



House of Commons
Home Affairs Committee

The work of the Permanent Secretary

Thirteenth Report of Session 2013–14

*Report, together with formal minutes and oral
evidence*

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Home Affairs Committee

The Home Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Home Office and its associated public bodies.

Current membership

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Ian Austin MP (Labour, Dudley North)
Nicola Blackwood MP (Conservative, Oxford West and Abingdon)
James Clappison MP (Conservative, Hertsmere)
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Mark Reckless MP (Conservative, Rochester and Strood)
Mr David Winnick MP (Labour, Walsall North)

The following Members were also members of the Committee during the Parliament.

Rt Hon Alun Michael (Labour & Co-operative, Cardiff South and Penarth)
Karl Turner MP (Labour, Kingston upon Hull East)
Steve McCabe MP (Labour, Birmingham Selly Oak)
Bridget Phillipson MP (Labour, Houghton and Sunderland South)
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Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/homeaffairscom.

Committee staff

The current staff of the Committee are Tom Healey (Clerk), Robert Cope (Second Clerk), Duma Langton (Committee Specialist), Eleanor Scarnell (Committee Specialist), Andy Boyd (Senior Committee Assistant), Iwona Hankin (Committee Support Officer) and Alex Paterson (Select Committee Media Officer).

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Leadership in the Home Office

1. We took evidence from the new Permanent Secretary at the Home Office, Mark Sedwill, on 18 June and 10 December 2013. This followed a short session on 26 March, only a few weeks after he took up his post, focused specifically on the decision to abolish the UK Border Agency. We are grateful to the National Audit Office for producing a Departmental Overview to assist us with our evidence session on 10 December.¹

2. Dame Helen Ghosh left the Home Office in September 2012 to take up a new post as Director-General of the National Trust, after less than two years in post. Mark Sedwill succeeded her on 1 February, following an interregnum during which Helen Kilpatrick, Director General of Finance and Corporate Services, served as acting Permanent Secretary. Mr Sedwill pointed out that he is the fourth Permanent Secretary to have served under the present Home Secretary since she assumed office in 2010. He indicated that he intended to remain in post “for a good term”, to provide “stability in the professional leadership of the Department alongside the stability we have had in the political leadership of the Department over the last four years”.² **We welcome Mr Sedwill’s commitment to his role as Permanent Secretary and hope that his appointment will mark the beginning of a much-needed period of stability in the senior leadership of the Home Office, and in particular the membership of the Executive Management Board. We also welcome the open and transparent way that Mr Sedwill has dealt with the Committee and the occasions that he has intervened to facilitate the Committee’s work. This is a refreshing approach from such a senior civil servant and a model for other departments.**

The Civil Service People Survey 2012

3. The Home Office scored below the Civil Service People’s Survey benchmark results across all the aspects of leadership and management that contribute to how engaged staff feel with the business in which they work. There was significant variation between results from the different areas of the business, with the overall employee engagement index (combining the scores from the relevant questions) ranging from 36% for Border Force and 47% for UK Border Agency, to 61% for the Criminal Records Bureau, 55% for HM Passport Office and 57% for the core Home Office.

4. The Home Office scored poorly in the leadership and managing change category, averaging just 30% positive responses across the group (dropping to 17 per cent for Border Force staff). Given the significant changes currently occurring within the Home Office group this is of particular relevance. Only 21% of respondents agreed that change was managed well at the Home Office, only 18% believed changes at the organisation were generally for the better, and 26% had confidence in the decisions made by senior managers.

5. The Home Office’s poor results in the 2012 Civil Service People Survey show that engagement and confidence in the civil service leadership of the Home Office are at crisis levels and need to be addressed as a matter of urgency. It is vital that when

1 *The performance of the Home Office 2012–13*, National Audit Office, December 2013 (hereafter, “the Overview”): www.nao.org.uk/wp-content/uploads/2013/12/10330-001-Home-Office-Departmental-overview.pdf

2 Q81 (10 December 2013)

significant changes, such as the abolition of the UKBA, are instituted, the staff are engaged. It is notable that scores were particularly low in the former UK Border Agency and in Border Force, two areas which have experienced particular operational and performance problems in recent years. We recommend that the Permanent Secretary start an immediate investigation into the reasons for low morale in the Department, which should include meetings with groups of staff at all levels in the operational areas giving most cause for concern. From the results of this investigation, a strategy of staff engagement should be published which can be benchmarked against the survey going forward. We will return to this subject when the results of the 2013 survey are available later this year.

The spending challenge

6. As part of the 2010 Spending Review, the Department was required to make resource savings of 23% in real terms, based on the 2010–11 outturn, by 2014–15. The Spending Review also required a reduction in capital spending of 49% within the same timeframe. In the 2013 Spending Round, the Department committed to further cuts in real terms of 6.1% in resource spending between 2014–15 and 2015–16 and a 17.6% cut to the capital budget during the same period.

7. These are challenging targets which can be met only by a major overhaul of the Department's spending: halving the administration budget in real terms over the five years to 2015–16, making changes to police terms and conditions of service, realising cost savings from the new landscape of policing and the restructuring of the border and immigration operations and, crucially, by achieving savings from efficiencies in IT, procurement and back-office functions. **We recognise the spending pressures placed on the Home Office mean that some difficult decisions will need to be taken in order to hit these targets. However, it is crucial that the cuts must not be at detriment to the work performed by the Home Office and its functions. We recommend that if savings need to be made they should be, as much as possible, found in efficiencies in IT, procurement and back office functions.**

Procurement

8. Our 2012 Report on Olympics Security highlighted a problem that has been a cause for public concern for some time. Major Government contracts are awarded to a comparatively small number of large providers—in the case of the Home Office, companies such as Capita, G4S, and Serco—with apparent disregard for performance under previous contracts. We recommended that the Government establish a register of high-risk providers, who have a track-record of failure in the delivery of public services, to provide a single source of information for those conducting procurement exercises about companies which are failing or have failed in the delivery of public contracts.³ The Government, in its response to our recommendation, told us that

3 Home Affairs Committee, Seventh Report of Session 2012–13, *Olympics security*, HC 531

The Government, through the Cabinet Office Crown Representative network and supported by departments, will continue to review the performance of its cross government strategic suppliers [...].⁴

9. Our concerns about the questionable performance of some of those large corporations who appear to have cornered the market in major Government contracts were amplified in July 2013, when the Justice Secretary told the House that his Department had identified “a significant anomaly in the billing practices” of G4S and Serco under their contracts to provide electronic tagging services. A further audit confirmed that the companies had been charging for people who were back in prison and had had their tags removed, people who had left the country, those who had never been tagged in the first place but who had instead been returned to court, and those who were known to have died. In some instances, charging continued for a period of many months and indeed years after active monitoring had ceased.⁵ Serco has since agreed to repay £68.5m (plus VAT) and the Government and G4S are still negotiating repayments after an initial offer from the company of £24 million was rejected. Both companies have lost the tagging contracts, which are being given to Capita on a temporary basis at the end of the current financial year, and are being investigated by the Serious Fraud Office.

10. The Permanent Secretary told us that these companies’ contracts with the Home Office had been audited and, based on a thorough audit of a sample of payments, had been found to be “accurate, correct and in line ... with the contract”.⁶ He had nonetheless asked an external auditor to conduct a deeper dive audit into both Serco and G4S.

11. The Permanent Secretary was right to commission a robust audit of G4S and Serco’s contracts with the Home Office in the light of the tagging scandal and we are pleased that, so far, no anomalies have been revealed. It is unacceptable that the Home Office is still over-reliant on a very small number of large providers to deliver its major projects, many of whom appear to have a track-record of underperformance, from the lamentable saga of e-Borders, through the absent Olympic security staff, to the placement of asylum-seekers in sub-standard housing under the COMPASS contracts. We believe that the Home Office’s procurement arrangements could be made more efficient if more thought were given to how contracts could be made more accessible to smaller businesses, in order to increase the range of providers who are able to bid for them. Breaking down great, monolithic contracts, which can only be tackled by large providers, into smaller components would increase the complexity of the contract management process, but it would increase competition for contracts, breaking what is perilously close to an oligopoly in the provision of contracted-out Government services, some of which, such as G4S’s contract to deliver security for the 2012 Olympics, have in the past gone badly wrong. We recommend that the Home Office conduct a review into all of its contracts with a view of selecting those with the potential to be split into smaller deals. Those which can be remodelled immediately with no financial penalty should be put out for retender without delay, and all others retendered at the first opportunity.

