



# NCA

National Crime Agency

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## Annual Report and Accounts 2013/14

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# Foreword by the Home Secretary



It is now one year since I established the National Crime Agency and, on the same day, launched the Government's Serious and Organised Crime Strategy. I established the NCA to take a wholly new approach to tackling serious and organised crime and the relentless disruption of organised criminals. In contrast to what went before, the NCA has the power to task and command other law enforcement assets and a capability that reaches from local to international crime networks.

The NCA has made an impressive start. It has forged a clear leadership role at the heart of the law enforcement landscape, notably through a series of hard-hitting operations that have disrupted a wide range of serious and organised crime types, including modern slavery, child sexual exploitation, economic crime and cyber crime. Between October 2013 and March 2014, the Agency achieved over 500 disruptions against serious and organised criminals and their groups.

The NCA is driving all law enforcement bodies to work together in new and innovative ways, both within the UK and across the world. This partnership approach and the development of a single, authoritative intelligence picture of serious and organised crime in the UK is at the heart of Government's Serious and Organised Crime Strategy. Only through close, collaborative and productive relationships, informed by robust intelligence, can we protect the public effectively.

The NCA has also embarked on an ambitious transformation programme to change radically the organisation, equipping it with the right people, skills, technologies, capabilities and tactics for the 21st century. The successful delivery of this programme is vital to ensure that the NCA keeps pace with the changing threat and consolidates its position as a powerful national body leading and co-ordinating the relentless disruption of serious and organised crime groups.

The NCA should be proud of what it has already achieved. There are further challenges, not least to tackle the horrifying levels of child sexual exploitation (online and offline), address modern slavery and to reduce organised immigration crime. Looking forward, it will also have to overcome the emergence of new crimes. It must respond to changing uses of technology to enhance its capability. It will have to further embed and develop relationships at local, regional, national and international level. But I am confident that it can overcome these to reach its full potential at the forefront of law enforcement and lead the UK's fight to cut serious and organised crime.

A handwritten signature in black ink, which appears to read 'Theresa May'.

**The Rt. Hon. Theresa May MP**

# Statement by the NCA Director General



I am pleased to present the first Annual Report and Accounts for the National Crime Agency.

This Annual Report reflects the NCA's successful launch on 7 October 2013 as a UK wide crime-fighting agency, with national and international reach and a distinct and visible national profile, disrupting those serious and organised criminals who represent the highest risk to the UK. The NCA benefited from a period of 'shadow working' in the six months leading up to the launch, and was able to access some of the combined resources and capabilities of the precursor organisations. I am grateful to these organisations for enabling and supporting shadow working, which paved the way for a smooth transition in October.

The NCA has made significant progress since its formation, successfully positioning itself at the forefront of the fight to cut serious and organised crime, building close and effective relationships with law enforcement and other partners to maximise our collective impact; publishing the first single comprehensive picture of the threat to the UK from serious and organised crime; and securing law enforcement agreement to a National Control Strategy, aligned to the Government's Serious and Organised Crime Strategy. This gives us the framework to prioritise the deployment of UK resources against the highest risks and enables the NCA and its partners to undertake targeted operations to cut serious and organised crime affecting our communities.

Organised crime is a global phenomenon, so we have an international network with 46 overseas stations covering 102 countries and we continue to invest in specialist capabilities which we share with our partners both here and abroad.

The NCA has launched a radical operational and organisational change programme which will enable it to continue its development as a world-class law enforcement agency, leading, coordinating and supporting partners in the fight against serious and organised crime, driven by an effective intelligence function.

We also have targeted operations in areas which have previously had a fragmented response, such as modern slavery and child sexual exploitation and are covering a much broader range of threats, focusing on the relentless disruption of high-risk individuals and high-priority and priority serious and organised criminals and their groups. In our first six months we conducted or supported a number of high-profile operations, achieving over 500 disruptions and securing over 200 convictions of serious and organised criminals.

There is more we need to do. We face new and evolving threats, a constant shift in criminal capabilities, particularly in the cyber world and, like all public bodies, the need to demonstrate both success and value for money with the public resources we are given. We need to maintain our momentum, while developing our flexibility and capabilities to ensure that we and our partners provide the best possible response to serious and organised crime in the UK and give the public the best possible protection.

A handwritten signature in black ink, appearing to read 'Keith Bristow'. The signature is fluid and cursive, written over a light grey background.

**Keith Bristow QPM**

# Introduction

This is the first Annual Report of the National Crime Agency (NCA). It reports on the exercise of the NCA's statutory functions since it became operational on 7 October 2013. On that date, the NCA published an Annual Plan setting out how it would fulfil its responsibilities.

The NCA is a non-ministerial department which was created under the Crime and Courts Act 2013. At its creation the Agency brought together officers from the Serious Organised Crime Agency (SOCA), the Child Exploitation and Online Protection Centre (CEOP), the Police Central e-Crime Unit (PCeU), and staff from the Criminal and Financial Investigation (CFI) Border function of the Home Office.

On 6 October 2013, SOCA and PCeU ceased to exist and CEOP became the CEOP Command of the NCA.

During the reporting period, 13 staff from the former National Fraud Authority (NFA) joined the NCA, together with the transfer of some NFA functions. On 31 March 2014 the NFA ceased to exist. This report does not contain substantive commentary on the work of the NCA's precursors, but does contain some output data as well as an indication of where performance information on the precursors can be found (Annex B). NCA output data to 31 March 2014 can be found in Annex A.

The NCA was set up to lead the UK's fight to cut serious and organised crime, with the following principal functions:

- Crime reduction – securing that efficient and effective activities to combat organised crime and serious organised crime are carried out (whether by the NCA, other law enforcement agencies or other persons); and
- Criminal intelligence – gathering, storing, processing, analysing, and disseminating information that is relevant to any of the following:
  - a) activities to combat organised crime or serious crime;
  - b) activities to combat any other kind of crime; and
  - c) exploitation proceeds investigations (within the meaning of section 341(5) of the Proceeds of Crime Act 2002), exploitation proceeds orders (within the meaning of Part 7 of the Coroners and Justice Act 2009), and applications for such orders.

The NCA therefore has the responsibility to lead the overall effort to tackle serious and organised crime, as well as a set of specific statutory and national responsibilities to carry out in conjunction with UK law enforcement. The NCA is not, however, restricted to responding to particular crime types or offences. It operates in response to a broad range of threats and risks, many of which also remain the responsibility of other UK law enforcement agencies.

The NCA has a mandate to tackle serious and organised crime, enhanced intelligence capabilities and – for the first time – the remit and authority to task and coordinate operational activity across all law enforcement agencies. Through these enhanced powers and capabilities, the NCA is better placed than any other organisation before to ensure the effective – and relentless – pursuit and disruption of serious and organised criminality, and to help to bring more criminals, particularly those deemed to be untouchable, to justice.



The Director General of the NCA is accountable to the Home Secretary for the effective fulfilment of the NCA's functions and, through the Home Secretary, to Parliament. The NCA Director General has operational independence; a Framework Document for the NCA sets out in detail the roles and responsibilities of the Home Secretary, the Home Office and the Government in respect of the NCA.

The NCA is overseen by a Board made up of both executive and non-executive members and is chaired by the Director General. There are four non-executive members of the Board who were appointed in December 2013. They provide constructive advice and robust challenge to the executive leadership<sup>1</sup>.

The Crime and Courts Act 2013 requires the Home Secretary to set strategic priorities for the NCA. These five strategic priorities were set out in the NCA's Annual Plan for 2013-14. In addition, the Director General set five operational priorities, also reflected in the Annual Plan. The NCA's performance reporting is structured around four Key Performance Questions (KPQs) agreed with Government.

These are:

- How comprehensive is the NCA's understanding of the threats?
- What is the effect of the NCA's response to the threats?
- How effective is the NCA at partnership working?
- How effectively does the NCA manage resources?

The NCA has four Commands – Organised Crime Command (OCC); Border Policing Command (BPC); Economic Crime Command (ECC); and Child Exploitation and Online Protection (CEOP) Command. Working across all the Commands is the National Cyber Crime Unit (NCCU) which leads, supports and coordinates domestic and international law enforcement activity to tackle cyber crime threats. NCA Investigations provides a flexible shared operational capability to the NCA Commands, NCCU and partners. The NCA Intelligence Hub provides access to a wide range of intelligence and information, analysing it to produce a single comprehensive assessment of the threat and identifying opportunities to cut serious and organised crime in the UK.

As of 31 March 2014, the NCA had around 4,500 officers based in sites around the UK and overseas. The NCA operates from around 30 sites in the UK and in the region of 40 countries worldwide.

The NCA has an extensive international footprint and works effectively with international partners to cut serious and organised crime which impacts the UK. This is delivered through a network of international liaison officers (ILOs) and other specialist officers based around the world. There were in the region of 130 NCA officers based overseas as of 31 March 2014.

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<sup>1</sup> Further information on NCA Board members can be found on page 64 of the Statement of Accounts.

# Operational context

## Serious and Organised Crime Strategy

The Government published the Serious and Organised Crime Strategy in October 2013 to coincide with the launch of the NCA. The Strategy aims to reduce substantially the level of serious and organised crime impacting upon the UK. It follows the same four components as for counter-terrorism work, namely:

PURSUE – to prosecute and disrupt the activities of persons engaged in serious and organised crime;  
PREVENT – to prevent people from becoming engaged in serious and organised crime;  
PROTECT – to increase protection against serious and organised crime; and  
PREPARE – to reduce the impact of this criminality where it takes place.

The Government's first priority of the Serious and Organised Crime Strategy is the highest priority for the NCA: to identify and disrupt serious and organised crime including by investigating and enabling the prosecution of those responsible (Pursue). The NCA coordinates this work, leading and supporting operations across five main areas: organised crime; cyber; economic crime; child sexual exploitation and serious and organised crime at, and crossing, our borders. The NCA's activities are aligned to the Serious and Organised Crime Strategy, but are not limited to those which fall under Pursue. The NCA supports and, where appropriate, leads cross-Government work, locally and nationally, to deliver the three other components in the Serious and Organised Crime Strategy: to strengthen protection against and reduce the impact of serious and organised crime (Prepare and Protect); and to prevent people becoming involved in serious and organised criminal activity (Prevent). As this report will demonstrate, the NCA has played a role in all four components of the Strategy.

## National Strategic Assessment

At its inception, the NCA started work to produce the first ever National Strategic Assessment (NSA) which was published in May 2014. The NSA is the objective picture of serious and organised crime affecting the UK and its interests. It presents the overarching priorities as agreed by UK law enforcement and key partners from the public, private and third sectors.

The NSA was prepared by the NCA's Intelligence Hub with input and review from representatives from across the combined cross-sector community fighting serious and organised crime in the UK. Contributors included UK Border Force, Her Majesty's Revenue and Customs (HMRC), Home Office Immigration Enforcement (HOIE), the Metropolitan Police Service (MPS), the National Offender Management Service (NOMS), the Northern Ireland Organised Crime Task Force (OCTF), Police Service of Scotland (PSOS), the Police Service of Northern Ireland (PSNI) and the Regional Organised Crime Units (ROCU).

The NSA draws together knowledge from across the whole law enforcement community. It is the most comprehensive public-facing analysis to date of the serious and organised crime threats affecting the UK. By providing an objective picture of serious and organised crime threats, it enables UK law enforcement as a whole to prioritise, coordinate and target the response. Given the way the NCA has been set up to lead and coordinate the UK response to serious and organised crime, this is also the first time that the shared threat assessment fits within a national framework - fundamentally connecting the collective understanding of the threats with a UK-wide tactical response to them. The assessment, and the response

to it, is owned by the whole of law enforcement, including police forces and other national agencies, as well as Whitehall departments, local government, industry partners and the third sector.

Following production of the NSA, the NCA Intelligence Hub worked with partners to develop the National Control Strategy (NCS) and the National Intelligence Requirements (NIR). These three documents were presented to the multi-agency National Strategic Tasking and Coordination Group for final sign off. All three documents were endorsed by the group and were judged to be an accurate reflection of the threat and as giving an appropriate framework for response.

## **National Tasking**

The Serious and Organised Crime Strategy sets out the broad approach which the NCA, together with its partners, should take. It is supported by Strategic Governance Groups (SGGs) for each of the main threat areas - Borders, CEOP, Cyber, Economic Crime and Organised Crime, each of which is chaired by an NCA Director. The SGGs are supported by Threat Groups led by senior practitioners from across law enforcement. Each of these considers how to tackle the threats it has responsibility for using the 4Ps model, drawing on a wide range of capabilities and opportunities to disrupt serious and organised crime.

One of the NCA's first priorities was to introduce new national tasking and coordination arrangements. The tasking and coordination cycle coordinates the national law enforcement response to threats and risks, and ensures that operational resources are used to maximum impact. It also enables the proper prioritisation of action against criminals and criminal groups, with the right agency leading the right operational response, including in respect of asset recovery, at local, national and international levels.

