



House of Commons
Home Affairs Committee

Home Office— Managing Cuts

Oral and written evidence

5 April 2011

*Helen Ghosh DCB, Permanent Secretary and
Helen Kilpatrick, Director General Financial
and Commercial Group, Home Office*

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The 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.

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Helen Ghosh DCB, Permanent Secretary, Home Office and **Helen Kilpatrick**,
Director General Financial and Commercial Group, Home Office

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Oral evidence

Taken before the Home Affairs Committee

on Tuesday 5 April 2011

Members present:

Keith Vaz (Chair)

Mr James Clappison
Dr Julian Huppert
Steve McCabe
Alun Michael

Bridget Phillipson
Mark Reckless
Mr David Winnick

Examination of Witnesses

Witnesses: **Dame Helen Ghosh DCB**, Permanent Secretary, Home Office and **Helen Kilpatrick** Director General Financial and Commercial Group, Home Office, gave evidence.

Q1 Chair: Dame Helen, thank you very much for coming. I am sorry we don't know and have not had notice of who Helen Kilpatrick is, so you will need to tell us who she is.

Helen Ghosh: Indeed. I think Helen has appeared before the Committee with David Normington, but she is my Director General for—

Helen Kilpatrick: Financial and Commercial.

Helen Ghosh:—Financial and Commercial. I was just trying to remember her formal title.

Chair: Congratulations on your appointment, Dame Helen.

Helen Ghosh: Thank you.

Q2 Chair: You must have arrived at the Home Office at a pretty interesting time. How are you going to cope with all these cuts to your budget at a time when the Government has made immigration and policing such a priority?

Helen Ghosh: I think I was lucky to arrive in the Department at a time when, as you have discussed with my predecessor, significant planning had already taken place on how we were going to live within our new budgets. Jonathan Sedgwick has described a little about how we have gone about that in UKBA, in terms of assigning reduced budgets.

As you will know, and I am sure will want to explore further, we have been working very closely with ACPO and police forces on how we and they can work together on the reductions in police funding, looking forward. Of course we have specifically reduced the pressures on some parts of the Department, notably on CT—counter-terrorism—and on support for Olympic security; so I think I got a good plan on which to base my work.

Q3 Chair: Obviously, you are going to have much fewer staff to do the functions that the Home Office has to fulfil.

Helen Ghosh: As Jonathan said, in the main, we are able to plan our staff reductions against either reductions in demand or, indeed, in the safe and well-managed introduction of new technology. In the financial year 2010–2011, we will have lost rather more than 2,000 people from the Department through voluntary departures, for example, because of the

ending of the ID scheme. So a lot of what we have done relates to reductions in demand.

Chair: I am going to go straight to Mr Michael on IT issues because unfortunately he has to go to another urgent meeting—as you know these things are inevitable.

Q4 Alun Michael: There continue to be concerns about the Department's management of big IT projects—this isn't you, it has continued for a very, very long time—and the eBorders programme is a case in point. Firstly, how are you dealing with that? Secondly, some of the major efficiency gains, such as the reduction in UKBA staff, depend heavily on the successful introduction of IT. There is a history across Whitehall of trying to do things in timescales that are unrealistic and with financial arrangements that aren't adequate. How are you going to deal with that in the new situation?

Helen Ghosh: I am very conscious, from my previous experience in Government, that the big bang approach to introducing business change, supported by IT, is fatal. I was very relieved to see, when I arrived and went and visited the Immigration Casework Team in Fleet Street, that that is a project that is divided into bite size chunks, and that the assumptions about reductions in staff numbers either reflect efficiency that has already been introduced, just in the way people operate through lean techniques, or will be put through when we know that we have achieved the impact that we want to through the IT. We are not counting our chickens before they are hatched.

On eBorders, because it is such a big programme, such an important programme, one of the things I did on arrival was to invite—I am not sure what their new nomenclature is, but what I used to call—the OGC to come and do a quick review of the programme to make sure that we were chunking up the work in the right kind of way.

Q5 Alun Michael: Did you do a Gateway Zero Review on it?

Helen Ghosh: To all intents and purposes it was a Gateway Zero. As I say, I know they changed the titles of these things a little, but I invited David Pitchford, who is a senior member there, and his team to come

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and say, “Look at the programme. Are we clear about the outputs? Are we clear about the timetable?” and I have taken over chair of the steering group, so that we are very clear what is both deliverable and desirable between now and the Olympics, and then we will look again at what we need to deliver beyond the Olympics, so that it is deliverable.

Q6 Alun Michael: There is a programme that is putting pressure on chief executives in industry to recognise that management of IT and data is not something to be delegated but has to be on the chief executive’s desk. I have argued that that should be the same for Permanent Secretaries; it sounds as if you are already doing that?

Helen Ghosh: I agree with that. I do agree with that.

Q7 Chair: On eBorders of course we have just heard that it has cost the taxpayer £188 million. Is it your understanding that IBM is capable of delivering this programme?