4 Cm 8500

5 HC Deb (11 July 2013) col. 573

6 Qq117–118

12. **The Government has rejected our recommendation for a register of high-risk providers. However, we remain convinced that greater openness and transparency about providers' failure to deliver on Government contracts would improve the quality of procurement on major projects. In light of an increase in the evidence of poor performance from these type of companies we recommend the Government reconsider its response to the high-risk register recommendation and adopt it immediately.**

Police procurement

13. Some £474 million in savings are to be found by 2014–15 from better procurement by police forces of goods and services. The National Audit Office has found that procurement practice varies considerably between the 43 forces in England and Wales, and that forces have not agreed common specifications for many types of goods and services, which has reduced their ability to make savings by delaying or preventing collaborative purchasing arrangements being established. It also found that there was a tension between the Department's centrally-directed strategies to increase collaboration and national procurement, and its reforms to increase local autonomy and accountability for police forces.⁷ The NAO concluded that the Home Office was unable to demonstrate that the £1.7 billion spent annually on police non-IT procurement represented good value for money. The Permanent Secretary told us that, since the NAO's Report, some further progress had been made towards the development of common standards for body armour, emergency vehicles and "commodity IT".

14. The quality of the Home Office's information about police procurement is also poor, something which the Permanent Secretary readily acknowledged, describing the completeness of the Department's data about police procurement as "closer to 5% than 95%". He said that the Department had not made nearly enough progress so far in improving the quality of its police procurement information and that this was due primarily to the range and complexity of procurement arrangements among the 43 forces. The Department's objective is to raise the level of procurement data to 80% by the end of the Parliament, and to that end a team of Home Office officials is being sent out to forces early in 2014 to try to help them realign their procurement systems.

15. The Home Office's drive to ensure better value for money in police procurement is underpinned by a central police procurement hub, an on-line marketplace through which forces can procure goods and services. Around 20,000 different goods and services are available via the hub. The Permanent Secretary told us that just over half of all forces had signed up to use the hub, but only 16 were using it actively and it was used in only 2% of all transactions.⁸

16. **The current picture of police procurement is dismal: forces are making next to no use of the central procurement hub, and they continue to operate a wide variety of procurement arrangements, making it difficult to realise the potential savings that would flow from a more co-ordinated approach. On top of this, the Home Office's understanding of police procurement is sketchy, at best. The Permanent Secretary**

7 National Audit Office, *Police Procurement*, HC 1046, Session 2012–13 (March 2013)

8 Q66 (18 June)

clearly recognises the scale of the problem, and we are pleased that he has a clear target to improve the quality of the Department's information about police procurement by the end of the Parliament. We will review progress in January 2015 against (a) the Home Office's information about police procurement, (b) the number of forces which are making active use of the central procurement hub and (c) the proportion of transactions which go through the hub.

17. One of the obstacles to adopting a more consistent approach to procurement has been the tension between the Department's strategy to increase procurement at a national level, and its reforms to increase local accountability. In order to resolve this tension, the Department should enlist the support of police and crime commissioners in improving their forces' compliance with national procurement procedures. We recommend that, before the end of the current financial year, the Home Office issue detailed guidance to PCCs and chief constables about good procurement practice, and encourage them to work together to develop a procurement improvement strategy.

E-borders / Border Systems Procurement

18. The Home Office's largest major project is still the ill-starred e-Borders programme, now known as Border Systems Procurement, which is intended to bring in an integrated information and Communication technology system to deliver greater border security. The project, which has now been in development for over a decade, has a lifetime cost of £1.3 billion and is worth as much as the Home Office's two next largest projects—COMPASS and the Disclosure and Barring Service Programme—combined.⁹

19. The history of the e-Borders programme has been well documented: the original contract was let to a consortium led by Raytheon Systems Limited in November 2007, but terminated for cause in July 2010. Raytheon and the Home Office are still in dispute over the contract termination and the dispute is now in arbitration. The 2012–13 accounts record the existence of this dispute as a contingent liability (as was the case in the 2011–12 accounts) with no quantification of the liability being possible due to the inherent uncertainty surrounding this process.¹⁰ When originally asked by the Committee to comment on what went wrong the response from Raytheon UK was as follows:

we are presently in arbitration with the Home Secretary regarding her decision to terminate Raytheon's involvement in the e-Borders Programme. As you will appreciate, the arbitration process imposes certain duties of confidentiality upon me and my company. In addition, our e-Borders contract itself contains confidentiality provisions which arguably survive termination. I trust, therefore, that you will understand that there are some constraints upon the information that I am at liberty to share with you.

9 COMPASS (Commercial and Operational Managers Procuring Asylum Support) has a budgeted lifetime cost of £687million and the Disclosure and Barring Service Programme has a lifetime cost of £710million

10 Overview, p. 23. For background information see Independent Chief Inspector of Borders and Immigration, *Exporting the border? An inspection of e-Borders, October 2012 – March 2013* (October 2013) and letters from Robert M Delorge, Raytheon UK, dated 3 August 2011, and from Rt Hon Damian Green MP, Minister for Immigration, dated 22 August 2011, to the Chair of the Committee

When he gave evidence to us on 10 December, Mr Sedwill was unable to provide any further update on the dispute, due to the confidentiality of the mediation process.¹¹ **We are appalled at the handling of this matter post-termination of the contract; and that 3½ years later it still is not resolved. Neither the company nor the Government are in a position to explain more. The confidentiality means we do not know what went wrong and are losing the opportunity to ensure this does not happen again. To avoid conspiracy theories there has to be full transparency and lessons need to be learnt.**

20. The Permanent Secretary told us that it was “absolutely still [the Home Office’s] intention” to have exit checks through e-borders and other mechanisms by the end of the Parliament and that “very substantial progress” had been made towards that.¹² He told us that the following benefits had already been realised: advance passenger information, inbound and outbound, on almost 90% of air travel by the end of 2013,¹³ and the ability to check the data of 75% of passengers coming in and leaving the UK.¹⁴

21. **We are pleased to see that, more than ten years after the e-Borders business case was first prepared, some of the projected benefits are finally beginning to be realised. However, many of the key benefits, including the ability to count all foreign national passengers into and out of the UK, are still a long way off. It is farcical that, given that passenger information is already collected on departure, exit checks cannot be implemented to a shorter timetable and we recommend that the Home Office produce a plan for doing so.**

11 Qq102–106

12 Q107. See also Qq6–9 (18 June)

13 Q108

14 Not including the Common Travel area—the UK, the Republic of Ireland, the Channel Islands and the Isle of Man—within which passenger movements are not routinely monitored.

Capita and the Migration Refusal Pool

22. In September 2012, Rob Whiteman, then Chief Executive of the UK Border Agency, told us that Capita had been awarded a contract to locate those missing in the Migration Refusal Pool. The contract is based on payment by results, with Capita being paid for the number of people they make contact with and who leave the UK. He suggested that, under these arrangements, Capita might earn as much as £40 million over four years, if their results were good. The contract is based on the following outcomes:

Outcome	Target	Penalty	Incentive
Confirmed departures	20% of cohort or higher	The Contractor will provide a service 'credit' of 10% of the contract price per case for each case less than 20%.	2.5% increase in payment per case above target. An additional 10% for each extra case if Capita achieve more than 30% confirmed departures. This is a total potential incentive of 12.5% per case.
Traced but individual does not leave UK (barriers to removal)	65% of cohort or lower		None, as incentives are focused solely on increasing confirmed departures.
No trace	15% of cohort or lower		None, as incentives are focused solely on increasing confirmed departures.