The arrangements flow from the six-monthly National Strategic Tasking and Coordination Group (NSTCG) meetings chaired by the NCA Director General. The cycle includes daily briefing meetings chaired by an NCA senior officer, four-weekly regional tactical tasking meetings chaired by a regionally-nominated chief police officer, and eight-weekly national tasking meetings chaired by the NCA Deputy Director General.

Using the National Control Strategy, the NSTCG allocates threats and cross-cutting issues to multi-agency Strategic Governance Groups (SGGs). The SGGs, chaired by NCA Directors and supported by specialist threat groups where necessary, were required to produce a Strategic Action Plan to set out the activity to be undertaken by the NCA and its partners to mitigate the threats and risks. Each Strategic Action Plan aligns with the Government's Serious and Organised Crime Strategy, outlining the activity against each of the 4Ps (Pursue, Prevent, Protect, and Prepare). By year-end, the majority of SGGs had met to consider the National Control Strategy and incorporate the objectives to mitigate the threats into their Strategic Action Plans.

A diagram of the Operating Model can be found at Annex C.

Under section 5 (5) of the Crime and Courts Act, the Director General has the power to direct a Chief Officer of an England and Wales police force where necessary. The NCA's directed tasking and assistance arrangements in regard to an England and Wales police force are as a matter of policy also extended to Border Force officers or other Home Office officials who carry out border, immigration and customs related functions which are under the direction and control of the Home Secretary. During this reporting period, the Director General of the NCA has not needed to make use of this power.

A report by Her Majesty's Inspectorate of Constabulary (HMIC) entitled 'An inspection of the arrangements that police forces have in place to meet the Strategic Policing Requirement' found that, in respect of the relationship which the Director General of the NCA had with chief officers, 'there was evidence of a constructive co-operation between him and chief constables in relation to the new tasking arrangements<sup>2</sup>.' The HMIC report went on to say: 'We were impressed to find that the police, the NCA and other national agencies were working collaboratively to continue to develop these arrangements. For example, planned improvements to the way the national strategic threat assessment for organised crime is used to inform the tasking process.'

## **Transformation**

In January 2014, the NCA launched Transformation - a single agency-wide programme of change, which is driven by operational need. Transformation will ensure the NCA develops the capabilities, skills, operating model and culture, which, despite a challenging budget settlement, improves delivery and makes the UK safer, securing best value from public funding, and meeting the challenges of the future.

The Transformation Programme is made up of four complementary strands, each led by a Director and non-executive Director. More information on the Transformation Programme, now known as Novo, can be found later in this report.

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<sup>2</sup> From a report by HMIC entitled An inspection of the arrangements that police forces have in place to meet the Strategic Policing Requirement, published in April 2014.

# Key Performance Questions

## **KPQ1 – How comprehensive is the NCA’s understanding of the threats?**

**NCA Vision of success** - *High confidence in a single national intelligence picture to lead the UK’s prioritised law enforcement response against serious and organised criminals and their groups.*

Critical to the NCA’s understanding of the threats was the development and publication of essential strategic documents by the NSTCG, namely the National Control Strategy, the National Strategic Assessment and the National Intelligence Requirement. These documents, which received positive feedback, demonstrated an understanding of the scale and nature of the threats, which were used to inform the intelligence requirements and to prioritise the effort against them.

### **Organised Crime Group Mapping (OCGM)**

At the inception of the NCA, national processes linked with Organised Crime Group Mapping (OCGM)<sup>3</sup> were already firmly established. By year-end, the mapping and understanding of criminals in some threat areas was considered to be thorough and the best picture the UK has ever had. Plans were in place to address those threat areas where more work was needed to improve levels of understanding.

As of March 2014, organised crime group mapping identified some 39,000 organised criminals in around 5,800 groups currently operating in ways that directly affect the UK. The NCA ensured that threats posed by these groups was actively managed with an appropriate operational response.

The NCA conducted a national review of mapping, which began in June 2013 and which resulted in 20 recommendations being made, all of which were endorsed by the NSTCG and are being implemented over a challenging 18-month period.

### **High Priority and Priority Groups**

The NCA identified and assessed High Priority and Priority serious and organised criminals and their groups, and focused its effort on pursuing them through relentless and continuous disruption including asset denial. High Priority and Priority crime groups, informed by Organised Crime Group Mapping, were nominated to the NCA’s Organised Crime Coordination Centre (OCCC), which oversees all organised crime group mapping by each of the contributing agencies - the NCA, all police forces in England and Wales, Police Scotland, HMRC, Home Office Immigration Enforcement (HOIE), UK Border Force (UKBF), the Intellectual Property Office (IPO), the Gangmasters’ Licensing Authority (GLA), the Environment Agency (EA), the National Fraud Intelligence Bureau (NFIB) and the National Wildlife Crime Unit (NWCU).

A robust and accountable procedure was put in place to assess and review continuously the status of High Priority and Priority Groups in order that activity could be aligned to the nature and level of threat that these groups present. As the end of March 2014, there were 37 High Priority Groups, of which the NCA was leading on activity against 19 and 480 Priority Groups, of which the NCA was leading on activity against 96.

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<sup>3</sup> Organised Crime Group Mapping (OCGM) is a process where UK law enforcement agencies collate and share information in a systematic way to aggregate an overall picture of serious and organised crime affecting the UK

## Assessed reporting and Alerts

In this reporting period, the NCA issued 310 pieces of assessed reporting<sup>4</sup> and Alerts to law enforcement agencies, businesses and other partners.

The production of reports enhanced UK law enforcement and Government understanding of the threats. The threat which featured most commonly in assessed reporting was cyber, closely followed by drugs. In terms of the cyber threat, intelligence and awareness is constantly evolving as new techniques and technologies exploited by criminals are emerging. Partnership working with both foreign and domestic law enforcement and industry partners has contributed considerably to an increased understanding of the threat. The NCA produced a wide range of strategic and thematic reporting in this area, ranging for example from the 2014 Cyber Crime Strategic Threat Assessment to individual reports on specific types of malware<sup>5</sup> and the impact on the UK.

By year-end, a process was in place to formalise the capture of feedback from recipients of NCA assessed reporting. Positive feedback has been received, for example, in response to a piece of assessed reporting on a specific aspect of firearms importation, the Force Weapon Examiner and Armourer for Devon and Cornwall Police commented that: *'These bulletins are extremely helpful in my area of work and I always welcome their delivery. They provide some good information that is produced in a simplistic way of reading to avoid any confusion.'*

The subjects of the Alerts include sites selling compromised payment cards, others suspected of Pension Liberation Fraud and those facilitating cyber-enabled crime through the provision of malware and botnet<sup>6</sup> attacks.

Notable Alerts issued by the NCA included:

- In collaboration with HMRC, advice to the Regulated Sector on how to recognise and report suspect organised Tax Credit Fraud.
- In collaboration with HM Passport Office, release of information in respect of fraudulently-obtained UK passports. These passports can be used to secure employment, gain access to financial products and benefits and commit a variety of criminal offences.
- Assistance provided to locate fugitives subject to a European Arrest Warrant (EAW) through working with the financial sector to locate fugitives in the UK through banking and insurance details.

The NCA received over 460 discoveries<sup>7</sup> and research requests since 7 October 2013, covering the range of threats. These led to the initiation of 67 NCA operations, 16 projects and 74 intelligence development opportunities.

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4 NCA assessed reporting assists different decision-makers engaged in activities such as creating new legislation, determining how to act against specific criminals and/or criminal enterprises and determining resource allocation to areas of work.

5 Malware is software specifically designed to disrupt or damage a computer system.

6 Botnets are collections of software robots that run autonomously and automatically. The term is generally used to refer to a collection of compromised computers running software, usually installed via drive by downloads exploiting web browser vulnerabilities, worms, Trojan horses or back doors, under a common command and control infrastructure.

7 A discovery is a new lead of intelligence.

## **KPQ2 – What is the effect of the NCA’s response to the threat?**

**NCA vision of success** - *The NCA relentlessly disrupts High Priority and Priority serious and organised criminals and their groups affecting the UK.*

The NCA’s operational activity drives delivery against the Government’s Serious and Organised Crime Strategy. At year-end, NCA activity comprised in the region of 500 operations and 150 projects. In addition, intelligence development activity was underway in approximately 350 cases. Around 100 operations and intelligence developments were targeting High Priority and Priority Groups.

### **Internal tasking – effective deployment of resources and appropriate operational response**

At its inception, the NCA launched Operation ASSERT, a series of targeted operations around the country demonstrating the NCA’s capacity to use its powers to tackle a variety of serious and organised crime. The operation ran alongside NCA ‘business as usual’. The impact of ASSERT was immediate and far-reaching, with significant seizures of illegal drugs, weapons, fraudulently-obtained identity documents, suspected stolen property as well as cash and other proceeds of crime. ASSERT also made clear the NCA’s will and capacity to work with a range of partners to deliver operational successes.

In order to combat the threat of viewing and sharing indecent images of children (IIOC), the NCA worked closely with the Home Office to secure the participation of many of the world’s leading technology companies in the work of the UK/US Taskforce. The NCA also provided subject matter expertise to the initiative, briefing the participating companies on the threat to children from online sexual exploitation. The CEOP Command continued to work alongside the Home Office and industry to remove uniform resource locators (URLs) to indecent images of children on the open internet. This Prevent activity was highlighted as a priority in the Prime Minister’s Summit in November 2013.

Powers training continued this year to meet the ambition of increasing the number of NCA officers designated with operational powers, to enhance the capabilities of the NCA and meet any operational surge.

### **Activity against High Priority and Priority Groups**

In its focus on the relentless pursuit of High Priority and Priority serious and organised criminals and their groups, the NCA developed strong two-way links with UK police forces, and other UK operational partners. At year-end, 85% of Priority and High Priority groups were subject to a proactive operational response.

513 disruptions<sup>8</sup> were reported in NCA-led operations, 60 of these were against High Priority and Priority Groups. In total, there were 158 arrests in the UK and 43 overseas of serious and organised criminals from High Priority and Priority Groups against an overall total of 675 arrests in the UK and 733 overseas.

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<sup>8</sup> The number of major, moderate and minor disruptions reported.



This year the NCA produced a revised approach to assessing the scale and impact of disruption which was implemented within the Agency. Working with the national law enforcement leads, it is intended that this will provide a model for wider policing to be rolled out in 2014-15.

## **Criminal Justice outcomes**

A significant part of the NCA's activity to disrupt serious and organised crime is to investigate and prosecute those responsible. In this reporting period, NCA activity led to over 1,400 arrests in the UK and overseas and the UK conviction rate was just over 93%.

Some examples of successful criminal justice outcomes during the reporting period are set out below.

A criminal network was dismantled after four people smugglers received sentences totalling over 17 years following a joint operation involving the NCA, Humberside Police and the Dutch authorities. The trial at Kingston-upon-Hull Crown Court in March heard how the head of the network ran the people smuggling racket from his car wash in Hull. He had approached undercover officers and offered them money to smuggle people into the country, claiming other drivers had earned £120,000 over a three-month period. The man was subsequently arrested by NCA officers and his three associates were arrested in the Netherlands by the Dutch authorities. Five illegal immigrants – believed to be Syrian and intended to be smuggled into the UK via the Port of Rotterdam – were also detained.

Two brothers from Tyne and Wear were jailed in March for a total of 18-and-a-half years for using their coach company as a front to import heroin. A 12 kilogram heroin concealment was detected on board a coach being driven by one of the brothers when it was stopped at Dover. The coach had been full of unsuspecting tourists returning from their trip to a Christmas market in Belgium. The other brother, who had travelled to Belgium separately, went on the run and was later caught following a high-speed car chase in Amsterdam. The NCA received assistance from Border Force, Northumbria Police, and the Belgian and Dutch authorities.

Two London-based men involved in a multi-million pound money laundering enterprise were jailed in October 2013 following an NCA investigation. One of the men, an Indian national, was sentenced to six-and-a-half years' imprisonment and will be deported at the end of his jail term. He was described by the NCA as a prolific money launderer and acted as a "collector" for other criminal networks. The investigation showed that some £4.5million had passed through his hands in the four months leading up to his arrest. His associate was convicted on one count of money laundering and jailed for 18 months.

Following an investigation launched by the Metropolitan Police Service, and concluded by the NCA, a group of fraudsters were convicted in November 2013 after stealing thousands of pounds from job-hunters through the use of fake online advertisements for companies including Harrods and Argos. Among the group of five men and one woman who were jailed for a combined total of more than 27 years was one of the UK's first home-grown financial malware writers to be convicted.



Three men who were part of an organised crime group supplying heroin to Birmingham and Bristol were jailed for a total of 22 years in November 2013. One of the men was also found guilty of money laundering. The investigation worked closely with a number of police forces and uncovered links between the organised crime group and a textile company based in Waltham Cross, Hertfordshire. A flat in Bristol was also found to be a “hub” for drug distribution, including repackaging equipment, hydraulic presses and other drug paraphernalia.