Helen Ghosh: We wouldn’t be inviting them to deliver the next phase of the programme if we thought that they weren’t capable of doing so. Clearly both they and Serco are partners well known to us, and that is why we have invited them, subject to the very final negotiations that Jonathan described, to take over this stage of the programme.

Q8 Chair: Serco must be on some kind of special list because it seems that almost every function that the Home Office gives up is to Serco. They are now running the prisons, they are involved in police issues, and they have been doing the backlog at the UKBA. Why is it that Serco have been able to do this job better than public servants working for the Home Office?

Helen Ghosh: First of all I would say, of course in the case of Serco, they have in all those instances either been specifically the winner of a competition or on an appropriate framework. We have a large number of suppliers across our business, and they are one. I am also a great believer, in some circumstances, in having the right people for the right specialist role. I will never apologise, although we have significantly—I think by about 63%—reduced our spend on consultancy this year, we will always need consultants for these kinds of projects.

Q9 Chair: I am sure you do. How much did you spend on consultants last year?

Helen Ghosh: In the year that we have just finished, £60 million, and that is 63% reduction on the previous year. I can’t quickly do the maths but I am sure Members of the Committee can.

Chair: You say that, but Ms Kilpatrick is here. That is why she is here, isn’t she? She can do the maths for us.

Helen Kilpatrick: It was £161 million.

Q10 Chair: The year before you spent £161 million on consultants so it is down to £60 million?

Helen Ghosh: £60 million in 2010–2011.

Q11 Chair: On what areas are they able to give you advice that your own officials, like Ms Kilpatrick, are not able to give you advice?

Helen Ghosh: They have mainly operated in value terms, around our big programmes—for example, indeed, eBorders, integrated immigration casework management. They have done some work for the Office for Security and Counter-terrorism. They tend to—and this is an area where I am always looking for knowledge transfer—advise us on the very best project and programme management. For example, in some areas, they will be doing very specialist work for us on mergers and acquisitions work. For example, some of the work on the future of the Forensic Science Service is something that only people with those kinds of financial skills can do.

Q12 Chair: Do you have a list of these consultants?

Helen Ghosh: We do indeed. We would be happy to give you our top 10.

Chair: That would be marvellous.

Q13 Dr Huppert: The Spring Supplementary Estimate, which we saw in February, listed the winding costs of the Forensic Science Service as being £70 million. The clerks have done some fantastic work to check, but there is another £55 million with Rescue Aid, writing off of loans and various other things. So that is £125 million to get rid of the Forensic Science Service. Is that a good use of money?

Helen Ghosh: Our overriding objective with the future of the Forensic Science Service is to make sure that we maintain the service that is needed by the criminal justice system. Therefore, given that, even though it has been on a declining line—I think they currently account for something like 60% of the work in the CJS—you couldn’t possibly just let them collapse overnight. So what we have done, obviously in consultation with the Department for Business, Innovation and Skills, is to try and ensure an orderly wind down protecting the interests of the criminal justice system. So in that sense, yes, I think it is an inevitable investment. We have tried to keep it to a minimum. There is some element in there, for example, of payment for voluntary early departures from staff, so we are beginning to reshape the organisation, but I don’t think there was any alternative in terms of supporting the FSS into the new world.

I should say, of course, overall—although, as I know, this can always be held up as a criticism as much as something for congratulation—we nonetheless are coming in at around 1% below our budget for 2010–2011, which is in the normal area of landing on the sixpence. So we have managed the budget for the last year well.

Q14 Dr Huppert: Thank you. Coming back briefly to the FSS though, how much would it cost not to close it down?

Helen Ghosh: I think it costs something like, is it, £2 million? To keep it going, its running would be—

Helen Kilpatrick: About £2 million a month but—

Chair: Sorry, can you speak up?

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Helen Ghosh: £2 million a month. I knew it was £2 million but I wasn't sure what it was.

Q15 Dr Huppert: To wind it up over this year is £125 million; to keep it running is £24 million.

Helen Kilpatrick: Keeping it running though is not a viable option because the company would be trading insolvent, and the Rescue Aid Regulations wouldn't enable us to carry on forever propping up a company that was trading insolvent, so something had to be done with it.

Dr Huppert: We maybe should come back to this at a future point. I know the Science and Technology Select Committee is looking at it in some detail.

Helen Ghosh: I was going to say that, yes.

Q16 Dr Huppert: There are a lot of other costs coming up this year: scrapping second generation biometric passports, reducing vetting and barring, changes to the NPIA, and so forth. How much money overall in this year is the Home Office setting aside for redundancies and winding costs? Will it be saving money in this CSR period?

Helen Ghosh: Do you mean redundancies in relation to those particular decisions, or do you mean redundancies overall?

Dr Huppert: Overall.

Helen Ghosh: Overall redundancy. In 2010–2011 we will have spent about £65 million on redundancy, which will give us a saving of, I think, it is around £280 million over the SR period, so there is a good value for money case there. We have made provision going forward for slightly more than that in the first three years of the SR round. Of course we don't need that if more people leave earlier. I think, for example, it is something like £90 million in the year we are now in 2011–2012. We do have specific figures around the cost of the wind up, which I think Helen has.