Source: Letter from Rob Whiteman, Chief Executive of the UK Border Agency, to the Chair of the Committee, dated 25 January 2013

23. In October 2013, there was significant criticism of the contract with Capita following the publication of information which revealed that some of those contacted by Capita were in fact British citizens, or otherwise had the right to remain in the UK. Capita responded that there had been a total of 143 complaints, and of those, only 14 individuals had been contacted in error. However, we find it difficult to understand why such work essential to effective immigration control should be undertaken by Capita instead of the Home Office itself. In view of the savings the department has been subject to, which we referred to earlier, an estimated £40 million seems an excessive amount to pay an outside contractor, even if it is for a period over four years.

24. The Committee will continue to monitor the work of the Home Office directorates on a 3-monthly basis. Despite Mr Sedwill claiming that:

Don't worry, folks, most of us will be doing the same job in the same place with the same colleagues for the same boss.

We note that Mandie Campbell is due to take over as the new Director General for enforcement on 1 February 2014. We welcome the commitment by Sarah Rapson to improve customer service but the Committee is yet to see any empirical evidence of this.

Staff remuneration

25. The Home Office Remuneration Report shows that 18 senior staff received bonuses in 2012–13. Only those senior civil servants judged to be in the top 25% of performers are

eligible for a bonus and no bonuses were worth more than £10,000.¹⁵ The total bonus pot for senior civil servants in the Home Office fell slightly, from £283,500 in 2010–11 to £280,000 in 2011–12. The Permanent Secretary explained that the bonus arrangements for senior civil servants were negotiated across Whitehall several years ago, to incentivise good performance. Whereas the Treasury allows up to 5% of the total senior civil service paybill to be allocated for bonuses, the Home Office allocates only about 2%.¹⁶ He argued that the Home Office would not be able to recruit and retain high performers if it were to drop the bonus system:

I do understand the Committee’s concern, I do understand the public concern about this, but ... it is part of the salary structure and for as long as it is, if I am to attract the best people to the toughest jobs I must not disadvantage them compared to the rest of the civil service.¹⁷

26. In 2012–13, 40% of all Home Office staff received some kind of bonus, and a total of 11,672 bonuses were paid, with an aggregate value of £6,524,712.¹⁸ This equates to a mean bonus of £559, equivalent to 1.7% of the median Home Office salary of £32,799. Bonuses are taxable but not pensionable and are not consolidated into pay, so the net value to the recipient in the long term will be considerably smaller than an equivalent consolidated pay increase.

27. We have noted the fact that Mr Sedwill will not take a bonus and recognise that this shows leadership. However, with the current financial pressures on the Home Office and the increased public scrutiny of bonuses it is irresponsible of the Home Office to continue to pay out very significant sums in staff bonuses despite poor performance in many areas. We recommend that no further bonuses should be paid until a thorough review of performance against the whole range of Home Office activity has been undertaken.

15 Overview, p. 22

16 Q33 (18 June)

17 *Ibid.*

18 Letter from Home Office Information Access Team to Alan Wright, dated 16 December 2013 (not printed)

Conclusions and recommendations

1. We welcome Mr Sedwill's commitment to his role as Permanent Secretary and hope that his appointment will mark the beginning of a much-needed period of stability in the senior leadership of the Home Office, and in particular the membership of the Executive Management Board. We also welcome the open and transparent way that Mr Sedwill has dealt with the Committee and the occasions that he has intervened to facilitate the Committee's work. This is a refreshing approach from such a senior civil servant and a model for other departments. (Paragraph 2)
2. The Home Office's poor results in the 2012 Civil Service People Survey show that engagement and confidence in the civil service leadership of the Home Office are at crisis levels and need to be addressed as a matter of urgency. It is vital that when significant changes, such as the abolition of the UKBA, are instituted, the staff are engaged. It is notable that scores were particularly low in the former UK Border Agency and in Border Force, two areas which have experienced particular operational and performance problems in recent years. We recommend that the Permanent Secretary start an immediate investigation into the reasons for low morale in the Department, which should include meetings with groups of staff at all levels in the operational areas giving most cause for concern. From the results of this investigation, a strategy of staff engagement should be published which can be benchmarked against the survey going forward. We will return to this subject when the results of the 2013 survey are available later this year. (Paragraph 5)
3. We recognise the spending pressures placed on the Home Office mean that some difficult decisions will need to be taken in order to hit these targets. However, it is crucial that the cuts must not be at detriment to the work performed by the Home Office and its functions. We recommend that if savings need to be made they should be, as much as possible, found in efficiencies in IT, procurement and back office functions. (Paragraph 7)
4. The Permanent Secretary was right to commission a robust audit of G4S and Serco's contracts with the Home Office in the light of the tagging scandal and we are pleased that, so far, no anomalies have been revealed. It is unacceptable that the Home Office is still over-reliant on a very small number of large providers to deliver its major projects, many of whom appear to have a track-record of underperformance, from the lamentable saga of e-Borders, through the absent Olympic security staff, to the placement of asylum-seekers in sub-standard housing under the COMPASS contracts. We believe that the Home Office's procurement arrangements could be made more efficient if more thought were given to how contracts could be made more accessible to smaller businesses, in order to increase the range of providers who are able to bid for them. Breaking down great, monolithic contracts, which can only be tackled by large providers, into smaller components would increase the complexity of the contract management process, but it would increase competition for contracts, breaking what is perilously close to an oligopoly in the provision of contracted-out Government services, some of which, such as G4S's contract to deliver security for the 2012 Olympics, have in the past gone badly wrong. We

recommend that the Home Office conduct a review into all of its contracts with a view of selecting those with the potential to be split into smaller deals. Those which can be remodelled immediately with no financial penalty should be put out for retender without delay, and all others retendered at the first opportunity. (Paragraph 11)

5. The Government has rejected our recommendation for a register of high-risk providers. However, we remain convinced that greater openness and transparency about providers' failure to deliver on Government contracts would improve the quality of procurement on major projects. In light of an increase in the evidence of poor performance from these type of companies we recommend the Government reconsider its response to the high-risk register recommendation and adopt it immediately. (Paragraph 12)
6. The current picture of police procurement is dismal: forces are making next to no use of the central procurement hub, and they continue to operate a wide variety of procurement arrangements, making it difficult to realise the potential savings that would flow from a more co-ordinated approach. On top of this, the Home Office's understanding of police procurement is sketchy, at best. The Permanent Secretary clearly recognises the scale of the problem, and we are pleased that he has a clear target to improve the quality of the Department's information about police procurement by the end of the Parliament. We will review progress in January 2015 against (a) the Home Office's information about police procurement, (b) the number of forces which are making active use of the central procurement hub and (c) the proportion of transactions which go through the hub. (Paragraph 16)
7. One of the obstacles to adopting a more consistent approach to procurement has been the tension between the Department's strategy to increase procurement at a national level, and its reforms to increase local accountability. In order to resolve this tension, the Department should enlist the support of police and crime commissioners in improving their forces' compliance with national procurement procedures. We recommend that, before the end of the current financial year, the Home Office issue detailed guidance to PCCs and chief constables about good procurement practice, and encourage them to work together to develop a procurement improvement strategy. (Paragraph 17)
8. We are appalled at the handling of this matter post-termination of the contract; and that 3½ years later it still is not resolved. Neither the company nor the Government are in a position to explain more. The confidentiality means we do not know what went wrong and are losing the opportunity to ensure this does not happen again. To avoid conspiracy theories there has to be full transparency and lessons need to be learnt. (Paragraph 19)
9. We are pleased to see that, more than ten years after the e-Borders business case was first prepared, some of the projected benefits are finally beginning to be realised. However, many of the key benefits, including the ability to count all foreign national passengers into and out of the UK, are still a long way off. It is farcical that, given that passenger information is already collected on departure, exit checks cannot be

implemented to a shorter timetable and we recommend that the Home Office produce a plan for doing so. (Paragraph 21)

10. We have noted the fact that Mr Sedwill will not take a bonus and recognise that this shows leadership. However, with the current financial pressures on the Home Office and the increased public scrutiny of bonuses it is irresponsible of the Home Office to continue to pay out very significant sums in staff bonuses despite poor performance in many areas. We recommend that no further bonuses should be paid until a thorough review of performance against the whole range of Home Office activity has been undertaken. (Paragraph 27)
11. We have noted the fact that Mr Sedwill will not take a bonus and recognise that this shows leadership. However, with the current financial pressures on the Home Office and the increased public scrutiny of bonuses it is irresponsible of the Home Office to continue to pay out very significant sums in staff bonuses despite poor performance in many areas. We recommend that no further bonuses should be paid until a thorough review of performance against the whole range of Home Office activity has been undertaken. (Paragraph 27)

