

Rt Hon Dame Diana Johnson
Chair of the Home Affairs Committee
BY EMAIL

31 July 2023

Dear Dame Diana,

HOME OFFICE 2023-24 MAIN ESTIMATES

Thank you for your letter dated 28 June 2023 in relation to the Department's Main Estimates and the corresponding memorandum for 2023-24. I have set out a response to your questions below.

1. The Department has not provided full asylum costs in its Main Estimate for the second year in a row. This lack of transparency prevents the scrutiny of costs associated with the Migration and Economic Development Partnership and the economic impact of the Illegal Migration Bill, amongst others.

The asylum system forecasts have moved very substantially since the Spending Review with higher volumes of arrivals. In previous years, HM Treasury has only considered additional Reserve funding for asylum costs at Supplementary Estimates. This is due to the fact that a significant share of asylum costs is driven by extremely volatile forecasts which are refined as the year goes on.

The Home Office and HM Treasury officials collaborated to agree funding and savings associated with the Migration and Economic Development Partnership as part of the Illegal Migration Taskforce and 10 Point Plan. However, timings of the Main Estimates meant that it was too late for inclusion in the Main Estimates. The Impact Assessment of the Illegal Migration Bill was published on 28 June.

2. Costs for 'Customer Service and Core Operations' (which includes income from visas and passports), has increased by c£600 million (+19%). Why is this? Can you include in your explanation the budget for visa income, passport income and Customer Service Operation costs?

The increase within Customer Services is mainly due to the Department including 50% of income from the Immigration Health Surcharge at Main Estimates. The remaining 50% will be included at Supplementary Estimates based on the updated forecast available.

Increases in core operations have been driven by a number of factors including recruitment of in-house resources to avoid reliance on expensive external resources, pay and supplier inflation. A breakdown by the income type as requested is:

Customer Services	This year (2023/24 Main Estimates budget sought)	Last year (2022/23 Supplementary Estimates budget approved)	Change from last year	
Customer Service Core Operations	1,388.1	1,283.5	104.6	8.1%
Income from core Visa Operations	-2,243.8	-2,201.3	-42.5	1.9%
Income from Immigration Health/Skills Charge	-967.2	-1,493.4	526.2	-35.2%
Income from Passport and Registration	-697.1	-715.0	17.9	-2.5%

3. Why has the police settlement decreased this year?

The spending accounted for in Main Estimates does not represent the totality of funding for policing in England and Wales and specifically excludes funding for Counter Terrorism Policing; Police and Crime Commissioners (PCC) grant funding provided by the Welsh Government and the Department for Levelling Up, Housing and Communities; and PCC's local raised income the council Tax police precept.

On 31 January 2023, the Government confirmed a total police funding settlement of up to £17.2 billion in 2023/24, an increase of up to £313.8 million when compared to 2022/23. This includes total Government grants to PCCs, flexibility for PCCs to raise additional money locally from council tax precept, and funding for national priorities, such as tackling serious violence and county lines.

Overall police funding available to PCCs increased by up to £550.2 million this year. This breaks down as up to an additional £375.8 million from council tax precept and an additional £174.4 million in government grants, including funding that will maintain the 20,000 additional officers beyond March 2023.

The spending totals accounted for in Main Estimates reflect Home Office Grant funding for policing in England and Wales. This spending incorporates two elements:

- 1) Home Office grants to PCCs, which in 2023/24 increased by £171.0 million (excluding funding from DLUHC). This reflects:
 - An annual increase to the Police Main Grant as determined at SR21 (c.+£100m).
 - Additional funding to support forces with the associated costs of the 2022/23 pay award (c.+£140m).
 - The return to HMT of funding provided for employer contributions to the social care levy when this policy was withdrawn (c.-£69m).
- 2) Home Office funding for National Policing Priorities. In 2023/24, this funding reduced by c.£260.0m, which reflects the following factors:
 - SR21 provided a reduced funding envelope for national priorities reflecting

an expectation at that time that the costs within the Major Law Enforcement portfolio would reduce over the SR period.

- The additional funding to support forces with the associated costs of the 2022/23 pay award was partially met from within the Police Settlement.

Yours sincerely,



Sir Matthew Rycroft KCMG CBE