Helen Kilpatrick: In terms of scrapping ID cards and the second biometric passports, the write-offs in relation to that were made in the financial year that has just finished and amounted to about £32 million in total.

Q17 Mark Reckless: I have a particular question about the procurement for Tasers. You will be aware the Committee published a report on that. We had a particular concern that Taser International were acquiring a monopoly supplier, and that, in effect, they were choosing that person on commercial terms, yet the Home Office had a licensing process that appeared to have little impact and left the contract going on, on a monopoly basis. Do you share our concerns about that procurement process?

Helen Ghosh: I think of course one always has to keep a very close eye on situations with a monopoly supplier. I should say one of the most fun things I have done since I arrived in the Home Office was to handle and shoot a Taser so I could see how they worked, which is very interesting.

In that case what we do, and this is very much in line with OGC guidance, is you have to operate on a completely transparent basis. So what our teams will do is go and essentially open the books on the supplier, look at their cost base on an open book basis,

compare them—even though there is not necessarily anything that is exactly like buying Tasers, other Departments will obviously have similar experiences with, for example, Defence suppliers—and be assured that what they are doing, the kind of underlying costs and the profits they are making, are appropriate. We have done everything in the case of Tasers that we think the OGC would want us to do, but clearly we will keep monitoring the situation.

Q18 Dr Huppert: Briefly following up on that question, because we had some discussion about Tasers and the fact that the new company that took over the contract essentially, to all intents and purposes, seemed to be the same as the previous company, but the Home Office did not seem to have looked at all the details and had not looked at some of the Companies House records, and so forth, I am trying to understand how that fits with your description now of an incredibly detailed process that looks through everything and checks that it is all fine, but doesn't spot that it is the same company as you looked at last time.

Helen Ghosh: Sorry, I am not aware that there was a particular problem, the problem that Mr Reckless described in that case. I know generically that that is what we do in single supplier cases. I am very happy to take it away and see whether there is more checking that we need to do—

Q19 Dr Huppert: Have you looked at our report on Tasers?

Helen Ghosh: In the 13 weeks I have been here I haven't looked at your report on Tasers.

Chair: Did someone in the Home Office?

Helen Ghosh: Someone in the Home Office, I can assure you, has looked at the report on Tasers, and when I asked the question said, "This is what we do when we are dealing with single suppliers."

Dr Huppert: Can I suggest in your 14th week you have a look at it or get somebody to?

Helen Ghosh: I will.

Dr Huppert: I would be interested in your response. Perhaps you could write to us after you have done so.

Helen Ghosh: Indeed. Do you believe it reflects a generic problem in terms of our procurement? So I know what angle I am taking in looking at it?

Dr Huppert: I have no reason to believe so in that particular case. I think it was a particular issue with the system with Tasers.

Helen Ghosh: Thank you.

Dr Huppert: Others may have issues. Can I ask another question about procurement, which is more general?

Helen Ghosh: Certainly.

Q20 Dr Huppert: If I can steal his name, the Chair wrote to the Minister for Immigration about problems in the procedures on contracts for providing accommodation for asylum seekers. Have you had a look at how the procedures do work and have you looked broadly at procurement in the Department in that sort of area?

Helen Ghosh: I have not looked at it specifically in the area of accommodation for asylum seekers. It is

an area in any Department's operations in which I am very interested, given both the savings and opportunities you can get from it. I think this is reflected in both the appointment of our former Head of Commercial to a key role in the Cabinet Office, and also the fact that Bill Crothers, our Director of Commercial, represents the Government across a number of big contracts. We have a very good procurement team and we are regarded highly by the Cabinet Office and Francis Maude, so I am confident that historically we have got good savings out of the system—in terms of the savings we have got, for example, out of commodity procurement through our Centre of Excellence.

Q21 Chair: What are those savings that you are so pleased with?

Helen Ghosh: For example, down in Newport I have a Centre of Excellence that is essentially a commodity provider, so it buys paper, hotels, travel for the Department as part of our—

Chair: It buys hotels?

Helen Ghosh: Rooms in hotels; hotel accommodation. It spent in 2010–2011 about £540 million and achieved savings of about £38 million, just in terms of how you agglomerate contracts, drive good deals and so on. If you look at our savings on consultancy, for example, when I say we have reduced it by 63% down to £60 million, some of that is we are simply not using consultants. Some of it is that drive a very hard bargain, very much in collaboration with the Cabinet Office who, as you know, has had face-to-face discussions.

Q22 Chair: Yes, but in respect of what Dr Huppert has been saying, of course you know of the Waldron case and you must have seen the letter from the Minister to me of 1 April?

Helen Ghosh: About the Waldron case?

Chair: Yes, about procurement of services for asylum seekers. What is the cost? How much do we pay for all this?

Helen Ghosh: All this being the cost of?

Chair: Asylum.