A suspected network of specialist money launderers, which helped criminals hide millions of pounds, was targeted in an international operation coordinated by the NCA. Officers in the UK, South Africa, Bulgaria and Spain carried out raids on dozens of addresses. In London, £500,000 cash and diamonds worth £100,000 were seized following searches of safety deposit boxes and properties, and eight individuals were arrested. Those arrested are believed to have laundered millions of pounds, through a complex web of offshore bank accounts and property investments, on behalf of overseas criminals involved in the supply of drugs.

A Cambridgeshire man was convicted of breaching his Serious Crime Prevention Order (SCPO) after the discovery that he had continued to hack into servers containing payment card data, contrary to the terms of his Order, following a previous conviction. The male was arrested in December 2013 after NCCU officers executed a search warrant at his home address. During the search, a tablet computer was discovered on which he had been attempting to hack private industry servers that contained payment card data. He is believed to be part of a larger organised criminal gang which sold the compromised payment details through online ‘carding’ forums. The man was convicted of four counts of breaching his SCPO and sentenced at Cambridge Crown Court in March 2014 to twelve months’ imprisonment suspended for two years, with a six-month supervision order, six-month treatment order and six-month residency order.

## Identification and Pursuit of Money Laundering and Criminal Finances

Most serious and organised criminality is aimed, directly or indirectly, at making money. Criminal proceeds are reinvested in further illicit enterprise, used to fund lavish lifestyles or to accumulate wealth and assets. Money laundering is a threat to the UK, with significant volumes of international criminal money laundered each year. Tackling money laundering and denying the proceeds of crime through asset recovery is key to cutting serious and organised crime.

The NCA identified and assessed High Priority and Priority criminals and their groups and focused effort on pursuing them through relentless and continuous disruption. As a result, the NCA's operational priorities, as published in the NCA Annual Plan, focused on recovering illicit profits from organised criminals or denying them access to their money and property.

Since 7 October 2013 the NCA delivered some significant outcomes utilising a wide range of financial tools, including confiscation, for example:

- **CONFISCATION:** In one operation against a significant organised crime group involved in drug trafficking and money laundering, three confiscation orders totalling £1,747,038 were made in October 2013, with default sentences of seven years and three-and-a-half years in two of them. A further subject was subsequently found to have benefited from drug trafficking; he was ordered to pay over £340,000 within a period of six months or serve a further three-and-a-half years consecutive to his five-year sentence for drug trafficking.
- **CASH:** The NCA disseminates actionable opportunities for cash seizures to police forces, and has developed some excellent working relationships with these partners. By year-end, around £4.7 million cash had been seized and 56 arrests made by operational partners as a result of work in one specific project since the commencement of the NCA.
- **CIVIL RECOVERY:** on 21 November 2013, the High Court ordered the recovery of assets estimated at £662,488, representing the proceeds of the criminal conduct of a Surrey-based man, believed to have been involved in a variety of criminal offences over a number of years.

Additionally, the NCA set up a dedicated Asset Confiscation Enforcement (ACE) team to coordinate activity across the Agency and with partners, including operational activity to tackle unenforced confiscation orders and efforts to enforce these orders by prioritising unpaid orders of the most serious criminals. The NCA has worked with the Crown Prosecution Service, HM Courts and Tribunals Service, Serious Fraud Office, HMRC, Regional Asset Recovery Teams and the Metropolitan Police Service to identify criteria for prioritising cases which are potentially collectable, or, with additional coordinated enforcement activity, could be enforced. At year-end, 120 cases were being monitored on a monthly basis. Between 2 December 2013 and 31 March 2014, over £10 million was collected.

The NCA used its criminal and civil powers to deny criminals access to £24.2 million since inception. A further £46.4 million was denied by partners in the UK and overseas as a result of NCA activity. Further information on assets denied can be found in Annex A.

## **Tackling Bribery, Corruption and Sanctions Evasion**

Following on from the events in Ukraine in early 2014, and international concerns regarding the misappropriation of Ukrainian assets, the UK deployed an NCA-led team of experts from the NCA, the Metropolitan Police Service (MPS) and the Crown Prosecution Service (CPS) to the country in March. The mission was to assess the current position and scope the potential for support to the Ukraine authorities in their efforts to identify and recover embezzled state funds. The NCA continues to engage internationally on behalf of the UK, including with partners in Ukraine, to assist in the effort of identifying and repatriating misappropriated assets relating to these events.

The NCA worked closely with other operational agencies involved in the investigation of international bribery and corruption. The NCA also worked on improving the response to domestic bribery and corruption, and has undertaken successful operational activity, for example against individuals and groups involved in football match fixing.

## **Tackling the enablers of Serious and Organised Crime**

The NCA took forward Prevent initiatives which seek to deter large numbers of individuals from entering, or moving deeper into, serious and organised crime, for example in the cyber crime arena. The NCA deployed large-scale influence activity by reaching high volumes of potential offenders through splash pages, direct emailing or texting; carrying out cease and desist activity, such as home visits to those with most potential to offend; and creative communications and media on Prevent / Pursue activity aimed at maximising the deterrent potential of the NCA. Work began to counter the rapidly-rising number of individuals with technical skills who may deliberately or unknowingly become involved in cyber crime by seeking to transform public perception of cyber crime - what it is, the harm it causes and the law enforcement consequences of committing cyber crime.

## **Use of non-traditional interventions**

### **Ancillary Orders**

Ancillary Orders, in particular Serious Crime Prevention Orders (SCPOs) and Financial Reporting Orders (FROs), continued to be effective in the relentless disruption of serious and organised criminals. Applications for these orders were made in the majority of High Priority and Priority NCA operations, helping to ensure that criminals posing the highest risk were prioritised for ongoing prevention activity.

NCA casework led to the award of 23 SCPOs and six FROs. In addition, ten breaches of pre-existing orders were identified and investigated by the NCA.

In October 2013, the first ever non-conviction based SCPO was imposed against ██████████ at the High Court. This will be monitored by the NCA upon his eventual release from prison. ██████████ was convicted of conspiracy to smuggle cannabis in Jersey in 2007 and received a 13-year prison sentence. He subsequently received a default sentence after failing to pay his £198 million confiscation order. Because his conviction was made in the Channel Islands, the NCA application for his SCPO could only be made at the High Court.

## **Lifetime Management**

In terms of Prevent activity to deter people from continuing in serious and organised crime, lifetime management is key. The NCA committed to providing national oversight of the law enforcement response to all serious and organised criminals in prison and on licence, to ensure that those who present the highest risk are disrupted using the most effective tools available. This included:

- Ensuring consistency in identifying those that pose the highest ongoing risk;
- Providing assurance that the highest risk are subject to disruption using the most effective tools;
- Developing a coherent national picture of the threat; and
- Developing national standards.

The NCA continued to recognise the importance of lifetime management as an effective method of disrupting serious and organised criminals. The NCA established a 'Prisons and Lifetime Management' Threat Group chaired by a NOMS Director to lead and coordinate work in this area and NOMS became established as a core member of National Tasking and Coordination mechanisms.

The NCA shared details regarding every imprisoned OCGM nominal with prison governors, allowing them to have a basic understanding of risk in their establishments. Additionally, the NCA developed a process for the dynamic sharing of risk information and planned disruptions of newly-remanded subjects from High Priority and Priority Groups.

A standard condition for individuals released from prison on licence is that they do not travel outside the UK. The NCA continued to monitor offenders on licence and identified serious breaches during this period including:

- An individual identified travelling outbound to Malaga in breach of his licence who was consequently returned to prison for 28 days.
- A subject who was identified travelling out of the UK to Amsterdam. Due to the circumstances of the breach it was recommended that he be recalled to prison to serve the remainder of his sentence which, if ratified, would mean he would not be released until 2019.

## **Other non-traditional disruptive interventions**

In one operation, which targeted an Organised Crime Group (OCG) involved in drugs importation, a range of other disruption techniques were deployed in addition to traditional criminal justice measures. These included:

- The local Environmental Health Department was called to assess a take-away food outlet associated with a subject of interest.
- The prison conditions of one of the OCG members being re-categorised.

- The discovery of documents identifying assets amounting to several hundred thousand pounds from a search of the property belonging to the subject of a Cleveland Police confiscation order made in July 2013 for £42,595, £39,000 of which has been paid off. The NCA notified Cleveland Police with a view to revisiting his confiscation order.
- The wife of one of the subjects was reported to HMRC for undeclared business earnings.

There were 78 Threat to Life Referrals to the NCA up to the end of March 2014. As a result, 14 Threat to Life Warning Notices and nine Threat to Life Disruption Notices were served, preventing 14 people from potentially fatal or serious harm.

The Education team within the NCA-CEOP Command continued to provide educational resources and learning materials to children, parents and carers, and professionals. ThinkUKnow resources have been used to reach millions of children of primary and secondary school age<sup>9</sup>, giving them the knowledge to help them protect themselves from sexual exploitation as well as showing how to report to the NCA-CEOP Command if they need help and advice.

### **KPQ3 – How effective is the NCA at partnership working?**

**NCA Vision of success** - *The NCA is effective at leading, supporting and coordinating, and its capabilities add value to partners' activities to identify and disrupt serious and organised criminals and their groups.*

**'The NCA has, I think, bent over backwards to get operational resources to us at different times of the day in difficult circumstances at very short notice'**. Chris Sims, Chief Constable West Midlands Police.

A review of national tasking and coordination found a general endorsement of the structures and processes led by the NCA. The review concluded that the terms of reference for National Strategic Tasking and Coordination were fit for purpose and that, in the main, the right supporting products and processes are in place. Whilst there was endorsement of the terms of reference, function and form of the arrangements for National Tactical Tasking and Coordination, and that those arrangements align well with ROCU and force structures and processes, it was widely recognised that processes were still evolving and that it will take time to develop and mature.

The NCA's relationship with policing is a key element to enabling the Agency to deliver against its mission to lead the UK's fight to cut serious and organised crime. The NCA's partnership with policing is described in *The NCA Commitment to Working in Partnership with UK Operational Partners* and *The NCA Commitment to Working in Partnership with Police and Crime Commissioners*, which were developed in consultation with operational partners and Police and Crime Commissioners, and published on 31 March 2014.

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<sup>9</sup> Exact figures for 2013-14 are in the appendices.

The NCA has a specific operational priority to develop, deploy and maintain specialist capabilities to assist the Agency and its partners, including the police, to deliver their mission. To ensure that the UK is as effective as possible, the NCA worked to build a close and valuable ‘two way’ partnership with police, law enforcement and other partners, to change the way in which the UK tackles serious and organised crime.

Under an NCA project to develop a multi-agency response to share purchase fraud, the NCA supported City of London Police’s Operation RICO, a major investigation against organised crime groups engaged in investment fraud, primarily in Spain. The NCA provided support in the form of intelligence and prevention activity, through the NCA’s International Liaison Officer network, and the Vulnerable Persons Team assisted in conducting victim interviews. A coordinated international day of action in February resulted in 110 arrests in the UK, USA, Spain and Serbia, with the seizure of significant assets and cash.

The NCA launched two multi-agency projects as part of a wider government drive to ensure that UK law enforcement is responding to the threat of human trafficking and modern day slavery. At Gatwick Airport, high risk flights were profiled with the aim of increasing identification of potential victims of trafficking and suspected traffickers, as well as enhancing intelligence and investigation opportunities to support victims and prosecute traffickers. This activity was in collaboration with UKBF, Sussex Police, Special Branch, HOIE, Surrey Police and British Transport Police. A number of individuals involved in human trafficking were identified and further intelligence leads were investigated in connection with human trafficking and organised immigration crime.

An operation at Heathrow focused on new direct flights to the UK from the Philippines, and the potential for exploitation of vulnerable individuals in the aftermath of Typhoon Haiyan. A number of individuals were subject to further investigation and this activity helped set the foundations of how future campaigns may be pursued.

Two corrupt security contractors were sentenced in November after helping a Midlands-based crime group smuggle illegal immigrants out of the UK. They were among 11 people found guilty of assisting Indian nationals to board flights to Canada from Birmingham Airport using false identity documents on three separate occasions. The third attempt was thwarted when Border Force officers prevented two Indian nationals from boarding the aircraft; they were later deported to India. The two contractors were imprisoned for four and three years respectively for their roles considered by the NCA investigation to be key to the conspiracy.

The NCA led a cross-government task force to reduce the threat from pensions liberation fraud and scams. Known as Project BLOOM, its primary partners include the Department for Work and Pensions (DWP), HMRC, The Pensions Regulator, the Financial Conduct Authority, the Serious Fraud Office, City of London Police, Action Fraud, National Fraud Intelligence Bureau and a number of other law enforcement partners. Drawing on the skills and expertise of its partners, as well as its own knowledge and capabilities, the NCA has enabled a proactive multi-agency response, resulting in both criminal justice activity and prevention opportunities. Outcomes have included the development of prevention and awareness measures and improved victim reporting channels, website suspensions and re-directions to Action Fraud where websites offer misleading information designed to convince visitors to access part of their pension fund immediately, and support to law enforcement partners in their investigations.

