage of the overall budget.

ESN will deliver around £200m saving per year from the Airwave shut-down date. However, there are a number of elements that may impact the programme budget including the outcome of the current CMA investigation into Motorola's dual role as owner of Airwave and supplier on the programme, changes to programme delivery arrangements, and any extension to the Airwave shutdown date beyond the end of 2026.

ii) Do these project costs include assumptions around the continuation of the Airwaves contract with Motorola from 2022-24?1Infrastructure and Projects Authority annual report 2021 -GOV.UK (www.gov.uk)

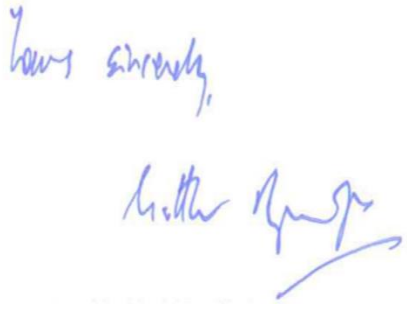
Yes, the £11.3bn includes £4.9bn for running Airwave until December 2026 (circa £450M per year). The future Airwave cost estimates could vary depending on the outcome of the current CMA investigation.

In the 2020/21 Annual Report and Accounts one of the top-level risks for the department was failure to deliver the Emergency Services Network within the Integrated Programme Plan;
iii) Is this still one of the top-level risks?

Yes, this was captured in the top-level risks for the department in the 2021/22 Annual Report and Accounts published 14 July 2022 (Home Office annual report and accounts: 2021 to 2022 - GOV.UK (www.gov.uk)).

iv) What are the top 3 problems causing delays in the programme?

The programme has been managing (a) the delivery performance of a key supplier responsible for technology that forms the core part of ESN; (b) how best to expedite this current commercial relationship to protect the delivery of ESN; and (c) the best way forward to ensure the programme has all the critical functionality necessary for delivery.



Matthew Rycroft
Permanent Secretary