Helen Ghosh: The cost of asylum support is £471 million a year, which is a significant reduction on the previous figures. I know about the concerns you had about the Andrew Waldron case and the history of the individual. We have tightened our procedures there, in terms of checking and double checking, and indeed we are now going through all our contractual providers to make sure that they are doing proper reference checks.

Q23 Chair: Tell us more about the Centre of Excellence. It is a Home Office Centre of Excellence; is that what it is called?

Helen Ghosh: It is called the Home Office Centre of Excellence, but what we are hoping to do is to provide that service to other Government Departments as well.

Chair: Why don't you provide it to the police, because I am sure Mr Reckless now has a question on police procurement?

Helen Ghosh: Yes.

Q24 Mark Reckless: How does the Home Office set its target for the savings to be obtained through better police procurement?

Helen Ghosh: Of course we are not in the business of setting a particular target, but in the discussions that we have had with ACPO and police forces we think that, overall, we would be expecting by the end of the SR period savings of around £200 million, possibly with about £180 million more from IT procurement specifically to be gained. The approach we are taking, as the Chairman in particular will know, is at a number of levels. So we will be taking over from NPIA the procurement—

Chair: We will come on to that.

Helen Ghosh: Oh, we will come on to that.

Q25 Mark Reckless: I am a little confused. You said it wasn't for the Home Office to set targets for the Government but then you referred to this £180 to 200 million.

Helen Ghosh: Which is an estimate for what we think might be achievable. When we had considered, as of course we did in the course of the SR10, what were achievable levels of reductions in terms of the impact on policing, clearly we had some figures in our mind. In terms of what we think is a reasonable estimate of what could be saved from better procurement, more collaborative procurement, the kind of things we have done through our new framework agreements, we think that is something in the order of £200 million overall, and perhaps £80 million savings out of how you procure IT are possible. So that is the kind of figures we have in our head in terms of what can be achieved.

Q26 Mark Reckless: You refer to more collaborative procurement, and here I should declare an interest as a member of the Kent Police Authority. There have historically been two different approaches to procurement, either attempting to have a national template and require forces to do that, which seems to have had limited progress and it has been difficult to get agreement on, or allowing the sort of people—for instance, in my case Kent and Essex—

Helen Ghosh: To get together.

Mark Reckless:—to get together with their single procurement Department and doing a lot of things together. Can there not be a tension between that approach, and where does the Home Office come down on whether we should be looking for bottom up collaboration or there should be more mandating of central standards?

Helen Ghosh: Yes. As you will have seen, effectively at the moment we have a mixed approach where, with some specific items under our new framework regulations, cars being one, IT—some are hardware and some are software—and body armour. It is also to enable forces to use the frameworks without threat of breaking procurement rules. We have effectively mandated the use of those frameworks.

Beyond that, as I say, we are proposing to take the NPIA broader procurement collaborative work into the Home Office. We have already started work through the event that I think the Chairman asked

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Ministers about, to get suppliers and forces together in a room so we are being facilitative.

Q27 Chair: Have you done that yet?

Helen Ghosh: Yes, that meeting has happened and I think you have asked a parliamentary question about it.

Q28 Chair: I have. As a result of this meeting—for the record—how much are we talking about in terms of the money we pay to suppliers, as a broad figure? Ms Kilpatrick will know this of course. When we got the suppliers into the room to talk to them, what is the total amount of money we are spending on the suppliers?

Helen Ghosh: On the suppliers who came to the meeting?

Chair: Yes.

Helen Ghosh: I don't know.

Chair: Ms Kilpatrick is the Director of Finance.

Helen Kilpatrick: I am. We are still in the process of collecting the full details of that because, of course, we are not responsible for the spending of police, and so—

Q29 Chair: No, but if you invite someone to a meeting as a top supplier you must know roughly how much the taxpayer is spending on it surely, otherwise why invite them to the meeting?

Helen Kilpatrick: We do know roughly how much.

Chair: So what is the rough figure?

Helen Kilpatrick: I don't have the figure with me but we do know roughly how much, but we do need to get all the details of each contract.

Q30 Chair: Is it £500 million? Is it more? If you know roughly, you must have some kind of indication. I mean, it seems a bit odd.

Helen Ghosh: We can look at the suppliers who came to that meeting and give you a rough indication of what is the total spend they represent, but as Ms Kilpatrick says—

Q31 Chair: Yes, but it seems a bit odd, Dame Helen, that you do not know. I have a list here of the top 10 suppliers for the NPIA, which ranges from £280 million for Airwave—it is odd that I should have this list and not you—and at the end Fujitsu Siemens is £5.6 million a year, then we have the Forensic Science Service at £98 million right down to Orchid Cellmark at £10 million. So you must have some idea as to how much we spend on these people before we invite them to a meeting. Was Airwave there?

Helen Ghosh: At the Airwave project, which is obviously—

Chair: Were they at the meeting that you have just been talking to the Committee about?

Helen Ghosh: I can tell you that—

Chair: This great meeting where everyone is brought together to try and save money.

Helen Kilpatrick: Airwave weren't at the meeting. The list that you have is a list of suppliers to the NPIA, of whom Airwave is a major supplier.