The NCA and its international counterparts broke up a paedophile ring responsible for streaming live child abuse from the Philippines. The joint investigation with the Australian Federal Police and US Immigration and Customs Enforcement, resulted in 29 international arrests, 11 of whom were part of the facilitation group in the Philippines. The operation also identified 15 children in the Philippines aged 6-15 who were at risk from sexual abuse and who were appropriately protected and placed into care.

The NCA has the capability to conduct highly effective proactive investigations into serious and organised crime, utilising a broad range of skills, technical capabilities and sensitive investigation techniques. It has deployed these capabilities against appropriate priority threats in support of partner agencies which do not have this capability. For example, the NCA provided operational support to a Financial Conduct Authority (FCA) investigation targeting a group estimated to have made approximately £1 million profit from share purchase fraud against UK victims. The NCA, along with Kent Police, executed multiple search warrants and one individual was arrested. The NCA has similarly provided substantial support to the Serious Fraud Office (SFO) in an investigation into suspected bribery and corruption, providing operational planning advice, intelligence support and the execution of multiple search warrants.

In November, the NCA received a request from Cleveland Police to assist with a Denial of Service (DDoS) attack on Action Fraud, the Metropolitan Police Service, City of London Police and the NCA. NCCU Operational Support provided technical assistance, including with the live acquisition of data at the address and guidance to officers on digital forensics tools. NCCU officers also assisted with searches, interviews, fast time examination of phones and computers and the preparation of evidential packages. The subject was arrested at his home and, following an investigation, charged with Computer Misuse Act offences.

The NCA works closely with a range of private sector partners, both bilaterally and through industry-focused forums, to enhance the UK's understanding of threats and deliver a collaborative public-private response. Cyber crime-focused initiatives include a 'Virtual Task Force' with the banking sector, to share information and promote collaborative working, and an industry-focused sub-group of the multi-agency Cyber Crime Strategic Governance Group, bringing partners together to join-up the response to cyber crime threats.

The NCA also benefits from assistance from partnership working with UK Government partners. For example, the NCA works closely with GCHQ on:

- Staff exchanges, to increase skills and develop closer working.
- Technical advice to investigations.
- Support to the NCA's understanding of serious organised crime threats.
- Legal and Policy advice relating to the NCA's Transformation Programme (Novo).

## Specialist national capabilities and functions

There were 353<sup>10</sup> requests for UK support to partners through the Portal<sup>11</sup>, covering a range of specialist services and level of assistance. Of these, only 12 (3.4%) were refused.

Examples of UK partner support included:

- NCA, INTERPOL and Europol support to a West Midlands Police operation and multi-agency operational/intelligence partnership to tackle foreign national offenders who utilise the UK road networks. This operation led to a number of arrests over a wide range of criminality.
- The NCA assisted Greater Manchester Police in an investigation for trafficking and brothel keeping. A number of suspects were arrested and three victims were identified who were trafficked from care homes in Hungary at the ages of between ten and twelve years. The victims were put into the care of social services in the UK.
- Dorset Police held a day of action assisted by the UK Human Trafficking Centre (UKHTC) and two NCA tactical advisors, which led to the arrest of a suspect for human trafficking and money laundering offences. Six victims, five Romanian nationals and one Syrian national were recovered.

The NCA's Anti-Kidnap and Extortion Unit (AKEU) supported 222 kidnap operations between 7 October and 31 March, as international kidnaps continued to rise. They covered the full range of kidnap types – conventional, stranger, international, people trafficking and tiger kidnaps. The AKEU was involved both directly, through tasking from the Foreign and Commonwealth Office (FCO), and indirectly, in support of law enforcement partners, in instances of kidnap throughout the world. Many of those occurring overseas originated in war zones and other difficult locations. The AKEU also provided training for domestic and international law enforcement agencies in kidnap and extortion management responses.

- The AKEU responded to a kidnap of a man in the East Midlands who had left home and subsequently contacted his parents asking them for £12,000. Investigations revealed a link to London and the Metropolitan Police Service Kidnap Unit provided assistance. A vehicle was identified and officers witnessed a male, later identified as the victim, being thrown from the vehicle. The vehicle was stopped and three arrests were made.
- Merseyside Police contacted AKEU to report the kidnap of a male who was violently assaulted and stabbed by three male suspects. A major investigation followed and the hostage was later found in the A&E department of a local hospital.
- The AKEU provided continued, substantial 24/7 support to a number of major international kidnaps involving kidnaps of British nationals in locations that provide extreme challenges in all aspects of kidnap management. The operations are in support of the Foreign Office and are closely monitored by the Cabinet Office and the Prime Minister's office.

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<sup>10</sup> Excludes requests made directly to the Anti-Kidnap and Extortion Unit (AKEU) and Skills and Specialist Crime Advice Services.

<sup>11</sup> The Portal is the gateway through which the NCA's partners make requests for support.



The AKEU also dealt with 79 cases of blackmail and 13 cases of product contamination. The AKEU model for the prevention of, and response to, product contamination is acknowledged and copied throughout the world. The cases of product contamination in which the AKEU provided advice and support included:

- The discovery of morphine in a food product from a major supermarket chain.
- A case of a food producer who had received a letter containing scraps of paper, tablets and razor blades.
- The attempted blackmail of the head of security for a high street retailer by an individual who claimed to have possession of customers' personal information that had been negligently disposed of by the retailer.

NCA firearms officers were deployed in support of the NCA's operational activity and that of law enforcement partners. Of the 42 instances of firearms deployments during the period, 13 were in response to requests from partners. In addition, the NCA deployed on ten occasions with Taser, of which five were in response to partner requests.

In this reporting period, the NCA Anti-Corruption Unit (ACU) provided assistance to partners' corruption investigations on 67 occasions, covert operational support to 17 corruption investigations and tactical advice and intelligence support to 50 corruption investigations. The ACU worked with overseas partners to develop tactical and strategic responses to corruption investigations. The ACU was also involved in a capability-building project with the Romanian Ministry of Interior's Anti-Corruption Directorate to help enhance their anti-corruption tactics and investigations.

The NCA's Organised Crime Command Specialist Operational Support (SOS) comprises the Specialist Operations Centre (SOC) and Crime Operational Support (COS). During this reporting period, SOC and COS provided support to law enforcement partners on 3,721 occasions, broken down as follows:

- 327 in support of murder investigations.
- 173 in support of rape investigations.
- 193 in support of sexual offence investigations.
- 114 in support of suspicious/unexplained death investigations.
- 1,407 in support of vulnerable victims and witnesses.

Also during this period, SOC and COS resources were deployed in both NCA-led and partner-led operations on 376 occasions. Examples of SOC and COS activity included:

- Specialist support provided in relation to forensic opportunities, suspect and vulnerable witness interview strategies and the use of intermediaries in a police investigation of a care home worker accused of multiple rapes of very vulnerable women. The offender received a 14-year custodial sentence.
- Following a request for rapid deployment and support in the early stages of a 'no body' murder investigation, COS assets were instrumental in gathering key evidence and redesigning the search structures, processes and priorities. Analysis of priority search areas enabled the identification of sites of significance and recovery of the victim's body. NCA COS received a letter of thanks from the Chief Constable.

- In a long-running investigation into the disappearance of a female in 2006, NCA COS provided support to the investigation primarily through the National Interview Adviser, National Search Adviser and National Forensic Specialist Adviser. An individual was found guilty of her murder and sentenced to life with a minimum term of 32 years.

The UK Human Trafficking Centre, within the Organised Crime Command, provided specialist support and tactical advice to police forces, other UK organisations and law enforcement agencies in response to human trafficking and modern slavery.

In October 2013, the NCA provided support to Cambridgeshire Police and the Gangmasters Licensing Authority (GLA) in raids on members of an organised crime group suspected of trafficking people into the UK and exploiting them in the labour market and acting as illegal gangmasters. This was a multi-agency response with 300 officers, including 60 NCA officers, local authority, health and other agencies coming together to arrest eight individuals for offences including causing slavery and servitude. 83 suspected victims of crime were taken to and processed through the multi-agency reception centre. Many of these people were eventually formally recognised as victims of human trafficking/exploitation. The victims were from countries such as Lithuania, Latvia, Estonia, Poland and Russia. Of the eight people arrested, two are awaiting trial in connection with this investigation.

Central to the formation of strong, positive relationships with policing and national partners are the developing regional structures. This year the NCA's OCC allocated a Regional Organised Crime Coordinator (ROCC) to each of the Regional Organised Crime Units (ROCU). The ROCCs represent the NCA but also facilitate access to the wider NCA and provide a conduit for strategic interaction on a partnership basis. They oversee NCA-led and NCA-supported organised crime activity and ensure it aligns with strategic objectives and supports relevant Strategic Action Plans.

## **International Partner Support**

In collaboration with the Foreign and Commonwealth Office, the NCA led a range of international capacity-building support activities, focused on improving investigative capacity and capability within countries whose serious organised crime impacts on the UK. This has ranged from supporting the development of cyber crime legislation to enhancing partner operational capabilities through the provision of specialist equipment, training and investigative mentoring.

In March 2014, four men were sentenced to a total of 20 years' imprisonment following an investigation by Surrey Police and NCA-CEOP Command in conjunction with the Bahraini authorities. The group of Bahrain-based offenders had been engaged in the online sexual extortion of several hundred child victims, the majority of whom were from the UK. Officers found that the group had enticed their victims – to date all boys - by pretending to be girls sending indecent images of themselves, and then requesting indecent images in return. The offenders would then threaten to post the victims' images on internet sites or send them to friends and family unless more images were sent. As a result of the investigation, over 200 children have been safeguarded and work continues to identify further victims who have yet to come forward, including an appeal to the public for information.

Working with Colombian law enforcement partners, the NCA was instrumental in the Colombian authorities achieving key money laundering convictions. Four individuals were convicted of laundering the proceeds of crime for a criminal group importing cocaine to the UK. All were sentenced to seven-and-a-half years' in prison.

Building on the achievements of its precursors, the NCA continued to work closely with international partners to develop the law enforcement capability in Afghanistan and provide the authorities with a lasting platform for tackling the organised criminality associated with opium production. These efforts remain key, both to the economic stability of the region as well as impacting the heroin problem, and are part of a long-term commitment the NCA has offered to Afghan partners.

In October 2013, an operation involving the NCA and French authorities working with Trinidadian, Venezuelan, Lithuanian, Gibraltarian and Europol counterparts led to the seizure of 308 kilograms of cocaine from a yacht in the Caribbean. The vessel was escorted to Martinique by the French navy and searched, resulting in the discovery of the cocaine which was destined for Europe and would have been worth tens of millions of pounds at UK street level. Three men were also arrested.

The NCA worked in close partnership with the Hellenic authorities to develop capability within country and jointly with upstream partners, specifically Afghanistan to tackle organised immigration crime (OIC). Greece remains a key nexus country for OIC because of its geographical location and the well-established networks based there which facilitate the passage of illegal migrants through Turkey and then via Italy and the Balkans route towards Northern Europe and the UK. A joint NCS/Hellenic Police operation resulted in the arrests of 12 members of an OCG in Athens which was believed to have facilitated 1,000 illegal migrants from Greece, the UK being one of the destination countries. The NCA facilitated intelligence exchanges with the Afghan authorities, which resulted in the arrest of a further 16 facilitators and the prevention of 2,800 Afghans entering their networks.

## **Bureau Functions**

The NCA continued to provide bureau functions for, and on behalf of, partners; namely the UK Missing Persons Bureau; the Financial Intelligence Unit (FIU); the UK International Crime Bureau (ICB) and the CEOP Bureau.

## **UK ICB**

The NCA's UK International Crime Bureau is the National Central Bureau (NCB) for INTERPOL, the Europol National Unit (ENU) and one of the two UK Central Authorities for European Arrest Warrants (EAWs). Work continued this year towards the implementation of the UK SIRENE Bureau which is planned to go live in late 2014, providing access to UK law enforcement to the second generation Schengen Information System (SISII).

The UK ICB received 167,344 messages during the reporting period, either related to new or existing operational activity. This equates to just over 900 messages per day - 24/7, 365 days a year.

The work of the ICB facilitates the means of extending the reach of law enforcement enquiries and investigations beyond national boundaries through the coordination and provision of specialist support to investigations of crime affecting individuals, communities and businesses throughout the UK and internationally. For example:

- A British National was murdered in Spain. The main suspect, was the victim's ex-girlfriend, a Slovak national, who formerly resided with him in the UK. Intelligence gained from Avon and Somerset Constabulary indicated that she may have been involved with a previous aggravated burglary in 2009 against the victim where he was held a hostage. It was later confirmed the suspect had left Spain for Slovakia, where she was located and arrested.
- In January 2014, an Article 40 cross-border surveillance request was received from Kent Police stating that the subject was travelling by Eurostar to Brussels, and possibly on to the Netherlands. The subject travelled into Belgium and made his way to Bruges. UK officers were in attendance and liaised with Belgian counterparts. The subject was observed meeting with others and, following the meeting, officers forced their way into his hotel room where they recovered what was believed to be 12.63 kilograms of high purity cocaine valued at several million pounds.