Formal Minutes

Tuesday 28 January 2014

Members present:

Keith Vaz, in the Chair

Mr Michael Ellis
Lorraine Fullbrook

Yasmin Qureshi
Mr David Winnick

Draft Report (*The work of the Permanent Secretary*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

Resolved, That the Report be the Thirteenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 4 February at 2.30 pm]

Witness

Tuesday 10 December 2013

Page

Mark Sedwill, Permanent Secretary, Home Office

Ev 11

Related printed oral evidence 2013–14

The work of the Permanent Secretary, 18 June 2013, HC 233-i

[Ev 1-10]¹⁹

¹⁹ <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmhaff/233-i/233i.pdf>

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Fourteenth Report	New Landscape of Policing	HC 939
Fifteenth Report	The work of the UK Border Agency (April-July 2011)	HC 1497
Sixteenth Report	Policing large scale disorder	HC 1456
Seventeenth Report	UK Border Controls	HC 1647
Eighteenth Report	Rules governing enforced removals from the UK	HC 563
Nineteenth Report	Roots of violent radicalisation	HC 1446
Twentieth Report	Extradition	HC 644
Twenty-first Report	Work of the UK Border Agency (August-Dec 2011)	HC 1722

Tuesday 10 December 2013

Members present:

Keith Vaz (Chair)

Michael Ellis
Paul Flynn
Lorraine Fullbrook
Dr Julian Huppert

Yasmin Qureshi
Mark Reckless
Mr David Winnick

Examination of Witness

Witness: **Mark Sedwill**, Permanent Secretary, Home Office, gave evidence.

Q70 Chair: Could I call the Committee to order and ask all members present to note any interests that they have over and above those which are in the Register of Members' Interests? I welcome the Permanent Secretary for his now bi-annual or maybe tri-annual visit to the Select Committee. We always try to keep it to one visit but you are so popular with us, Mr Sedwill, that we have asked you back again, so thank you for coming.

Mark Sedwill: I can do my best to remedy that, Mr Chairman.

Chair: I would like to start with a note of thanks from this Committee. You have intervened on a number of occasions when we have had difficulties in arranging meetings and getting letters from the Home Office and your intervention has been extremely positive. It is a great change as far as we are concerned and we are very pleased and grateful to you for your interventions.

Mark Sedwill: Thank you, Mr Chairman.

Q71 Chair: Let me turn, first of all, to the issue of the spending review. Your budget is going to be cut by 6.1% and by the time we reach 2016, if you look at the figures from 2010 when the Government took office, it is likely that it is going to be cut by as much as 50%, but maybe you can clarify what it is going to be. Do you feel that you have lost the battle with the Treasury over the importance of the work that you do on policing, immigration and counter-terrorism? It seems like a very big cut for you to take.

Mark Sedwill: The cut is not quite of that scale, Mr Chairman, although it is still very significant. Overall in the 2010 to 2015 Parliament, so to the end of the 2014–15 financial year, it will be about a quarter, and then there is that further cut in 2015–16. There have been significant changes in some of the figures. We have brought on to the Home Office budget some of the funding that used to go from DCLG into the police. That is maybe why there is a discrepancy in the calculation that has been given to you. But overall it will be about a quarter and then, as you say, there will be a further cut in 2015–16 and one would expect the austerity trajectory to continue.

The Home Secretary's priority throughout the whole period has been to protect the front line. Within the Home Office we are responsible for roughly 250,000 public servants, mostly in policing but also in the immigration system, security intelligence agencies, the National Crime Agency now as well, who are in the front line keeping our streets safe and our borders

secure. Her priority has been to protect the front line. Although the police have taken quite significant cuts and will do over the course of the Parliament—and you will be aware there will be an announcement I think before Christmas by the Policing Minister of the police budgets for 2014–15 for each force from central Government—overall we have managed to protect them relative to the core department. Overall the trajectory that the Home Office has been on is typical for most of the unprotected departments in Government.

Q72 Chair: But obviously you would have liked more from the Treasury.

Mark Sedwill: Of course, Mr Chairman. I don't think you would ever interview anyone in my position or any Secretary of State who would not want more money, technology, people and time.

Q73 Chair: Do you think that this is going to mean quite a few job losses in the Home Office in key areas? The Committee is very concerned in particular with policing and immigration. Is there going to be any ring-fencing of any of the budgets? The last time I think your predecessor came before us there was a feeling of triumph that he and the Home Secretary had protected the counter-terrorism budget, which was extremely important. Is there any ring-fencing on this occasion?

Mark Sedwill: Yes, Mr Chairman, there has been some ring-fencing. In the spending round settlement announced in the summer, counter-terrorist policing was ring-fenced and was decided to be exempt from the overall cut. The Home Secretary announced that although the overall cut was going to be, as you said, 6.1% in 2015–16, the cut to policing would be 4.9%, so there is a relative ring-fencing of policing there. As I mentioned a moment ago, she is very keen that we continue to protect the front line. One of the things we ought to give police forces some credit for is that they have increased the proportion of front-line police officers. The numbers have come down but they have not come down as fast as the overall budget because they too, like us, have been cutting the back office, streamlining their support services and trying to maintain front-line capability.

Front-line capability is stretched in policing and in the immigration system, but of course in policing we have seen crime falling substantially as well. So, although one should be very careful of drawing too many conclusions, it is still the case that proportionately the

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police are able, with the new techniques that are available to them, to deal with the crime threats they now face. I think most chief officers would take that view.

Q74 Chair: The biggest issue facing your department will be the raising of transition arrangements for Romanians and Bulgarians. We will come on to some of this later with you and the Minister. We still do not have any estimates as to how many people will come in. Are you ready for this?

Mark Sedwill: I think we are, Mr Chairman. Over the immediate period after the lifting of transitional controls around the new year we are putting in place arrangements across the Border Force, Immigration Enforcement, the policy area, less in scale but rather similar to the arrangements, with the same kind of management structures, we put in place for the Olympics, just to be absolutely sure that our front-line staff are prepared should there be any surprises. We are not expecting that. The UK is not the natural—

Q75 Chair: If you are not going to get surprises, what are your expectations? Is it going to be smooth? How many people do you think are likely to come in?

Mark Sedwill: We don't know, Mr Chairman. As you know, this is a difficult area. I was talking to Professor Metcalf, who I know you have in front of you later, and the Migration Advisory Committee pointed out that estimates in this area are really difficult. The number of variables that could affect this outweigh any authoritative estimate. It is worth noting, however, that the UK is not the natural destination. I understand there are hundreds of thousands, maybe even a million¹, Romanians now in Germany and probably only about 100,000 in the UK.

Q76 Chair: Do you know how many we have here?

Mark Sedwill: We think it is around 100,000. I believe that is the latest estimate.

Q77 Chair: Do we know how many would be on benefits?

Mark Sedwill: I don't know that, Mr Chairman.

Q78 Chair: Finally, can you comment on the story in the *Financial Times* this morning in view of your expertise in European issues? Obviously the Home Secretary goes to the JHA Councils. Do you accompany her?

Mark Sedwill: I haven't and I wouldn't expect to. No, it is not normal.

Q79 Chair: But you know all these people and you know the way in which the EU works. There is a Maltese plan to sell passports for €650,000 each that will give people an automatic right to go into any EU country. I have also seen advertisements in the Portuguese press where they talk about the Portuguese method of obtaining citizenship. In my constituency I have a number of people who are from India but from former colonies, Daman and Diu, who get Portuguese passports and then are able to enter the UK. Do you know of these plans by the Maltese? Does the

Government support what they are doing and do you believe if it happens that it will create enormous problems for the way in which we look at migration?