Q32 Chair: Of course, but £280 million is a lot of public money, isn't it? Would they not have been invited?

Helen Kilpatrick: No, we are having a separate programme to work on reducing the costs of Airwave because it is just a major item of expenditure.

Q33 Chair: I understand that, but who attended this meeting?

Helen Ghosh: I have a list here, which I would be happy to give to the clerk of the Committee. You can see and then you can check it against the list that you have.

Chair: What you need to do, Dame Helen, is to write next to the names of the suppliers how much the taxpayer spends.

Helen Ghosh: Exactly so, how much they spend. Indeed, can I just re-emphasise, of course what we were doing in that exercise, as Helen implied, was not being the direct challenger but bringing the police and the police forces together with these people in order to facilitate, and now discussions are going on between the police forces and the—

Q34 Chair: Indeed. So, in answer to Mr Reckless' first point, it is possible for the Home Office to bring together the police and the suppliers to try and have a target, even if it is in your mind and it is not on a piece of paper—

Helen Ghosh: Indeed, it is, even if it is in our mind.

Chair:—to try and reduce the cost to the taxpayer?

Helen Ghosh: Indeed, and that is what we intend to do.

Q35 Chair: Excellent. Let us just go on to the appointment of the new head of the UKBA. We won't embarrass Mr Sedgwick by asking if he has applied for the job, but I understand that the advertisement has gone out, is that right?

Helen Ghosh: It has indeed. It went out online the weekend before last.

Q36 Chair: I have here a copy of the application form that people have to fill in. Are you satisfied that you will get sufficiently qualified people at a salary of £170,000 a year?

Helen Ghosh: There is always a balance, of course, to be made between the interests of the taxpayer and getting the right people for a job. I think, as the Committee will be aware, it is always a challenge to attract the right people to the public sector. In this instance we are employing a head hunter because we think it is so important that we should do so.

Q37 Chair: Is this another consultant?

Helen Ghosh: I am afraid it is, but it is one of those instances where their contacts in the areas where we might be looking, not only in Whitehall, in the wider public sector, in the private sector, we need to make sure for this vital job we get the best possible pool of people. So they will be looking and we have tried to pitch the salary at something that is reasonable—particularly bearing in mind previous comments of the Committee—and fits with Government policy on salaries but is likely to attract somebody.

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Q38 Chair: We are grateful that you have accepted our previous recommendation that the salary should be reduced, but it is still more than what the Prime Minister gets.

Helen Ghosh: It is indeed, and therefore we went through the formal process of clearance with the Treasury and the Cabinet Office, that in order to get an appropriate person for this level of job, this was the salary we needed to pitch it at.

Q39 Chair: I was a bit concerned at page 10, paragraph 4 of the application and terms and conditions form, where you talk about, "You may be eligible for a non-consolidated annual bonus payment, subject to successful performance, in line with the Home Office Senior Civil Service pay arrangements".

Helen Ghosh: Indeed.

Chair: We were told by Ministers when they have appeared before the Committee—I think the Home Secretary told us—that there will be no more bonuses. Why have you put this in the advert?

Helen Ghosh: This will be a Civil Service appointment. Like all senior civil servants, and clearly Government policy has moved in previous years, it is currently the case that it is Government policy that the top 25% of performers in the Senior Civil Service may receive bonuses at certain cash caps. So in the case of a Director General, which would be this person, this year, in 2011–2012, the cap on their bonus would be £17,500.

Chair: Ministers have told this Committee in oral session that there will be no bonuses being paid.

Helen Ghosh: I am assuming what they mean is that there will not be special bonus arrangements for this person. Any senior civil servant under the Prime Minister's—

Q40 Chair: So there is a bonus and there is a special bonus?

Helen Ghosh: No, no. If you look historically at the appointment of chief executives, particularly from the private sector, there are very often very specific, "And you will get a 25% bonus against performance by target" or a 50% bonus. No arrangement like that will apply. The normal Civil Service—

Chair: Yes, I think we are making heavy weather of this.

Helen Ghosh: I think we may be.

Q41 Chair: The view of the Committee is expressed in our last report when we talked about salaries that senior civil servants in the Home Office, especially responsible for UKBA, should have a reduction in salary, which is what you have given for this post, but should not get bonuses. When Ministers came before us they said that no bonuses would be paid. Are you telling me people are still entitled to bonuses?

Helen Ghosh: I am saying that the Home Office Civil Service operates on the rules that are issued by the Cabinet Office. As it happens, I know that two years ago David Normington and the board agreed they would take no bonuses. Last year, although there are as I described cash limits that the Cabinet Office set for SCS bonuses, the Home Office pitched them well below that.

Q42 Chair: So there are still bonuses being paid?

Helen Ghosh: In some years, according to the rules set by the Cabinet Office, like all other Government Departments, the SCS has been receiving bonuses.

Q43 Chair: So Ms Kilpatrick can tell us, as she is Director of Finance, how much was paid in bonuses last year to senior officials at the Home Office?

Helen Kilpatrick: £773,000.

Chair: Sorry, you need to speak up.