## EAW Campaigns<sup>12</sup>

Operation CAPTURA is a joint campaign with Crimestoppers to track, locate and ultimately arrest the UK's most wanted individuals in Spain. As at 31 March 2014, 58 of the 76 individuals featured had been arrested and returned to the UK. The most recent re-launch in November 2013 featured 'Unlucky 13' individuals. Five of these had been detained by year-end.

Partner campaigns in the Netherlands (Operation RETURN) and Cyprus (Operation ZYGOS) were also re-launched in 2014.

An EAW obtained by the NCA in October 2013 enabled the return to the UK of ██████████ who was wanted for his involvement in drugs importation. An operation was launched after 16 holdalls full of high-quality cocaine, with a street value of £71 million, were intercepted by Border Force officers in May 2013 at Tilbury Docks hidden in a container of frozen Argentinean beef. ██████████ was believed to be living in Spain and so was featured in the 'Unlucky 13' campaign described above. Following international publicity, he was arrested in Rotterdam by a team of officers from the Dutch Police. Over 20,000 Euros, a drug press and numerous mobile phones were recovered. On his return to the UK, ██████████ pleaded guilty to the offences and received 12 years' imprisonment. A financial investigation is now underway.

## FIU

The NCA received 169,937 Suspicious Activity Reports<sup>13</sup> (SARs) during the reporting period<sup>14</sup>. The following cases are examples of operational activity resulting from the receipt of SARs:

<sup>12</sup> Figures relating to EAW arrests can be found in Annex A.

<sup>13</sup> Of which 7,021 were Consent SARs.

<sup>14</sup> The SARs Annual Report will be published by the end of 2014.

- The identification of a group engaged in large-scale metal theft, resulting in four arrests and convictions;
- An investigation into the sale of counterfeit camera batteries online led to conviction and a three-year prison sentence for an individual, as well as a confiscation order to the value of £300,000; and
- An operation against an elderly man who had been inadvertently laundering money through his bank account on the instruction of suspects linked to a Canadian lottery scam. He had laundered over £100,000 over six months. In addition, over 250 potential UK victims have been identified who have lost somewhere in the region of £1 million. To date, over £100,000 has been returned to victims.

## Missing Persons Bureau (MPB)<sup>15</sup>

The MPB received 4,964 missing person notifications in the reporting period and made 4,094 instances of contact with police forces in relation to these cases. 735 cross match searches<sup>16</sup> were conducted along with 170 reports on search conclusions being provided to police forces. MPB assisted to find 16 persons independently of police forces and 57% of 77 cases concerning unidentified found persons and bodies were provided an identity. The examples below illustrate typical work carried out by MPB:

The successful identification of a German national whose aircraft came down 15 miles off the coast of Dungeness in Kent. His body was not located but a cross-match search conducted by MPB in March 2014 highlighted a potential match with a skull found by a trawler off the coast of Dungeness in December 2013. A DNA profile from the skull was matched with the individual's DNA profile held on the Missing Persons DNA Database.

A cold case review by Cumbria Constabulary and MPB into a female with a history of depression who went missing in March 1981. MPB identified a record of an unidentified female body found on a Northern Ireland beach in April 1981. Dental records for the missing person held by the MPB were compared with the records from the body, indicating a match which was confirmed by forensic odontologists.

The case of a three-year old boy who went missing from his home in Edinburgh, in which Police Scotland launched the Child Rescue Alert. The NCA's MPB and COS provided assistance to this investigation and the Director General received a letter of thanks from Sir Stephen House, Chief Constable of Police Scotland, in which Sir Stephen commented 'the assistance of CEOP [Command] proved critical in managing a significant public response.'

**'NCA is starting to make a difference and provides a "damn good" service.'** – *Sir Jon Murphy, Chief Constable of Merseyside Police.*

<sup>15</sup> The MPB's public facing service is governed by CEOP but takes direction from the National Policing Lead as well as from the Minister for missing persons. The MPB maintains a public website which gives publicity to found persons. The MPB has a very close collaboration with the charity, Missing People.

<sup>16</sup> Searches seeking matches between missing persons and found bodies on the MPB's database.

The NCA worked to build up a reputation, nationally, internationally and locally, building trust and confidence in partners. NCA impact at a local level has been already been apparent with operational successes making a difference to communities and to the lives of those affected by the activities of serious and organised criminals. For example in November 2013, five members of a Luton-based crime network involved in money laundering, drug dealing and smuggling were imprisoned for a total of 67 years. The men, four of whom are members of the same family, were regarded as the ‘top of the tree’ by investigators. 18 individuals linked to their activities had previously been sentenced to a total of 217 years’ imprisonment.

Detective Superintendent Kevin Conneely, Head of Intelligence at Bedfordshire Police, commented ‘*These are exactly the sort of criminals who should be removed from society and put behind bars. They were a well-organised, family crime group and therefore very hard to tackle. They’ve caused huge harm in their own community over a number of years so we’re pleased to have been able to support the NCA in targeting them and getting the right outcome for local residents.*’

## **KPQ4 – How effectively does the NCA manage resources?**

**NCA Vision of success** - *An agile and flexible Agency with well-led and highly motivated officers having access to the capabilities required to identify and disrupt serious and organised criminals and their groups.*

The challenges the NCA has addressed this year go beyond those in the operational arena. One of the principal challenges the Agency faced is how to transform itself into an effective and modern organisation, fully integrating its precursor organisations and improving its overall capabilities. Serious and organised crime is constantly evolving and adapting to take advantage of the latest technology and innovations. In order to keep up, the Agency needs to adapt continuously.

The NCA began to lay the foundations for a transformational change programme - Novo - during 2013-14. This radical change programme was mandated in December, but did not ‘go live’ until 1 April 2014. It will therefore be reported upon in more detail in next year’s Annual Report. The Transformation Programme is a three to five-year programme of change. It ensures the NCA embraces and keeps pace with rapidly evolving technologies, capabilities and methods in order to exploit the increasing dependency of organised criminals on internet related information.

The Transformation Programme is divided into four strands: Operational; People; Estates; and Science and Technology.

### **Operational**

Operational Transformation is the principal driver for all Transformation activity. It involves implementing new operating models for investigation and intelligence handling. By year-end, the integration of work undertaken to deliver a whole systems approach and connectivity across the Commands was underway, reflecting the disruption model, tasking and coordination improvements and rigorous performance management and accountability. The NCA also established an Innovation Centre with the remit to scope, test and exploit new methods of working, ultimately improving its operational effect.

## People

The NCA's People Strategy focused on reshaping the business; building a workforce which provides a flexible response to the operational challenges and which is appropriately skilled, managed and motivated to deliver the Agency's vision. The People Strategy also focuses on implementing systems that enable the NCA to deliver the workforce it will need in future years to enable it to respond to changing priorities; continue to attract the right people for the right roles; and be seen as an employer of choice within law enforcement in the UK. This year, the initial steps towards reshaping the workforce comprised both a national recruitment campaign and a voluntary early exit scheme.

The NCA launched a major national recruitment campaign in October 2013, focusing on school and university leavers with ambition and aptitude, to build skills for the future, and re-balance the work profile. The recruitment process included psychometric testing and bespoke assessment centres. The campaign was very successful in terms of both the applicants' numbers and quality. A specialist two-year training programme was developed to equip new officers with the right skills and behaviours to deliver the Agency's operational priorities. On 31 March 2014, the NCA welcomed 87 new recruits, with more to follow in 2014-15.

As part of the Agency's strategic workforce planning, the NCA sought and was granted approval for a voluntary early exit scheme. In December 2013, applications were invited from officers wishing to be considered for early exit. Around 400 officers were successful and were assigned dates in 2014-15 for early release.

During the reporting period, the NCA Remuneration Review Body (NCARRB) was established to make recommendations on pay and pay-related allowances for NCA officers designated with operational powers. The creation of this body was a compensatory measure following the removal of the right of officers holding powers to strike. The NCA submitted evidence to the Remuneration Review Body as part of the review process around pay and conditions for its officers. In reaching its recommendations, the NCARRB also received evidence from the three trade unions recognised within the NCA.

The NCA made full use of its ability to recruit NCA Specials and appointed 11 specialist volunteers with a broad range of readily-available skills, knowledge and experience. Recruitment of NCA Specials is an ongoing process and further appointments will be made in 2014-15. The Agency recognises the very positive contribution NCA Specials can make to its mission to lead the fight to cut serious and organised crime and by year-end they had already started to add real value to the NCA's capabilities.

Although very early into its existence, the NCA participated in the annual Civil Service workforce survey in October 2013 to establish a benchmark to help inform the future development of leadership, engagement and the workforce. The results will be compared with those from the next survey which ran from September to October 2014.

## **Estates**

The NCA Board agreed an ambitious programme of estates transformation to enable the Agency to achieve its mission of deploying its resources and capabilities in geographical areas and on functional activities optimally organised to achieve high-impact outcomes at minimum cost. This 'hub' approach allowed for decisions to be made to close and consolidate some sites.

One of the key drivers for the NCA Estates Transformation Strategy was the presumption for the Agency to share property services and operational capabilities by co-locating with Regional Organised Crime Units (ROCU) and, wherever possible, agency networks that work on counter-terrorism and organised crime unless there were more compelling justifications to do otherwise. The Strategy aims to provide, at appropriate cost, a consistent quality of NCA standard accommodation for all permanent and temporary occupants deployed to work at or from each site in terms of corporate identity, operational facilities, amenity, availability, mobility, flexible working, safety, security and sustainability.

## **Science and technology**

IT modernisation continued alongside other critical technology based programmes, and a comprehensive review of existing technologies, infrastructures, systems and capabilities was initiated.

## **Commercial sense/financial management**

The NCA Audit and Risk Assurance Committee (ARAC) comprises NCA non-executive Directors, one of whom is Chair. The ARAC met regularly to review the comprehensiveness and reliability of assurance on governance, risk management, the control environment, and the integrity of financial statements. The ARAC reports quarterly to the NCA Board in line with HM Treasury Guidance. The ARAC is responsible for advising the Board and Accounting Officer on a number of issues, including:

- the strategic processes for risk, control and governance and the governance statement;
- the accounting policies, accounts, and the annual report of the NCA, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter; and
- the assurances relating to the management of risk and corporate governance requirements for the NCA.



## National Cyber Security Programme

The NCA is a recipient of National Cyber Security Programme (NCSP) funding, provided to transform the Agency's capability to tackle the threat from cyber crime and deliver on the objectives of the UK's National Cyber Security Strategy. NCSP funding has been used to:

- Increase NCA posts dedicated to delivering against the threat from cyber crime, including specialist digital field officers and open source field officers providing expertise to NCA investigation teams and overseas liaison officers dedicated solely to cyber crime;
- Improve the technical capability of the NCA to tackle cyber threats, including bulk data, open source and enhanced digital forensics tools; and
- Support the mainstreaming of digital investigation techniques across the NCA, to enable the organisation to more effectively tackle cyber-enabled and other serious and organised crimes in the digital age.

## Risk and Critical Incident Planning

The NCA ensured that a robust risk management framework was in place and applied across the Agency, to support systems of governance and internal control. Risk management within the NCA is sponsored and supported at Board level, and is designed to manage risks and opportunities appropriately. Risk Registers at Deputy Director and Director level are reviewed and updated monthly to ensure that risks are subject to appropriate control, and escalated as necessary. The NCA's Strategic Risk Register (SRR) is updated quarterly for formal review by the Risk, Assurance and Security (RAS) Group. The RAS is an executive committee chaired by the DDG, with delegated authority from the NCA Board to ensure the effective operation of the NCA's approach to risk, assurance and security as a whole. The group holds the power to direct and control NCA activity and is accountable to the DG in his capacity as the Accounting Officer. Risk management processes are also subject to independent assurance by the Audit and Risk Assurance Committee (ARAC), which provides the NCA Board with support, advice and independent assurance of the overall effectiveness of the NCA's governance and internal control mechanisms.

The NCA recognises that the unexpected loss of certain capabilities will have a greater negative impact on the NCA, partners and the public than others. Accordingly 18 capabilities were identified as critical functions and contingency plans devised to ensure a prioritised response to a disruptive event. Managers of non-critical functions were advised to have contingency plans to facilitate the reinstatement of services following a disruption. Site specific plans were in place to ensure a coordinated and planned response to a disruptive incident at NCA sites.