Mark Sedwill: I must admit, Mr Chairman, the story in the *Financial Times* this morning was genuinely news to me. I wasn't personally aware of this. I am sure you will want to ask the Minister about the Government's policy position on this. Of course nationality is a question for member states. It is not an EU competence, it is a question for member states, but you point to an area of concern for the Committee, and no doubt to the wider public, if this kind of initiative were to become—

Q80 Chair: But is it of concern to the Government? You are also involved in policy. You may be the accounting officer but you are the Permanent Secretary.

Mark Sedwill: As I said, Mr Chairman, I saw the story this morning. I wasn't aware of it, so I have not been able to identify whether this was an initiative we were aware of or whether there is already a Government view, but I am sure you can ask the Minister.

Chair: Thank you. We will ask the Minister.

Q81 Yasmin Qureshi: Mr Sedwill, you have been appointed as the Home Office's third Permanent Secretary in the last 18 months and there have also been several changes to the executive management board, including the creation of a new chief operating officer. What impact has this very high level of change at the top of the organisation had on the Home Office?

Mark Sedwill: Ms Qureshi, it is a very good question. I don't know whether you saw my interview with *Civil Service World*, but the same point was put to me in that interview. I think instability at the top of an organisation inevitably causes uncertainty throughout the whole organisation and makes it more challenging to give it a clear sense of direction. As I pointed out to *Civil Service World*, there were five Home Secretaries in five years when David Normington was the Permanent Secretary and I am this Home Secretary's fourth Permanent Secretary in her four years in the job. I hope that we are now going to have a period of stability. The Chairman asked me about this before. I intend to be Permanent Secretary I hope at least for a good term. The expected tenure now is four to five years. I would hope to see that time out, through to the middle of the next Parliament or something of that order, and at least be able to provide that kind of stability in the professional leadership of the department alongside the stability we have had in the political leadership of the department over the last four years.

What we have seen is very clear political priorities for the Home Office over the last four years, partly because we have had the same Home Secretary and she has been driving her reform agenda. I am now trying to pull together a more strategic approach to the department's work to deliver that policy and to deal with the austerity that the Chairman was asking about before, so pulling together civil service reform, the austerity programme and other initiatives into an overall programme of Home Office transformation

¹ Note by witness: There are around half a million

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that will set our direction as an institution over the next five years to rebuild that kind of stability.

We are refreshing members of the executive team. That is partly driven by the dissolution of the Border Agency and the creation of three new commands within the Home Office: the Border Force, Visas and Immigration and Immigration Enforcement. There has been quite a lot of stability other than that. We had the same Director General for Corporate Services for seven and a half years. It was natural that Helen Kilpatrick, who was also acting Permanent Secretary for a period, wanted to move on after that time, and we have now brought that together with a new chief operating officer. Charles Farr has been the Director General for Counter-terrorism and Security for several years, and we are now just replacing, again after a prolonged period, the Director General for Crime and Policing. Some of this has been because of events and some of it has just been the natural rotation of senior members of any leadership team.

Q82 Yasmin Qureshi: My question, and I mean it very genuinely and sincerely is whether, when you have so many changes taking place within a very short period of time at a very senior level, you wonder whether there is something wrong in the system. You may not be able to comment on this, but is it because perhaps the Home Secretary and the Permanent Secretary don't see eye to eye on things or maybe there is something inherently wrong in the department? Is there something going on that is a little bit more than just organisational change?

Mark Sedwill: Genuinely not. I do understand the point and I recognise the phenomenon that you refer to, but there has been tremendous stability in that executive team. Several were asked to stay on in particular through the Olympic period and so it did make sense to allow people in the natural course of events—as I said Helen Kilpatrick had been there seven and a half years, she had been the acting Permanent Secretary. She felt it was time for new challenges. We still have the same leadership in security and counter-terrorism. The current interim Director General in Crime and Policing is an experienced Home Office officer. I think the churn that you refer to is more apparent in the immigration system, and that is largely driven by the decision over several phases to dissolve the Border Agency and create three new operational commands. We now have Sir Charles Montgomery as permanent head in the Border Force and he intends to do a long stint. As I said, I intend to do a long stint. I am looking for a new DG for Crime and Policing, who will do a long stint into the middle of the next Parliament. I hope we are close to completing the recruitment of the new permanent Directors General for Immigration Enforcement and Visas and Immigration, who again will do a decent stint. So I think you will see a restoration of stability in the management team.

Q83 Yasmin Qureshi: You are probably aware of the performance of the Home Office in the staff survey 2012–13.

Mark Sedwill: Yes.

Yasmin Qureshi: And the comparison with other Government departments as well. That survey shows that the department has a poor scoring in the leadership and managing change category. Would you put that down to the changes at the top or is there something else that is happening within the organisation?

Mark Sedwill: I think that instability hasn't helped at the very top of the organisation, the churn of people in my job, but I think it is a challenge for the organisation as a whole. This is a topic that we discuss regularly, both the top team and my directors and the 200 senior civil servants as a whole. When I first came into the department, I noticed exactly the same thing and I remember that at my first event with my senior leadership, that group of 200, I pointed to that survey. I said that if you look at that survey it tells us two things: first, people's engagement with the mission of the Home Office—to keep our streets safe, borders secure, prevent terrorism, cut crime, control immigration—is very high. It is 70%, 75%, 80%, depending on which question you ask, but their engagement with the leadership, their confidence in the institution is low, it is down in the 30s. I think one of the biggest challenges I face as Permanent Secretary is to close that gap, to restore people's own confidence in the institution and, therefore, by doing so, hopefully public confidence in the institution as well.

Q84 Mr Winnick: Mr Sedwill, in answer to my colleague you said you wanted a long stint doing your job. Looking at previous positions you have held, and I am sure held with much distinction—private secretary for Foreign Secretaries Robin Cook and Jack Straw, deputy high commissioner to Pakistan and so on—perhaps because of the nature of the job, you don't seem to have stayed very long.

Mark Sedwill: The only job I did that was associated with the Home Office I was in for three years when I was Director of UK Visas. That was merged into the Border Agency and I did the first year then. I did two and a half years in Afghanistan, although somewhat to my surprise found myself changing jobs during that period. It was not as I had expected.

Chair: Anyway, the message is you want to stay.

Mark Sedwill: I want to stay. I only did three months as the Political Director of the Foreign Office because I found myself here and am pleased to do so.

Q85 Mr Winnick: In diplomatic appointments, what does a long stint mean, two years or longer?

Mark Sedwill: It varies from place to place, Mr Winnick. In hard posts like Afghanistan, the maximum we would allow people to do is two years, and usually it is only 18 months. In European and North American posts it would be four years, so it varies according to the—

Q86 Mr Winnick: In your present job I mean.

Mark Sedwill: In my present job, the tenure that is now expected of Permanent Secretaries is four to five years, with the possibility of an extension, and that feels—

Mr Winnick: That is a long stint.

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Mark Sedwill: I wouldn't say it is a long stint but it feels like about right.

Q87 Mr Winnick: Good job it doesn't apply to politicians. You smiled when the Chair asked you about negotiations with the Treasury but that of course, as in all Governments, is the position, isn't it? Am I not right? Negotiations take place annually with the Treasury at some level or other, including your own I take it.

Mark Sedwill: Indeed, yes. It is a feature of our system. It is annual. I think many of us would prefer that we had more stability. The spending review at the beginning of the Parliament did provide some ability to plan forward and we hope that we will get the same stability as well, because that in the end is what enables us to deal with the scale of the austerity challenge the Chairman was asking about earlier on. As the Chairman asked, almost anyone, Secretary of State or Permanent Secretary, would smile or possibly grimace when talking about negotiations with the Treasury.

Q88 Mr Winnick: Yes, I can understand that all right. I have not actually asked the question, but not to worry. My final question is that the Home Office has consistently underspent on departmental expenditure and annual managed expenditure. The question is linked to the last one. If you have underspent, surely next time that you put in a bid in the usual way, if that is the right term, the Treasury will turn around, will they not, and say, "What should you want more? You haven't spent what was authorised.?"