Helen Kilpatrick: £773,000 was paid last year but we are expecting, because bonuses are going to be limited—

Q44 Chair: £773,000 was paid in bonuses to Home Office senior officials?

Helen Ghosh: Last year.

Helen Kilpatrick: Last year.

Q45 Chair: Which means until when?

Helen Ghosh: It means relating to the financial year 2009–2010.

Q46 Chair: Right, so how much has been paid this year, 2010–2011?

Helen Ghosh: In relation to the financial year 2010–2011 if we were to apply the same limits on bonuses, which were, as I say, not at the headline level that was described there—

Helen Kilpatrick: It was a maximum of £10,000 last year, which was considerably below the maximum allowed by—

Chair: So what is the total?

Helen Ghosh: It would be around £300,000. I should say we are using the term "bonuses". What it is is non-consolidated pay. It simply means—

Q47 Chair: I think we all understand what a bonus is.

Helen Ghosh: No, in this instance, and this was—

Chair: It is something over pay, isn't it?

Helen Ghosh: It is part of pay that does not contribute to your pension.

Q48 Chair: Right. If I hold you there—

Helen Ghosh: Yes, it will be £300,000.

Chair:—because we need to conclude this session. I know there is a fascination about salaries and bonuses, but you are telling this Committee that there is eligibility for senior civil servants, including the head of the UKBA and other officials there, of a bonus payment of about £300,000.

Helen Ghosh: Sorry, the total amount that if we were to pay a bonus to the top 25% of our performers, and we stuck to the bonus limits that we used last year, which were well below, as Helen was saying. The maximum anyone received as a proportion of their pay was £10,000. If we did that this year, if Ministers agree that we do that this year, in line with the guidance from the Cabinet Office and other Government Departments, it would cost us in total as a Department £300,000.

Chair: I know you have been very recently moved into the Home Office. You do need to read our last report on this, in which the Committee made it very

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clear that we do not believe in the current climate that bonuses should be paid.

Q49 Mr Clappison: Forgive me for a very naive question.

Helen Ghosh: Not at all.

Mr Clappison: Is there anybody who is entitled to a bonus that doesn't receive it, or does everybody get a bonus?

Helen Ghosh: Certainly everybody does not get a bonus. As I said, the rule for this year is only the top 25%. What we do with the Senior Civil Service is we tranche people into four groups—

Q50 Mr Clappison: The 25%, do they all get a bonus or do some of them not get a bonus?

Helen Ghosh: No, sorry, if you take the whole of the Senior Civil Service, only—

Q51 Chair: No, just do the Home Office for us. We don't hold you responsible for anything else.

Helen Ghosh: Nobody is entitled to a bonus. That is the first point. Year-on-year we are told by the Cabinet Office whether we may pay non-consolidated pay to our senior civil servants, indeed whether we are allowed to pay it to anybody. Then they set the rule. The rule this year will be that of our whole Civil Service, of 200-plus people, only the top 25% of performers are allowed to get bonuses and then we divide our people up by performance—

Chair: But it is about £300,000.

Mr Clappison: Is it everybody who is eligible for bonus receives a bonus? Of the 25% is it a bonus across the board?

Q52 Chair: Basically does somebody say, "No, I don't want it. Thank you very much"?

Helen Ghosh: I don't understand the question.

Q53 Mr Clappison: I thought bonuses were related to good work and married to results.

Helen Ghosh: Indeed, the top 25% by definition are the people who have achieved their results, performed well and led their teams well and helped to transform the Home Office.

Q54 Mr Clappison: So they all get a bonus?

Helen Ghosh: Everybody we think is in the top 25% of performers, which we and my board members judge, will be offered a bonus. They can refuse it but therefore it relates to—

Q55 Mr Clappison: So all of the top 25% get a bonus. You do not go through them saying, "You have done well"?

Helen Ghosh: No, it is not by seniority. I suddenly realise your question.

Q56 Mr Clappison: No, performance is what I am interested in.

Helen Ghosh: The top 25% of performers are offered a bonus. The people who are not the top 25% of performers, who therefore do not qualify for a bonus, do not get it.

Q57 Chair: You have just arrived; since you were not in the Home Office you will not get a Home Office bonus, but if you are perceived to be one of the 25% who have done pretty well, you will be entitled to a bonus—you personally?

Helen Ghosh: If Gus O'Donnell decides that I am one of the top 25% of performing Permanent Secretaries, he would offer me a bonus, which I may or may not take. Permanent Secretaries gave up their bonuses two years ago, so had no bonus two years ago, and we gave that pot to charity last year. We have not had bonuses for a long time.

Q58 Chair: Very good, but at the moment there is an eligibility of £300,000 in the Home Office?

Helen Ghosh: No, £300,000 would be the cost of paying bonuses at our limits to the top 25%.

Chair: In the whole Civil Service or in the Home Office?

Helen Ghosh: No, in the Home Office.

Chair: In the Home Office. So every Department would have a similar figure, a similar pot?

Helen Ghosh: Every Department is limited to 25%.