## Performance Management

By year-end, the NCA had developed and refined a performance management framework aligned to both the KPQs and the Agency's vision to be a world-class law enforcement agency, internationally recognised and respected for leading the fight to cut serious and organised crime. Performance continued to be reported monthly to the NCA Board and quarterly to the Home Office and Ministers. The Home Secretary considered NCA performance at a quarterly meeting with the Director General, where the Performance Dashboard provides assurance that the NCA is delivering its mission. The Agency's performance is a standing item for discussion at the monthly Agency Delivery Meeting (ADM), chaired by the NCA Deputy Director General. The performance framework is key to informing ADM discussions on the Agency's operational tasking, shaping communication and understanding challenges to delivering results.

# Scotland and Northern Ireland

While national security is a reserved matter, crime and policing matters in Scotland and Northern Ireland are devolved matters and therefore the responsibility of the Scottish Parliament and the Northern Ireland Assembly respectively.

## Scotland

In Scotland, the NCA has bespoke arrangements in place, including having officers designated with the powers and privileges of a Scottish Constable, to ensure that the organisation can operate effectively in the joint fight against serious and organised crime.

The NCA worked in close partnership with Police Scotland, complementing each other's efforts to protect the public. A well-established voluntary two-way tasking regime provided for the routine sharing and pooling of resources. The NCA actively participated in the strategic framework for tackling organised crime in Scotland, which includes membership of the Scottish Government-chaired Serious Organised Crime Taskforce and its sub-groups. The NCA is also a member of the Police Scotland Serious Organised Crime Board and the Police Scotland National Scottish Tasking and Coordination framework.

The NCA ensured that its activities continued to align with the objectives of the Scottish Government's strategy for tackling serious and organised crime: *'Letting Our Communities Flourish'*.

The NCA is committed to having a dedicated single point of contact for the top 20% of crime groups, as identified in the Scottish Organised Crime Group Mapping. This creates improved opportunities for better intelligence sharing and exploitation.

In February 2014, the NCA office in Scotland relocated to the Scottish Crime Campus at Gartcosh, co-locating with staff from Police Scotland, HMRC, the Crown Office and Procurator Fiscal Service (COPFS), and the Scottish Police Authority Forensic Services. This created a unique working environment for strengthening working relationships through better staff engagement and sharing of resources. It also provided the opportunity to more closely engage in - and lend support to - the fight against serious and organised crime, not only in Scotland but also for the mutual benefit of the whole of the UK.

Capitalising on co-location, the NCA and Police Scotland created a new Joint Intelligence Development Unit. This team, an amalgamation of NCA and Police Scotland investigators, is tasked with developing innovative techniques to detect and disrupt the organised crime groups that impact on the communities of Scotland.

Some examples of NCA intelligence sharing in Scotland:

- Sensitive intelligence obtained via the NCA overseas network led to the identification of a crime group operating in Scotland, involved in trafficking Class A drugs and money laundering, the latter by a methodology not previously seen in Scotland. A fully developed intelligence package prepared by the NCA led to a Police Scotland investigation, resulting in the recovery of a considerable sum of cash and substantial quantities of Class A drugs. Significantly, this particular crime group had not previously appeared on Scottish law enforcement radar.

- In an NCA-led operation in North West England targeting a significant organised crime group engaged in the importation and distribution of Class A drugs, an individual in Scotland was identified as being integral to the transportation of the drugs from mainland Europe to the UK. Police Scotland activity, supported by the NCA, led to the seizure of six kilograms of Class A drugs and the conviction of three people in Scotland. They were sentenced to a total of just over 18 years' imprisonment.

## Northern Ireland

Presently the NCA operates in Northern Ireland in relation to non-devolved matters, and provides support to the ongoing activities of its partner agencies, such as HMRC and HOIE, whilst continuing to exchange information with the PSNI. However the important work of the NCA in its fight to cut serious and organised crime across the UK is restricted by the lack of agreement among the Northern Ireland parties on the Agency's remit there. As a consequence of this, no Legislative Consent Motion (LCM) was agreed by the Northern Ireland Assembly in respect of the (then) Crime and Courts Bill as it related to the NCA. Discussions supported by the Department of Justice in Northern Ireland, the PSNI and the NCA continued, in an attempt to resolve the situation as a matter of utmost priority. Whilst the absence of an LCM prevents NCA officers from being designated with the powers of a constable in Northern Ireland, they can still be designated with the powers of a Customs Officer and the powers of an Immigration Officer, and it is through the exercise of these powers that the NCA seeks to make a meaningful contribution to the fight to cut serious and organised crime in Northern Ireland.

Furthermore, whilst there are restrictions on the NCA conducting certain Civil Recovery investigations in Northern Ireland, the transitional, transitory and saving provisions set out in Schedule 8 to the Crime and Courts Act 2013 enabled cases at an advanced stage to be concluded by the NCA.

The NCA is a key member of the Organised Crime Taskforce (OCTF) in Northern Ireland, and is also represented in a range of crime related 'subject matter' subgroups of the OCTF where it makes a meaningful contribution in terms of skill, expertise and specialist knowledge. Through its membership of the OCTF Strategy Group, the NCA contributed to the setting of the objectives of the Northern Ireland Organised Crime Strategy 2014-2016 and will work in partnership with the Police Service of Northern Ireland (PSNI) and other law enforcement agencies to meet these objectives.

- An individual from County Down who ran a drug importation and distribution operation from his laptop received a custodial sentence of two-and-a-half years after pleading guilty in December to importing ecstasy and amphetamine and their possession with intent to supply. The suspect used multiple online aliases to arrange the importation of ecstasy, amphetamines and other drugs from Dutch suppliers. These were then marketed in online forums and communities to a national client base spanning the whole of the UK from Stornoway to Dorset. Evidence indicated the individual had at least 140 repeat

customers and showed he had been engaged in the distribution of drugs since 2011, establishing a reputation for the business-like efficiency of his service which included next-day delivery. When he was arrested at his home, officers seized a laptop, over 100 ecstasy tablets and a quantity of amphetamine powder and cannabis.

- In December 2013, an individual who coordinated mephedrone distribution from a factory-style set up in a Belfast city centre apartment was sentenced to two years' imprisonment. When officers searched the apartment they seized equipment including two weighing scales, four coffee grinders, face masks, rubber gloves and a commercial mixer, together with a total of 23 kilograms of Class B drugs and 17 kilograms of cutting agents. When the case reached court, an NCA officer gave expert evidence to the effect that these items indicated the subject's involvement in the distribution of a significant quantity of Class B controlled drugs which had a potential street value of almost £500,000.
- Two individuals were referred to the Civil Recovery & Tax (CRT) Department by the PSNI; both were believed to have acquired assets with the proceeds of drug supply. The investigation identified further criminality such as benefit fraud, income tax evasion and mortgage fraud. CRT staff executed several search warrants in and around Belfast and the defendants' assets were frozen. In March 2014, a settlement proposal was received from the defendants and accepted by CRT. Under the terms of the settlement subsequently approved by the Belfast High Court, the recovered nine properties, two plots of land and the contents of a number of bank accounts. The total gross value of the recovered assets was £1.2 million.

# Glossary

ACE	NCA's Asset Confiscation team
ACU	Anti-Corruption Unit
AKEU	Anti-Kidnap and Extortion Unit
BPC	Border Policing Command
CEOP	Child Exploitation and Online Protection Command
CFI	Criminal Finance and Investigation unit (formerly of UK Border Force)
DWP	Department for Work and Pensions
EAW	European Arrest Warrant
ECC	Economic Crime Command
FIU	Financial Intelligence Unit
FRO	Financial Reporting Order
HMIC	Her Majesty's Inspectorate of Constabulary
HMRC	Her Majesty's Revenue and Customs
HOIE	Home Office Immigration Enforcement
ILO	NCA International Liaison Officer
NCARRB	NCA Remuneration Review Body
NCCU	National Cyber Crime Unit
NCS	National Control Strategy
NFA	National Fraud Authority
NFIB	National Fraud Intelligence Bureau
NOMS	National Offender Management Service
Novo	The NCA's agency-wide programme of transformation
NSA	National Strategic Assessment - the objective picture of serious and organised crime affecting the UK and its interests.
NSTCG	National Strategic Tasking and Coordination Group
NTTCG	National Tactical Tasking and Coordination Group
NWCU	National Wildlife Crime Unit
OCC	Organised Crime Command
OSCC	Organised Crime Coordination Centre
OCG	Organised Crime Group
OCGM	Organised Crime Group Mapping
OCTF	Organised Crime Task Force (Northern Ireland)
PCeU	Police Central e-Crime Unit
PSNI	Police Service of Northern Ireland
ROCC	Regional Organised Crime Coordinator
ROCU	Regional Organised Crime Unit
SCPO	Serious Crime Prevention Order
SGGs	Strategic Governance Groups
SOC Strategy	Serious and Organised Crime Strategy
SOCA	Serious Organised Crime Agency
SoI	Subject of Interest
TRO	Travel Restriction Order
UKICB	UK International Crime Bureau

# Annex A – NCA Output data from 7 October 2013 to 31 March 2014

## 1. NCA CASEWORK

UK arrests <sup>17</sup>	675
UK convictions	206
International arrests	733
Disruptions	513 <sup>18</sup>

### Ancillary orders

SCPOs	23
FROs	6
TROs	0

## 2. INTERDICTIONS AS A RESULT OF NCA ACTIVITY

### Drug interdiction (tonnes)

Cocaine	42.8
Heroin	1.7
Opium	11.9
Cannabis	101.8

Cutting agents (tonnes)	0.74
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Illegal immigrants detained	85
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### Firearms

Firearms (guns)	118
Firearms (other)	100

## 3. CRIMINAL FINANCES

Asset recovery	£8.9m
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<b>Asset denial</b>	<b>£24.2m</b>
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Made up as follows<sup>19</sup>:

i) Cash seizures	£2.6m
ii) Restrained assets (gross)	£5.7m
iii) Assets frozen (gross – civil and tax powers)	£2.9m
iv) Value of confiscation orders obtained	£9.6m
v) Value of civil recovery orders (including consent orders) (gross)	£3.5m

17 Arrests by NCA officers, plus those made by law enforcement partners where they are made in relation to NCA-tasks operations and projects. Also contains arrests made by UK Border Force where the case is subsequently referred to the NCA Border Policing Command.

18 Total of major, moderate and minor disruptions.

19 Figures have been rounded up to one decimal place.

Value of assets denied by partners (UK)	£31.8m
Value of assets denied by partners (overseas)	£14.6m

#### 4. CEOP COMMAND and BUREAU DATA

Children safeguarded <sup>20</sup>	341
Children protected	67
CEOP Bureau referrals received	7462
Number of Intelligence Disseminations	3386
Ambassadors trained	414
<b>ThinkUKnow</b>	
Number of Primary school children reached	904,905
Number of secondary children reached	1,202,035

#### 5. OTHER DATA

Counterfeit currency seized	0
Assessed reporting and Alerts issued	310
<b>EAWs executed<sup>21</sup></b>	
Part 1(wanted from the UK)	722
Part 3 (wanted by the UK)	80
Threats to life averted	14
<b>Anti-kidnap and Extortion Unit</b>	
Reported kidnaps	222
Cases of blackmail	79
Cases of product contamination	13
Subject access requests received	8
NCA Officers holding powers	1900

20 Child protection is when protective action is taken in order to ensure the safety of a child and includes inter alia joint or single agency investigations, care orders, taking the child out of the harmful environment. Child safeguarding is a broader term which includes working with children in their current environment, such as working with the school or referring the child for counselling.

21 An EAW executed is one where the individual has been arrested.



# Annex B – Precursor agency information

The data given in Annex A is not whole year data, but represents NCA output data for the period 7 October 2013 to 31 March 2014.

In respect of the NCA's precursor agencies and the position prior to 7 October 2013, the following should be noted:

## **i) Serious Organised Crime Agency (SOCA)**

On 15 July 2014, the final SOCA Annual Report and Accounts were published. This document contains SOCA performance data from 1 April to 6 October 2013.

## **ii) Police Central e-Crime Unit (PCeU)**

In September 2013, PCeU published a report (Edition 4), covering its performance for the period October 2012 to September 2013.

## **iii) Border Force investigators**

Any performance reporting prior to 7 October 2014 is included in the Home Office Annual Report and Accounts for 2013-14.