Mark Sedwill: Mr Winnick I am glad you are not in the Treasury. You point to a genuine structural problem and it is a problem for many departments. It is partly because of the annual cycle, it is partly because particularly in staff costs when staff numbers are changing, the lags in recruitment are quite difficult. If people are expecting the overall budget to come down, they tend to fire ahead of the target and therefore there do tend to be underspends in those flexible areas. If I look at this year, there is something topsy-turvy about the way Government refers to these things. Part of what would be described in government accounting as an underspend is because we have had more income generated in the Passport and Visa Service than we had expected. That is partly because there are more visitors coming to the UK and we have started to tackle some of the backlogs in the onshore work that was not otherwise coming on to our books. In a business that would be seen as the generation of revenue or as profit. Another is that we are cutting costs and operating ahead of the target. We are over-programming to absorb some of that risk because as austerity kicks in inevitably it becomes that much more difficult to manage this.

Q89 Michael Ellis: Mr Sedwill, I would like to talk about the complaints that have been coming in about the UK Border Agency. The number of complaints about the Home Office to the Ombudsman increased by 84% to 1,417 last year. I appreciate that given the volume of matters that you are dealing with, 1,417

probably is a small number but nevertheless it was an increase of 84%, driven by a 97% increase in complaints about the UK Border Agency. Some 80% of the complaints received about the Home Office related to the UK Border Agency and, despite a small reduction in the proportion of the complaints upheld by the Ombudsman, it remained high in comparison to other departments. Could you say why you think that is?

Mark Sedwill: I haven't looked into this in detail for some months, so my apologies if I am only able to give a partial answer. I am happy to look into it in more detail and come back to you if that would help. I met the Ombudsman just before the summer break when she was producing these figures, because this of course refers to the period, as you say, Mr Ellis, of the Border Agency. She raised exactly the same point with me. I think the underlying question is the one the Home Secretary identified when she dissolved the agency. It was unresponsive in significant areas of its work. There was correspondence in certain areas that was not only not properly responded to but was actually filed, so almost as a policy there was a decision not to respond. I think a mixture of that kind of issue probably caused the spike in complaints.

Q90 Michael Ellis: You have experience of other departments of state, haven't you?

Mark Sedwill: Yes.

Michael Ellis: Is it also possibly that there is more legal action in respect of these Border Agency matters, there are more lawyers involved taking action on behalf of their clients than other departments?

Mark Sedwill: It is possible, Mr Ellis. I don't know that for sure but I think it is certainly possible. One of the priorities we set for the new Visas and Immigration command, which I think is probably where the bulk of the inheritance of these complaints has come from, was to deal with complaints, the backlog in MPs' correspondence, parliamentary questions and FOIs. Sarah Rapson has made this a priority and she can talk to you about it later, I am sure. She will know more of the detail. I see nods from you and your colleagues about MPs' correspondence, of course. I know we are not there yet, but I think in the summer of this year we had a backlog of over 3,000 letters that were out of service standard for MPs' correspondence. That is down to 1,000 now so we are making progress. 1,000 is still 1,000 too many, but we are making progress on that and I hope we will see progress on complaints and the symptoms of the other underlying problems as well.

Michael Ellis: These were 2012 figures.

Q91 Dr Huppert: I think there still is a problem. On Monday I got a letter in response to a letter I had sent in March, so there is a lot of work to do. The National Audit Office phrased it very nicely, "Even though the proportion of complaints upheld by the Ombudsman fell slightly from 93% to 92%, it remained high." That is a huge number being upheld, which suggests that they are very real.

Mark Sedwill: It is, absolutely. I am operating from memory here, so again if I am wrong it will be corrected. I think many of the complaints related to

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precisely the point you just referred to, Dr Huppert, which was delays. If you have casework that is going on and on and on, and people who are basically compliant and want their leave extended or want their passport back but are not getting decisions made in a timely fashion, that inevitably generates correspondence, complaints and so on. These are quite likely to be upheld in those circumstances.

Q92 Dr Huppert: There are still far too many of them. I want to deal with a complaint that probably was not registered there. As you probably know, the Legal Aid, Sentencing and Punishment of Offenders Act included changes to the Rehabilitation of Offenders Act to make it easier to rehabilitate people. The Ministry of Justice has been asked several times why it has not got round to implementing that. Jeremy Wright, the Minister, has said that basically it comes down to the fact that the Home Office has oversight of the Disclosure and Barring Service and that the problem is with the Home Office because, while the law can be changed very easily, the Home Office is not in a position to supply people with a newly updated certificate when they apply for a basic CRB. Is this something you are aware of and would you like to make sure the Minister of Justice at least has not cause to blame you any further?

Mark Sedwill: Thank you, Dr Huppert. I was not aware of the specific complaint by the Minister.

Dr Huppert: I don't think he phrased it in the form of a complaint.

Mark Sedwill: No—to put it more diplomatically, I should say that I was not aware of the point that you have raised. I need to remember some of my training. There was an issue with the Disclosure and Barring Service last year. They were seeking to move a lot of their service online and that was partly delayed because there was a court judgment, which you may remember, about the threshold at which it is appropriate to disclose a criminal record. The court judgment essentially said that they needed to raise that threshold. There were low levels of criminality that it was not appropriate or proportionate to disclose. That forced them to re-engineer the whole programme. The online update service has been available from June this year, so it is a much more responsive service. I will have to check whether this is relevant to the point you have made about the Ministry of Justice.

Q93 Dr Huppert: It is a different issue. Could you write to us about this and either tell us when it will be fixed or that the Home Office has no problems so that we can deal with the Ministry of Justice?

Mark Sedwill: I must admit I was not aware of the problem and I thought the performance of the Disclosure and Barring Service was now—but I will pick up the specific point, Dr Huppert, thank you.

Q94 Yasmin Qureshi: Following on from Dr Huppert, you rightly acknowledge the fact that there is the issue about the backlog of replies, but are you also looking at the quality of the decision making? Frankly, quite a lot of the decisions are completely wrong because the staff haven't read the papers properly. They make their decisions based on

erroneous information. I have a big immigration caseload in my constituency and I see the cases.

Chair: I think the answer is just “yes”, isn't it?

Mark Sedwill: The answer to any question about should we have an effort to improve decision quality must be yes, and that should always be the case. As you will probably be aware, Ms Qureshi, in certain categories as appeals come forward—and I guess this might also play out in correspondence involving MPs—sometimes new information does come forward, but I am not at all denying that there will be cases where the original decision simply was not as well founded as it should have been.

Q95 Mark Reckless: Could I clarify what I thought was one of your earlier responses? Did you say that the underspend in the Home Office reflects in part your success in tackling backlogs in onshore immigration work?

Mark Sedwill: That is right. It is a curiosity, I suppose, Mr Reckless, of government accounting that you can't bring on to the books the fee for an application until it is actually on the system and being considered. As you may recall, at this time last year the work in progress in permanent and temporary migration was about 250,000 and there were about 60,000 cases—I think Mr Whiteman disclosed this to the Committee—if my memory serves me right, that were not even on the system. By bringing those cases on to the system and by starting to make real concrete progress in the permanent and temporary migration backlogs, the work in progress is now down to about 138,000, but Sarah Rapson will be able to give you the exact figure later, I am sure.

Q96 Mark Reckless: Wasn't that particular backlog a surprise to the Home Office, or certainly had not been disclosed to this Committee? Wouldn't you have noticed financially that you were not getting this money in because the backlog was building up?

Mark Sedwill: Well, of course, that was in the Border Agency accounts at that time and they were separate accounts. Those accounts were not qualified, but I think we do need to have a proper throughput of casework, not only for the reasons we have been discussing of ensuring the individuals get a reasonable and timely decision, but that it does make the flow of income that comes from the casework more predictable. The biggest surge is in the revenue from overseas applications where we are seeing an increase in the number of visitors, for example Chinese visitors coming to the UK. The number of applications we are getting from tourists and so on is increasing quite substantially.

Q97 Mark Reckless: I am delighted to hear we are receiving more visitors. On the backlog, are you concerned that even if that backlog is being dealt with, further backlogs are building up, particularly in terms of immigration appeals?

Mark Sedwill: Do you want me to pause, Mr Chairman, or try to answer quickly?

Chair: Answer quickly and we will come back.