Chair: Right.

Q59 Steve McCabe: I am sorry about this but I am a little bit lost here. If £300,000 is the limit for the top 25% in the Home Office, what happened when you were paying £700,000-plus? Was that going to 50% of the Home Office staff or were they getting a bigger bonus?

Helen Ghosh: Putting it in context, of course all of the Civil Service, including the Senior Civil Service, has had a pay freeze for the last year and looking forward. The rule around bonuses for the Senior Civil Service last year, as I recall, was that—and this is Cabinet Office rules—up to 75% of staff could receive a bonus. So if you go back—

Q60 Steve McCabe: So only 25% didn't get it or weren't eligible?

Helen Ghosh: There or thereabouts. In fact, in our case, 64% of Home Office senior civil servants—

Q61 Steve McCabe: So everybody is on a bonus, almost?

Helen Ghosh: No, everybody is not on a bonus. Everybody had a fundamental pay freeze and the average was not exactly big bucks. I think the very maximum for the highest earners was £10,000 and I think—

Chair: That is big bucks to somebody.

Helen Ghosh: It is, but it is not by private sector—

Steve McCabe: It may not be to you.

Helen Ghosh: I was drawing an analogy with the private sector. So the 25% this year is substantially fewer, which is why the bill is less.

Chair: I will sum up in a moment.

Q62 Steve McCabe: What has been cut—the number of people eligible?

Helen Ghosh: The number of people eligible has been cut. We are only allowed to pay to 25%.

Chair: Mr Winnick has a quick question then we must conclude on this.

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Q63 Mr Winnick: Apart from the fact that no one understands why there should be bonuses, it is totally incomprehensible to us, and even more so to our constituents. Be that as it may, what is the starting salary? You refer to senior civil servants in the Home Office; what is the starting salary where one is likely to receive a bonus?

Helen Ghosh: I think the bottom of the pay range for what is called a Deputy Director is something like £58,000?

Helen Kilpatrick: £60,000.

Helen Ghosh: It is about £60,000.

Q64 Mr Winnick: So no one below that salary of £58,000 or £60,000 would in any way qualify for a bonus?

Helen Ghosh: We do have a system of—

Chair: Sorry, can you give us a “yes” or “no” because we are very short for time.

Helen Ghosh: Sorry, no is the answer.

Chair: No. Thank you.

Helen Ghosh: We do have a system of bonuses for staff below the SCS, so for all staff, which means that, again, we identify—and we choose to do this—the top 35% of staff below the Senior Civil Service and if we rate them as the top performers in the Department—

Q65 Mr Winnick: What is the cost of that?

Helen Ghosh: It is a maximum of 4% of their salary, so it is a matter of hundreds in many cases.

Mr Winnick: So the people in the Croydon office—

Helen Ghosh: Will be entitled.

Mr Winnick:—for example earning between, whatever it is, £12,000 to £18,000, they might get a bonus?

Helen Ghosh: They might indeed get a bonus.

Mr Winnick: A very limited one?

Helen Ghosh: A proportional bonus.

Mr Winnick: Compared to the senior civil servants.

Helen Ghosh: Which would be, again, proportionate. It is not a disproportionate difference between the two things.

Q66 Chair: I think the view of the Committee is expressed in our last report, which is that we don't believe any senior civil servants in the Home Office should be getting bonuses in this current climate. That is our view and I hope you will have a read of it.

Helen Ghosh: I will convey that to the Home Secretary.

Chair: The Home Secretary knows because she has responded to it, but I will write to her and tell her that her understanding of bonuses is slightly different from yours, because she made it very clear to this Committee that there would be no bonuses paid this year.

A final question on the National Crime Agency and transitional arrangements.

Q67 Bridget Phillipson: The original timetable for its creation suggested that it will be up and running by 2013, is that still the plan?

Helen Ghosh: Yes. That is still the plan. Obviously we are slightly held up by purdah at the moment, but in terms of a ministerial statement, a fuller statement on what will be involved and its mode of operating alongside a strategy on serious and organised crime, we are expecting those to come out in May, and then we will be looking for legislation—I am getting confused now—either late in the current or early in the next session that would enable us to put the NCA in place. Indeed, if we haven't done already, we will be advertising very shortly for the new head to oversee the transitional work.

Q68 Bridget Phillipson: Thank you. On the National Policing Improvement Agency, there are still concerns that there isn't a plan for where some of those functions will move to. Is progress being made on that?

Helen Ghosh: Yes, a lot of progress is being made and the Home Secretary, a month or so ago now, wrote to the chair and chief executive. As we were discussing earlier, I think the future on procurement is clear in that their functions will come to us.

Gordon Wasserman is looking at the future of their broader ICT functions and whether any functions should go into the NCA or should move elsewhere, and the Peter Neyroud's report on learning and development issues I think is coming out today, even as we speak. So that is the other big chunk.

Clearly what we are doing—I know it is something that was raised in yesterday's debate—is looking at all the other residual functions, talking to ACPO, talking to forces, considering the finances around that and looking very closely to make sure we have the complete picture on all the bits and pieces of NPIA.