## **iv) National Fraud Authority (NFA)**

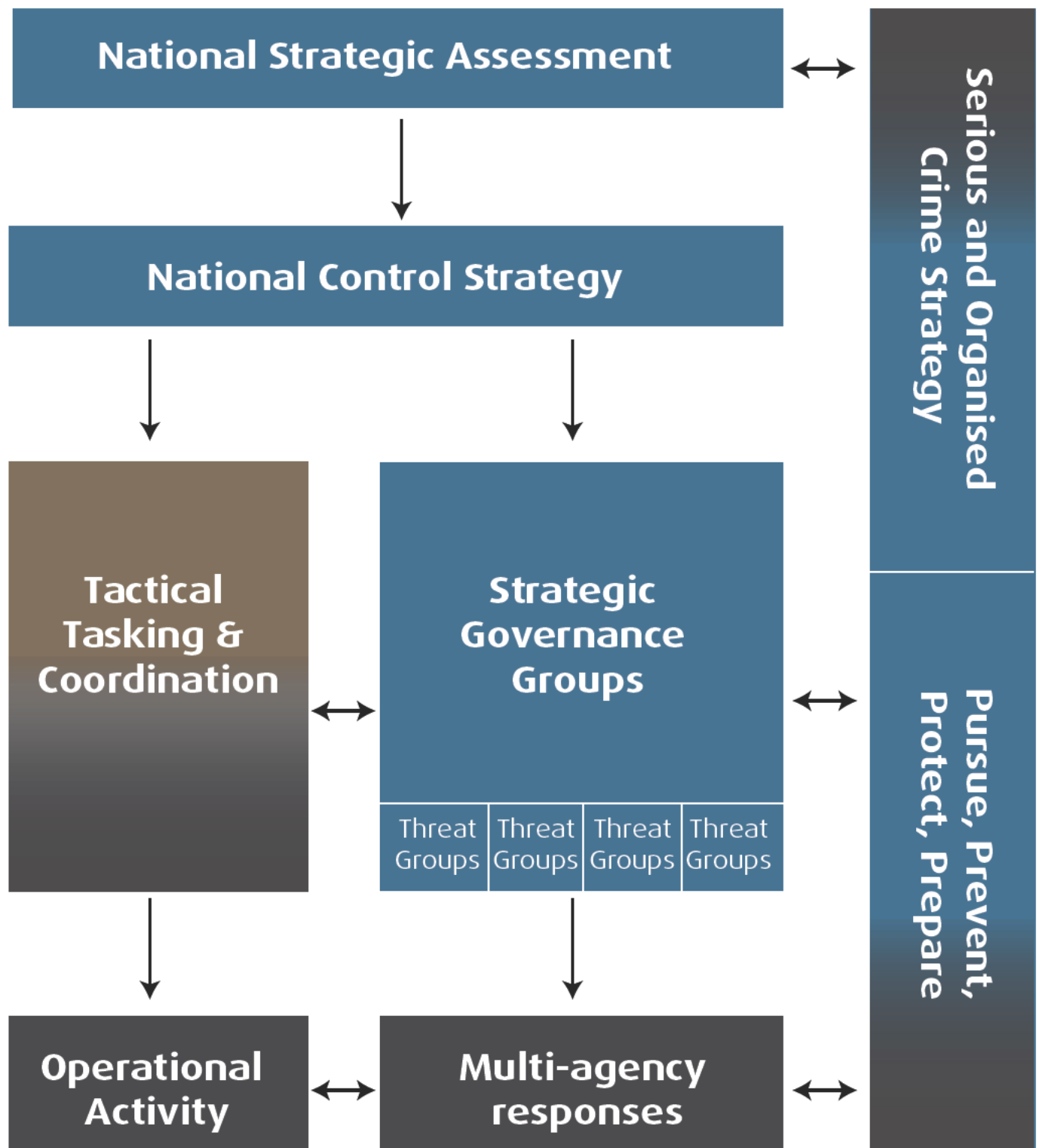
Any performance reporting prior to February 2014 is included in the NFA final Annual Report and Accounts for 2013-14 published on 26 June 2014.

## **v) Child Exploitation and Online Protection (CEOP) Centre**

CEOP Centre output data from 1 April to 6 October 2013 was as follows:

Children safeguarded	308
Children protected	179
Referrals to CEOP Bureau	4977
Intelligence disseminations	1441
Arrests following CEOP support	52
Number of Ambassadors trained	344
<b>ThinkUknow</b>	
Number of Primary School age children reached	586,031
Number of Secondary School age children reached	783,824

# Annex C – Operating Model as at 31 March 2014



# Management Commentary

## Strategic Report

### Statutory Background

The National Crime Agency (NCA) is a non-ministerial department, funded directly from Parliament via the supply estimate. The NCA also receives funding for ring-fenced projects from other government departments, and contributions from the Scottish Executive and the Northern Ireland Office. These Accounts have been prepared in accordance with the Crime and Courts Act 2013.

The Director General of the NCA is appointed by, and directly accountable to, the Home Secretary and, through the Home Secretary, to Parliament. The Home Secretary determines the strategic priorities for the NCA and, with the support of Home Office officials, holds the Director General to account for the effective discharge of the NCA's functions. The Director General has independent operational command of NCA activities. He is responsible for determining operational priorities for the NCA, in line with the strategic priorities set by the Home Secretary and all decisions about which operations to conduct and how they should be conducted. Also, he has direction and control over all NCA officers and is responsible for the appointment of other NCA officers and for designating officers with operational powers. As Accounting Officer, he is responsible for the NCA's expenditure and accounting arrangements. The Director General chairs the NCA Board which comprises both executive and non-executive members.

The published Framework Document for the NCA sets out in more detail the role and responsibilities of the Home Secretary and the Director General of the NCA.

In June 2011, the Government published its plan for the creation of the NCA. The Crime and Courts Act 2013 which included the creation of the NCA secured Royal Assent on 25 April 2013 and the NCA came fully into being on 7 October 2013. At that time, the Serious Organised Crime Agency (SOCA) and Police Central e-crime Unit (PCeU) ceased to exist and the Child Exploitation and Online Protection (CEOP) Centre became the CEOP Command of the NCA.

The NCA assumed its statutory functions on 7 October 2013. The NCA brought together officers from SOCA, CEOP, PCeU and the Criminal and Financial Investigation (CFI) Border function of the Home Office.

On 1 December 2013, 11 officers joined the NCA from the National Fraud Authority (NFA) and on 1 February 2014 a further two NFA officers joined the NCA.

On 31 March 2014, the NFA ceased to exist. The NFA Annual Report and Accounts for 2013-14 were published on 26 June 2014. The business of the former NFA for 2013-14 is not therefore included in this Annual Report and Statement of Accounts.

## Statement of Purpose and Vision

The NCA is a UK wide, intelligence-led crime-fighting agency, with a visible national profile, international reach and a mandate to lead the fight to cut serious and organised crime. The NCA has a wider remit than its precursors to tackle serious and organised crime, strengthen the UK's borders, fight fraud and cyber crime, and protect children and young people from sexual abuse and exploitation. It provides leadership in these areas through four Commands:

- Organised Crime Command (OCC);
- Border Policing Command (BPC);
- Economic Crime Command (ECC); and
- CEOP Command (CEOP).

In addition, the NCA provides leadership to tackling the threat from cyber crime through its National Cyber Crime Unit (NCCU). NCA Investigations provides a shared capability to the NCA Commands, NCCU and partners. The NCA Intelligence Hub provides access to a wide range of intelligence and information, analysing it to produce a single comprehensive assessment of the threat and identifying opportunities to cut serious and organised crime in the UK.

The Home Secretary sets the NCA's strategic priorities and holds the Director General to account for the discharge of the NCA functions. The Home Secretary's priorities, which inform NCA planning were set at the commencement of the NCA and are:

1. The first priority of the Serious and Organised Crime Strategy is the highest priority for the NCA: to identify and disrupt serious and organised crime including by investigating and enabling the prosecution of those responsible ('Pursue'). The NCA will coordinate this work, leading and supporting operations across five main areas: organised crime; cyber; economic crime; child sexual exploitation and serious and organised crime at, and crossing, our borders.
2. The NCA will support and, where appropriate, lead cross Government work, locally and nationally, to deliver the three other priorities in the Serious and Organised Crime Strategy: to strengthen protection against and reduce the impact of serious and organised crime ('Prepare' and 'Protect'); and to prevent people becoming involved in serious and organised criminal activity ('Prevent').
3. The NCA will continue to develop the technical and human capabilities to deliver these strategic priorities, enabling a step change in our impact on serious and organised criminality.
4. The NCA must maintain close, collaborative and productive relationships with the police and other law enforcement agencies, Police and Crime Commissioners, the intelligence and security agencies, government departments (in particular with the Home Office), local government and the private and voluntary sectors, and Devolved Administrations. Subject to protective security and legal requirements, all these relationships must be facilitated by intelligence sharing and transparency regarding NCA priorities and how these are being delivered.

5. Most organised crime has an international dimension. The NCA will maintain representation in and close relationships with priority countries as an integral part of the wider UK government approach in those countries, in order to enable the disruption of all types of serious and organised crime and the delivery of all the strategic priorities stated here.

Within that framework, the Director General sets the NCA's operational priorities. These two sets of priorities inform the ways in which the NCA leads, coordinates and supports the operational activity under the National Control Strategy aligned to the Government's Serious and Organised Crime Strategy.

The Director General's operational priorities, set out in the NCA Annual Plan for 2013-14 are for the NCA:

1. To focus its activity to lead the fight against those organised crime groups and criminals that cannot reasonably be tackled by partners; for example, those with significant impact nationally and internationally, operating across several jurisdictions and often with a high level of criminal sophistication.
2. To tackle the enablers of crime that have both utility and impact across several threat areas. For example, cyber-enabled criminality where access to the hidden internet can facilitate criminal acts such as illicit drugs supply, images of child abuse and the trade in stolen credit card data. This approach will ensure the most effective use of NCA resources by targeting vulnerabilities that are exploited across several threat areas.
3. To develop and deploy specialist national capabilities which are not normally affordable or easily available to partners. These capabilities will be used for NCA-led operations and also made available to partners to support their activities. For example, covert intelligence techniques that will assist police forces to tackle drugs and firearms crime; and access to a wide range of capabilities internationally, via a network of NCA liaison officers, to help law enforcement gather evidence against organised crime groups.
4. To build its reputation at a local, regional, national and international level as the agency responsible for leading the UK's fight to cut serious and organised crime. Through targeted communication, including media, digital and campaigns activity, the NCA will raise awareness of the Agency and its activities.
5. To use its new powers to task and coordinate, and become an established national leader and coordinator. The NCA will invest resources in this area to bring together partners in joint activities with shared endeavour, in order to ensure that UK law enforcement as a whole is deploying its crime-fighting assets as effectively as possible against serious and organised crime, and that all high impact crime groups and individuals are being targeted with an appropriate operational response.

## Principal activities

As set out in the Crime and Courts Act 2013, the NCA leads the UK's fight against serious and organised crime, with the following principal functions:

- “Crime-reduction”: securing that efficient and effective activities to combat organised crime and serious crime are carried out (whether by the NCA, other law enforcement agencies or other persons).
- “Criminal intelligence”: gathering, storing, processing, analysing, and disseminating information that is relevant to any of the following:
  - a. activities to combat organised crime or serious crime;
  - b. activities to combat any other kind of crime; and
  - c. exploitation proceeds investigations (within the meaning of section 341(5) of the Proceeds of Crime Act 2002), exploitation proceeds orders (within the meaning of Part 7 of the Coroners and Justice Act 2009), and applications for such orders.

The NCA therefore has the responsibility to lead the overall effort to tackle serious and organised crime, as well as a set of specific statutory and national responsibilities to carry out in conjunction with UK law enforcement. The NCA is not, however, restricted to responding to particular crime types or offences. It operates in response to a broad range of threats and risks, many of which also remain the responsibility of other UK law enforcement agencies.

The NCA works in close collaboration with UK police forces and other law enforcement partners, including through the two-way tasking and coordination processes. This is delivered through duties of cooperation and specific provisions for assistance and tasking between the NCA and its partners. These are normally exercised on a voluntary basis, but in the event that satisfactory voluntary arrangements cannot be made, the Crime and Courts Act provides the Director General of the NCA with the power to direct a chief officer of a police force in England and Wales and the chief officer of the British Transport Police to undertake an operational task, or to assist where necessary. There are similar reciprocal directed assistance arrangements which apply between the NCA and a number of partners (subject to consent requirements). The NCA's partnership with policing is described in *The NCA Commitment to Working in Partnership with UK Operational Partners* and *The NCA Commitment to Working in Partnership with Police and Crime Commissioners* which were developed in consultation with operational partners and Police and Crime Commissioners, and published on 31 March 2014.

The NCA has a range of specialised operational capabilities working across all tasked activity in the NCA and in support of partners. The NCA also provides and manages, on behalf of the UK, a number of national functions, including the SARs regime (Suspicious Activity Reports), the UK Financial Intelligence Unit, the European Arrest Warrant regime and the National Central Bureaux for INTERPOL and Europol.

## Going Concern Statement

Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future.

The Statement of Financial Position as at 31 March 2014 shows a Net Liability of £529m (2012-13: Net Liability £444m). This is largely due to a pensions liability of £629m (less total net assets of £111m plus other non-current liabilities of £11m).

The NCA is a non-ministerial department and as such is funded by HM Treasury. The NCA is accountable to the Home Secretary for its performance.

In common with other government departments, the future financing of the Agency's liabilities is to be met by future grants of Supply and the application of future income, both to be approved by Parliament.