Mark Sedwill: You point to a genuine concern in the system, Mr Reckless. As we get on top of the

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compliant casework, which I was referring to earlier—and that is where the backlogs are coming down quite sharply—those who don't want to comply, who get a refusal and want to game the system, will tend to try to look at human rights appeals, they will claim asylum at that point, and we will see a surge of casework into the enforcement system. We did not ever properly join this up and understand the flow through the system. We are now putting together the ability to understand the whole picture so that we are ahead of that problem rather reacting to it.

Chair: We will adjourn the Committee for 10 minutes.

Sitting suspended for a Division in the House.

On resuming-

Chair: I call the Committee back to order. Mr Reckless had the floor.

Q98 Mark Reckless: Mr Sedwill, you were just saying that appeals based on human rights cause difficulties and costs associated with that. Are you not concerned that the latest proposals to gut the statutory right of appeal is simply going to lead to more appeals being made on those human rights grounds or judicial reviews?

Mark Sedwill: That has not generally been the pattern, Mr Reckless, when appeal rights have been restricted in the past. You may want to pursue this further with the Immigration Minister. I would imagine what he would point out is that at the same time and in the same Bill there is going to be clarity on the parliamentary view of where the human rights test should apply, so the degree to which the courts, in making a judgment on a case, weigh the accumulated rights to a family life and so on against the wider public interest, on which Parliament took a view and the Home Secretary announced that she wanted to enshrine that in legislation. I think it is important to see all of these things together. It is worth noting that around half of asylum applications are made in country, when Immigration Enforcement and other bodies encounter people, and only quite a small proportion at the border on arrival. One should never make a judgment about an individual case of course, but that does suggest that there is still a pattern of seeking to use a claim of asylum to avoid a normal immigration decision. It is partly in response to that kind of concern that the Government is pursuing the policy changes that they are pursuing.

Q99 Mark Reckless: Are you suggesting that the statutory position on particularly article 8 appeals will displace existing case law?

Mark Sedwill: I am not a lawyer. I was simply referring to the announcement the Home Secretary made when she referred to a parliamentary vote on the way that the article 8 rights should be weighed against the wider public interest. She felt that there was a difference between the way the courts were interpreting that balance and the intent of Parliament, and because of that has decided to bring that back to Parliament. Again, the Immigration Minister will be able to give you a more authoritative answer.

Q100 Mark Reckless: Do you not think that prior to further substantially restricting right to appeal, it would be sensible to allow at least a proper period of restrictions on appeals, and indeed abolition, for the family visit visas? Would it not be sensible to assess and reflect on that first?

Mark Sedwill: This is something where you are taking me to realms of policy rather than delivery, and particularly since you do have the Immigration Minister later on, I am wary of cutting across—

Q101 Mark Reckless: Perhaps also the extent to which it may impact on delivery.

Mark Sedwill: Of course there is always an impact on delivery, Mr Reckless. The Minister will be able to talk to you more about this if you wish to pursue it, but I think the conclusion was that it does not make sense. The history in the immigration system of trying to fix one thing, wait and see what happens, then fix the next, then fix the next has not worked very well. It does make more sense to try to ensure that we bring together a package of measures that deals with the various risks of people's behaviour altering in response to changes. We have seen in the past in other areas of the immigration system quite a problem with closing down sales when there have been pre-announcements of changes to various rules. A more comprehensive approach is seeking to avoid that kind of problem.

Q102 Mark Reckless: Are you able to update the Committee on the progress of the arbitration and dispute with Raytheon over e-Borders?

Mark Sedwill: I wish I could.

Mark Reckless: It has been going on a long while.

Mark Sedwill: We are still awaiting the outcome of the confidential mediation. To my frustration, I don't know when we can expect a decision.

Q103 Mark Reckless: There is a contingent liability in the Home Office accounts in respect of that dispute but you also took an impairment of £208 million in 2010–11. Is it possible that rather than being a contingent liability, you might get payment from Raytheon that would cover at least some of that £208 million impairment?

Mark Sedwill: Indeed there is that possibility. Again, I am very restricted in what I can say, but you have drawn a reasonable conclusion from the way we have treated that in the accounts.

Q104 Chair: Where is the hold-up as far as the Raytheon case is concerned?

Mark Sedwill: It is very complex.

Chair: We know it is complex. You and your colleagues have said this for the last two and a half years.

Mark Sedwill: I realise that, Mr Chairman.

Q105 Chair: Who is holding it up? Is it the judge?

Mark Sedwill: There is no further casework. We have laid our case, I think Raytheon have laid their case, and it is now in the court proceedings.

Chair: So the judge?

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Mark Sedwill: It would not be right for me to say it is the judge. I don't know exactly where but the case is complete and we are now awaiting—

Q106 Chair: A judgment?

Mark Sedwill: It is a confidential mediation. We are now awaiting the judgment.

Q107 Chair: When you came to give evidence to us earlier this year you talked about exit checks being ready by the time Parliament finished in May 2015. Is it still the case that we will have exit checks in place by the time Parliament is dissolved?

Mark Sedwill: That is absolutely still our intention, yes. We have made very substantial progress towards that, and I can explain the progress we have made in more detail if it would be helpful to the Committee. I can do so briefly if that is helpful.

Chair: Well, very briefly.

Mark Sedwill: We currently have advance passenger information, inbound and outbound, on I think it will be almost 90% of air travel by the end of this month. That is about three-quarters of total passenger travel in and out. The areas that we need to work on—and we are talking to the carriers about this—are in maritime and rail to try to extend that coverage. As I have said, we are already a long way there. We have the ability to check the data of 75% of passengers coming in and leaving the UK. The exception is the common travel area, because we don't operate an international border between ourselves and the Republic of Ireland. In effect, there is a single external border around the British Isles, and we would not expect to have coverage in, for example, small ports where you have fishing vessels and recreational craft going out. But in terms of the major commercial areas, and in plugging some of the gaps in—

Q108 Chair: So there is no reason why officials can't check passports on the way out, if you have all this advance passenger information. As you go through Heathrow, before you get to security they look at your boarding passes again. There is no reason why people can't look at passports now, is there?

Mark Sedwill: Exit checks is not the same as an embarkation control, Mr Chairman. It is not the same as having immigration officers looking at passports on the way out. As you know, if you go to Heathrow for an international flight, you have to show your passport as you check in. We already have all that data on the system and there is no need to do it again. Indeed, in a period of austerity, what we have to do is try to drive the most efficient and online, automated way of doing this so that we are able to run the data against each area and understand where people are.

Q109 Chair: When you say exit checks, there will not be additional officers apart from checking in? That is where you are going to stop them boarding the flight?

Mark Sedwill: It is not the same as an embarkation control, that is right. Just as with people coming into the country, if we identify somebody as a threat, for example, we will inform the airline and advise them not to allow somebody to board the flight. With exit

checks, it would only really be in the case of criminality that we would want to pick them up. Generally, of course, we are encouraging people to leave the country in good time.

Q110 Paul Flynn: The National Audit Office said that the taxpayer couldn't feel assured that the £1.7 billion that the police spend on non-ICT goods and services was good value for money. One of the reasons they gave was the lack of any common systems used by the various forces. What are we doing about that?

Mark Sedwill: That Report was the subject of my hearing with the Public Accounts Committee, Mr Flynn. There is a range of measures that we are pursuing. Budgets are devolved to police and crime commissioners for procurement. There are a range of measures we are taking. For example, for non-ICT there are already national frameworks for body armour and emergency vehicles. In information technology there is a national framework for commodity IT, as it is known, laptops and other things of that kind. There are collaborative frameworks led by one of the police forces—I can't remember which one—for uniforms. They are able to procure collaboratively for uniforms rather than every force doing this separately, so we are encouraging that more generally.

Q111 Paul Flynn: What percentage of £1.7 billion does that represent?

Mark Sedwill: I can't remember off the top of my head, Mr Flynn, but I can let the Committee have that number.

Q112 Paul Flynn: In the Report it said that there was no comprehensive data on police procurement.

Mark Sedwill: There isn't.

Paul Flynn: The department's attempts to collect data had met with limited success. How limited, 5% or 95%?