Q69 Bridget Phillipson: There is a timeline between the NPIA winding down and the NCA starting, so you have a plan—

Helen Ghosh: Indeed, and we are very conscious of that. So we need to make sure we have a plan that covers that gap.

Bridget Phillipson: Thank you.

Q70 Chair: Dame Helen, the last time we had a Permanent Secretary from the Home Office giving evidence, he got another job the next day. He did not tell us he was up for this job. Presumably you are there for the long haul?

Helen Ghosh: I am enjoying the job far too much to move on to something else.

Chair: Excellent. We look forward to seeing you again soon. Thank you very much for coming in.

Supplementary written evidence submitted by the Home Office

At my recent appearance before the committee on Tuesday 5 April I promised to write to you with answers to the three questions below.

Q12 *A list of the Home Office's top 10 consultants*

The table at appendix A shows expenditure by the Home Office with the top 10 suppliers of consultancy services. Unlike the way in which the Department normally publishes its financial accounts, the data are expressed on a cash basis covering the period 2010–11.

To help the committee and Parliament to understand our expenditure on a consistent basis, we would have preferred to provide accruals data—the approach used in Government accounting. Work around the financial year end means re-stating this expenditure has taken a few days longer than we had hoped, and we will provide an accruals-based table to the Committee next week (our Commercial database is managed on a cash basis—showing costs at the time that invoices are paid, rather than work is undertaken—in line with Cabinet Office's approach for leveraging Government procurement).

It would assist the Department if the Committee would defer publication until the accrual-based table is available, so as to avoid confusing Parliament or the public with superficially disparate numbers.

Q19 *To write about the Committee's conclusions in its report on tasers, once she has read it*

I have read the Report on the Police Use of Tasers with interest. The Home Office will formally be responding later this month.

Q33 *Amount spent on contracts with suppliers to police forces who attended the Home Office facilitation meeting*

The table at appendix B shows expenditure by police forces with the companies invited to the 10 January 2011 suppliers' meeting. The data are for the period Jan-Dec 2009, the most recent available centrally.

I understand that Jonathon Sedgwick has agreed with the Clerk to provide a response to the remaining questions on 9 May. Please do not hesitate to contact me if you require further information.

May 2011

APPENDIX A

<i>Rank</i>	<i>Supplier</i>	<i>API–AP2 (£m)</i>
1	ERNST & YOUNG	27
2	KPMG	8
3	DELOITTE	7
4	DETICA LTD	5
5	DRIVERS JONAS DELOITTE	4
6	PA CONSULTING	3
7	ROKE MANOR RESEARCH LIMITED	1
8	AUDIT COMMISSION	0.9
9	AMTEC CONSULTING GROUP	0.7
10	ATKINS LTD	0.5

APPENDIX B

<i>Supplier List</i>	<i>Expenditure/£m</i>
Capgemini	68
British Telecom	61
SunGard	29
Northgate	21
Unisys	20
Oracle	12
G4S	11
Reliance	11
Serco	10
Steria	10
C&W	9
Hewlett Packard	8
Vodafone	8
Specialist Computer Centres Plc	7
Siemens	5

<i>Supplier List</i>	<i>Expenditure/£m</i>
Capita	5
Detica	3
Microsoft	3
Logica	2
Memex	2
PWC	2
SAP	2
IBM	1
KPMG	1
PA Consulting	1
Fujitsu	1
Atos Origin	0.5
Niche RMS	0.4
SAS UK	0.3
Deloitte	0.2
Northrop Grumman	0.1
HCL	0
Accenture	0
Vertex	0
TCS	0
CSC	0
Cisco	0
Ernst and Young	0
Wipro	0

Data are rounded

Further supplementary written evidence submitted by the Home Office

My letter of 9 May 2011 included a list of the top 10 consultants to the Home Office, that I explained was stated on a cash basis (i.e. invoices presented and paid during 2010–11) rather than on an accruals basis (cost of services delivered during 2010–11, the same basis as Government Accounting).

I am now providing the Committee with the top 10 list, re-stated on an accruals basis. As I wrote previously, it would assist the Department if the Committee would use this table in its published report, so that the numbers are aligned with my Departmental Accounts and to avoid confusion.

The minor variations, compared with the cash table you have already seen, reflect the differences between accruals and cash-based reporting. That is particularly evident amongst the lower cost suppliers, where the difference between work dates and invoice dates can affect the year in which costs are recorded as falling.

May 2011

APPENDIX A

<i>Top 10 consultancy suppliers to Home Office and its executive agencies during 2010–11</i>		<i>/£m (rounded)</i>
1	Ernst and Young LLP	26.9
2	KPMG	7.6
3	Drivers Jonas Deloitte	4.3
4	Detica Ltd	3.6
5	Deloitte	3.3
6	PA Consulting Services Ltd	2.4
7	Roke Manor Research Limited	0.9
8	Tribal Consulting Ltd	0.8
9	Atkins Ltd	0.7
10	Badenoch & Clark	0.5

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