Mark Sedwill: No, closer to 5% than 95%. This partly arises from the structure of policing. We do have a highly devolved, federated structure of policing in the UK, with 43 forces in England and Wales, and they run different systems. There are 300 different IT systems in the Met. They run different procurement systems. One of the things we are trying to do, the Chairman has referred to this as the Amazon catalogue for policing in the past—

Chair: We call it the Ghosh catalogue, but we have renamed it the Sedwill catalogue.

Mark Sedwill: Please don't, Mr Chairman. Maybe since you have nicknamed it, we should call it the Vaz catalogue.

Chair: I think we have enough Vaz, thank you.

Mark Sedwill: We are seeking to get much more of the procurement spend to go through the procurement hub, which is the catalogue that the Chairman was referring to. Our objective is to get that to 80% by the end of the Parliament. Frankly, we have not made anything like the progress we need to so far and that is partly because the commercial procurements in the police forces are so variable. In the new year, in order to try to generate some momentum, we are sending a

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team from the Home Office around the various forces to try to help them realign their systems so they can make use of that and therefore get the benefit of the best value for money from the catalogue approach.

Q113 Paul Flynn: Did I hear correctly; 85% by the end of Parliament?

Mark Sedwill: The objective is 80%. As I said, we are nowhere near that. I don't know the number now. When the NAO did their report I think it was 2% to 3%, so we are a long way away from that, and that is partly because of, as I say, the very federated structure of policing. It would not be right for us to mandate except where necessary, but we are seeking to encourage and nudge and nag and equip police forces to make the best use of the tools that are available to them.

Q114 Paul Flynn: Can I ask you one brief final question because of your previous experience? The reason our soldiers were in Afghanistan, so Governments have told us repeatedly, was to protect us from Taliban terrorist threats here in Britain. Now that our soldiers are coming back next year, do you expect an increased risk of Taliban terrorist action here?

Mark Sedwill: There is no intelligence that I am aware of, Mr Flynn, of that so far, but part of the whole transition programme, for which I was responsible when I was the NATO representative in Afghanistan, was designed to enable the Afghans themselves to deal with that threat. The threat wasn't so much from the Taliban, because that threat is very much focused within Afghanistan itself. The Taliban are in effect an insurgency within Afghanistan. It was that they would re-create that permissive environment that Al-Qaeda exploited in the years before 2001. There is no real sign of that yet. Al-Qaeda have operated across the border area between Afghanistan and Pakistan. One of the biggest changes to the Al-Qaeda threat is diversifying to other places such as Syria, Yemen and Somalia. Threats to the UK are declining in proportion and probably in number from Afghanistan and Pakistan but increasing in particular from Syria.

Q115 Lorraine Fullbrook: Mr Sedwill, I would like to ask a few questions about the private sector role in policing. In the summer a practical guide to private sector partnering with the police service was published by the National Audit Office and Her Majesty's Inspectorate of Constabulary. There was a suggestion in that guide that there may be some risks associated with forces engaging individually with private sector partners. Given that, what is the Home Office doing to ensure that forces are supported to achieve the best value for money when engaging with private sector partners?

Mark Sedwill: One of the things we have been seeking to achieve, through both the procurement hub and the effort we are going to make to help forces change their own procurement and commercial capability to make the best use of that, is to raise their commercial capability. Some forces, particularly small forces, have not hitherto had the critical mass. There

are two or three things that we would seek to achieve. One is to encourage collaboration between forces so they are able to build up the critical mass in that back office, using the shared service ethos that we are using in central Government. In the area of information and communications technology, through the police ICT company directorate, we are seeking to make an offer to forces that we can provide a gearbox between them and that quite technical market, again to address the lack of individual capacity in individual forces.

In the end, under our structure, it is very much for individual forces to decide whether or not to adopt those offers and for them to work on collaboration. I think there is quite a lot of progress in that area. I was talking quite recently to a group of PCC chief executives and the five in the East Midlands, for example, are looking at integrating a lot of their back office services. We have seen other examples around the country. Creating that critical mass and those shared services is probably the most promising way to go.

Q116 Lorraine Fullbrook: The police service exercises very significant powers on behalf of the state. Does this, in your view, place natural limits on the possible involvement in the private sector?

Mark Sedwill: There is quite an important policy and philosophical question here, which is probably more for Ministers than for me, but you are quite right, the police exercise coercive powers as warranted constables. I think most police officers if they were sitting here, and as you will know from your own experience, are very proud of the training and professionalism they have in order to exert those powers. The private sector has been involved in some areas. It was quite controversial at the time when, for example, companies were brought in to run the prison services when essentially they were exerting coercive powers on behalf of the state. It is possible to do it with the right checks and balances, the right supervision and properly configured contracts. I don't think it is for me to draw particular boundaries but it is important that any private sector provider in any area of the Home Office's activity, whether directly the Home Office or through the bodies we fund, is reflecting the values and principles that Parliament essentially expects us and the servants of the state, like the police, to uphold.

Q117 Chair: Three quick final points. First of all, have you spoken to Ursula Brennan about the G4S issue? Have you checked the contracts that the Home Office currently has with G4S, bearing in mind her department has referred them to the SFO?

Mark Sedwill: Yes, is the answer to both. There has been a cross-government effort to look at all of the big contracts of G4S and Serco, both of whom were involved in this MOJ problem. I have talked to Ursula several times about this. That is being conducted by two external auditors under the auspices of the Cabinet Office and they have done a health check on a whole range of contracts, including the Home Office contracts for immigration removal centres and COMPASS with both of these companies.

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Q118 Chair: Have you checked each contract to make sure you have not been overcharged?

Mark Sedwill: Indeed.

Chair: And you have not been overcharged?

Mark Sedwill: It is a sample; it is not a forensic audit of every single payment, but it is a thorough audit. The result of those audits by external professional auditors is that in our case the payments are accurate, correct and in line—I am not using quite the right term—with the contract itself. I am always conscious that there are risks in contracts of this kind, and I have asked in those cases for Moore Stephens, one of those two auditors, to do a deeper dive into our own contacts. They have completed the deeper dive into G4S, they will do Serco in the new year, and then they will be looking at a range of other contracts across the Home Office, some of our bigger procurements with other companies, just to give me, through our audit committee under the supervision of a non-executive director, the assurance that I need to be able to answer that question confidently. So far the answer is yes.

Q119 Chair: That is very helpful. Very finally, you are part of this great debate that is going on as to whether Ministers should appoint more of their special advisers, more political appointees to various departments. You are the Permanent Secretary of the Home Office so you must be part of this discussion. Where do you stand on this? Do you think that Ministers ought to be able to appoint more advisers? There are two special advisers presumably at the Home Office at the moment, advising the Home Secretary.

Mark Sedwill: We have three with the Secretary of State and one part-time with Norman Baker, the Liberal Democrat Minister.

Q120 Chair: In your other posts, such as with Robin Cook and Jack Straw, did they all have special advisers?

Mark Sedwill: Yes.

Chair: Where do you stand on this? Do you think Ministers ought really to have their own people in there?

Mark Sedwill: The proposal for external ministerial officers, which was discussed extensively among all the Permanent Secretaries, is not quite that Ministers will have more special advisers. If I can characterise it this way, it is that they can appoint more specialist advisers. These would be people who would not be quite the same political appointees who are handling the media and the other issues that special advisers often handle for Ministers. The intention would be that these are genuine experts in particular fields of interest to them. They would be associated with a Minister. Their term of office would be associated with a Secretary of State's term of office but—

Q121 Chair: Are you comfortable with it?

Mark Sedwill: Indeed. There is Michael Barber at Education and there have been examples in the Foreign Office and the Home Office in the past. I am keen that the Home Office as a whole, whether we bring them in or whether we just draw on more expert capability from outside, is a more open department to genuine expertise in criminology, immigration and national security threats, whether those are permanent employees of ours or advisers that we draw in from outside. I think that would be good for policy.

Chair: Mr Sedwill, thank you very much for coming in and thank you for assisting the Committee with getting our letters and visits sorted out. We are most grateful.

Mark Sedwill: Thank you, Mr Chairman. Thank you to members of the Committee.

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