Accordingly, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## Compliance with Public Sector Payment Policy

The NCA's policy was to pay all invoices within 30 days of receipt, unless a longer payment period had been agreed or the amount billed was in dispute. The NCA monitored its statistics monthly, with all departments taking action as necessary.

<b>Payment statistics at 31 March 2014</b>	<b>2013-14</b> %	<b>2012-13</b> %
Paid within 5 days	<b>19</b>	<b>22</b>
Paid within 10 days	<b>36</b>	<b>42</b>
Paid within 30 days	<b>95</b>	<b>95</b>

In 2013-14, the NCA paid no interest to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998 (2012-13: £1k). The £1k paid in 2012-13 was recovered from another government department.

The NCA complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

# Sustainability Report

## Introduction

The NCA's first Sustainability Report incorporates both financial and non-financial data that relates to how the organisation manages its obligations towards a sustainable environment. The reported data is for the whole financial year 2013-14 and includes the period from 1 April 2013 to 6 October 2013 which was the final six months of the NCA's precursor SOCA.<sup>22</sup> That way, the Sustainability Report is aligned to the Annual Report and Accounts.

This report describes how continuous improvement in managing the NCA's sustainability obligations is embedded within the Agency's operations thereby enabling it to contribute to a more sustainable environment.

The NCA's strategy to cut greenhouse gas emissions from its estate and business travel, and by reducing waste, water consumption and paper usage, follows the Greening Government Commitment (GGC) to sustainable operations covering the period between 2010 and 2015.

The NCA monitors sustainability performance as part of the overall Investment and Capability Strategy to obtain robust performance and management data which is essential when assessing progress towards reducing greenhouse gas emissions.

There have been numerous significant changes in the way in which the NCA operates its business, not least of all its estates portfolio which has enabled the Agency to put in place a cost effective approach to energy management by reducing building environmental controls to minimal settings in unoccupied buildings and removing unnecessary meters to avoid standing charges. This has been achieved by working closely with the NCA's facility management suppliers to embed tools and processes like detailed reports used in monitoring savings from efficient energy usage. The NCA continually works to reduce the impact of the Agency's business on the environment, and particularly to reduce carbon dioxide emissions.

## Establishing Baselines

One of the key principles of the Greening Government Commitment, and for that matter any metrics reporting system, is the need to establish a performance baseline. The NCA reached agreement with the Department for the Environment and Rural Affairs (DEFRA) who coordinate GGC reporting across government on the methodology to have 2013-14 set as the baseline year for the NCA's first sustainability report. This means there is no requirement to report comparatives for preceding years. Although the NCA still operates to and within the GGC framework, it is not practical to use the GGC targets due to be met by 2015 as performance benchmarks. These targets are:

- Recycling 75% of waste;
- Reducing waste by 25%;

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<sup>22</sup> See SOCA's Annual Report and Accounts 2013-14 for details on SOCA's final Sustainability Report.



- Reducing water consumption by 25%;
- Cutting carbon emission by 25%; and
- Cutting domestic official travel by 20%.

However, the NCA has made arrangements with DEFRA to use their environment advisors to carry out an assurance exercise verifying the NCA’s 2014-15 CO<sub>2</sub>e<sup>23</sup> emissions against the Agency’s Sustainability Strategy for:

- Compliance with legal and regulatory requirements;
- How CO<sub>2</sub>e emissions from building energy use and official travel are managed;
- How water use and waste is managed responsibly; and
- The NCA’s engagement with suppliers and officers to support sustainability initiatives.

The verification exercise will also help the NCA to monitor both progress and the quality of data used going forward as well as to advise on how to continue making improvements to the NCA’s Sustainability Strategy.

The NCA reports on Greenhouse Gas (GHG) emissions in terms of scope namely Scope 1, 2 and 3 (see Figure 1).

**Scope 1**

Direct greenhouse gas emissions are from sources owned or controlled by the organisation. For example emissions resulting from gas for heating and fuel used in NCA vehicles.

**Scope 2**

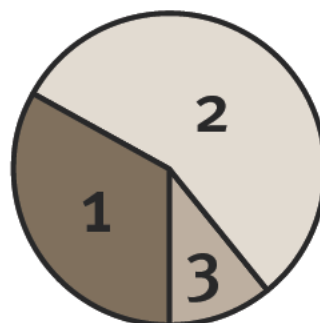
Indirect emissions are from the usage of purchased electricity.

**Scope 3**

Other indirect emissions are a consequence of the NCA’s actions but occur at sources which are not owned or controlled directly by the NCA and are not classed as Scope 2 emissions. Currently the NCA only reports on emissions from business travel.

The figure below shows the proportion of emissions by scope produced by the NCA in 2013-14.

- Scope 1 (Energy: gas, oil; Travel: fleet vehicles)
- Scope 2 (Energy: electricity)
- Scope 3 (Travel: rail, air, hire/private vehicles)



<sup>23</sup> Carbon dioxide equivalent.

## Summary of Performance

The NCA's sustainability performance takes into account the size of its estate and the number of officers in the organisation. At the end of March 2014, the NCA's estate included 26 offices across the UK of which four were unoccupied. All tables below are for the reporting period 2013-14. The NCA does not undertake any biodiversity activities.

Summary	2013-14	
	Cost £'000	Consumption
Estate Energy	3,219	29.6 GWh <sup>24</sup>
Estate Waste	55	358 tonnes
Estate Water	159	38,943 m <sup>3</sup>
<b>Total</b>	<b>3,433</b>	

## Carbon Footprint – Energy and Travel

Total Energy and Travel CO <sub>2</sub> e emissions	2013-14 tonnes CO <sub>2</sub> e
Energy	12,074
Travel	7,903
<b>Total</b>	<b>19,977</b>

## Energy

The NCA received most of its electricity supply via large supply electricity accounts, automatically read on a half hourly basis, which delivered Green energy from renewable sources. These accounted for around 70 percent of the NCA's energy consumption. However, 30 percent of the NCA's energy consumption is still met through non half hourly accounts which supply non-renewable energy such as coal, gas, oil. The agency's aim is to convert them to Green energy from April 2014 as part of the continuous improvement in sustainability management. The NCA is still required to maintain the four vacated sites, and this has a bearing on usage figures because each office has to be maintained at regulated minimal environmental settings.

<sup>24</sup> 1 GWh = 1,000,000 kWh

Energy consumption*	2013-14		Emissions from buildings	
	Cost £'000	MWh <sup>25</sup>		2013-14 tonnes CO <sub>2</sub> e
Electricity - non-renewable	366	2,208	Electricity	10,750
Electricity - renewable	2,293	20,177		
Gas	261	7,048	Gas	1,294
Oil	299	179	Oil	30
<b>Total</b>	<b>3,219</b>	<b>29,612</b>		<b>12,074</b>

\*Consumption data is reported for locations where the NCA pays utilities directly

## Travel

The procurement of more diesel vehicles and smaller fuel efficient vehicles is embedded within the NCA's Transport strategy and this has gradually reduced the use of private vehicles for business purposes and hire vehicles over the year. However, there are still some challenges especially after the NCA inherited a number of business areas that still require continued use of hire vehicles. The NCA is looking at implementing a general purpose pool of vehicles and the awaited fleet review may help reduce both vehicle costs and the need for hire vehicles in 2014-15.

The NCA encourages officers to use telephone and video conferencing to reduce the need to travel except in exceptional circumstances. However, with officers based at 26 sites and the necessity to liaise with law enforcement partners there will always be a need to travel but officers are encouraged to use the most carbon effective means whilst taking account of cost and time.

During the reporting year, the NCA officers undertook 3,691 domestic and 2,485 international official flights.

Travel	2013-14		
	Cost £'000	tonnes CO <sub>2</sub> e	Fuel / Distance
Road (fleet)	3,455	5,663	2,375,013 litres 18,299,671 miles
Road (private & hire) <sup>26</sup>	526	533	1,739,495 miles
Rail (national)	1,520	319	4,047,031 miles
Air (domestic)	1,875	255	890,674 miles
Air (incl. international)	2,482	1,132	4,479,440 miles
<b>Total</b>	<b>9,858</b>	<b>7,902</b>	

<sup>25</sup> 1 MWh = 1,000 kWh

<sup>26</sup> Total fuel and oil costs for 2013-14 were £3,573,038. Cost per mile (£0.1888) was used to apportion this cost to both Fleet (£3,455k) and hire vehicles (£118k). Estimated Mileage for hire vehicles was 622,754 miles. Costs for private vehicles excluding public transport are based on mileage claims

## Waste

Waste data for this reporting period is considerably more accurate following proactive supplier agreements being put in place.

Recycling of waste is greater than that sent to landfill, with an increase in waste incinerated for energy recovery primarily from our London offices. Working with our Facilities Management partners, we continue to look at initiatives to improve the ratio of recycled and incinerated waste against waste sent to landfill.

Waste	2013-14 tonnes
Landfill	147
Recycled	153
Incinerated with energy recovery	58
Composted	2
<b>Total</b>	<b>360</b>

## Water

The NCA has 37 water accounts of which three have been estimated at year end due to invoices being unavailable at the time of reporting. Six NCA sites fall within the best practice for water threshold of 4.6 Cubic meters per FTE.

A system of rainwater capture from the roof of Olympic House continually feeds a pond to top up water levels. This ensures retention of standing water throughout the season when great crested newts are occupying NCA ponds, ensuring a sustainable and beneficial habitat.

Water	2013-14	
	£'000	m <sup>3</sup>
Water consumption	159	38,943

## 2013-14 Activities

### Energy Certificates

To comply with The Energy Performance in Buildings Directive (Certificates and Inspections) (England & Wales) Regulations 2007 SI 2007/991 (EPBD), the NCA has to Display Energy Certificates (DECs) and associated energy reports. The NCA currently has one valid DEC completed and lodged. The NCA is aware that the EPBD also requires an Energy Performance Certificate (EPC) whenever an owned building (or part thereof) is constructed, sold or rented but this is not applicable in 2013-14.

## **Air Conditioning Inspections**

The EPBD also requires the NCA to carry out five-yearly energy efficiency inspections of its air conditioning systems using an accredited assessor, where the installed capacity in any building exceeds 12 kWh. This work is currently up to date and in addition to existing maintenance work and F-Gas Regulation requirements. Some of the work undertaken to agreed facility contract standards includes replacement or cleaning of filters and belt drives maintenance on air handling units. There is a monitoring mechanism in place to ensure future inspections for remedial maintenance are carried out to agreed standards at scheduled intervals on a six-monthly basis.

## **Document Printing**

The NCA recognised the value of moving toward a centralised print model for its document production requirements. Non-essential desk top printers were removed and replaced with centralised / shared multi-functional devices that offered a more economical and environmentally friendly solution to printing requirements.

## **Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES)**

CRC EES is a mandatory emissions trading scheme for non-energy intensive organisations and is focused on the public and private sector not covered by EU Emissions Trading Scheme or Climate Change Agreements, regulated by the Environment Agency in England and Wales. Charges are levied on the amount of greenhouse gas emissions produced in the period reported. For the reporting year 2012-13, 13,706 tonnes were produced and allowances were purchased from the Environment Agency at £12 per tonne to cover these emissions. £164,472 of allowances was submitted to cover these emissions. The NCA has registered for the scheme and the NCA's CRC EES Annual Report will be submitted to the Environment Agency in July 2015.

## **Energy Efficiency Initiatives**

A number of energy efficiency technical projects like the installation of LED lighting in the new Command Team office at Spring Gardens and the replacement of old chiller units with more efficient ones in the central London estate, were implemented in 2013-14 and these will contribute to a reduction in emissions.

## **Building Management System Upgrade (BMS)**

This was a high-profile project in conjunction with the NCA's Facility Management Suppliers (FM). Independent surveys were carried out to identify possible savings throughout the Estate including assessing the NCA's remote access BMS which required a full upgrade to introduce a faster and more reliable interface. BMS provided direct access to plant on site which prevented 24/7 running of plant equipment and helped in implementing action targeted at the under performing building. All this contributes to savings both in cost and energy consumption.<sup>27</sup>

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<sup>27</sup> The Building Management System (BMS) project nears completion; therefore any savings made will not be reflected in the energy data within this report as it will relate to the 2014-15 year.

## **Photovoltaic**

The NCA's strategy supports continuous improvement in managing Sustainability by identifying and recommending the implementation of programmes / projects and incentives that help to reduce greenhouse gas emissions and costs. For example, a feasibility study for the installation of Photovoltaic (electricity producing) solar panels at one site has been undertaken and the results have been used in an investment proposal which is now under consideration.

## **Change Management**

Project teams involved in change management activities, like the type of chillers to use or oil to gas conversion, fully consider the impact of works on the environment at all stages of the project by consulting with the Sustainability team as a matter of routine.

## **Officer Awareness**

The NCA is committed to raising officers' awareness; a Sustainability web page is now available to all officers on the NCA Intranet system. Officers are encouraged to read the Sustainability online guidance which is under development to help raise awareness and reduce the impact they have on the environment both at work and at home. The page also carries commissioned initiatives being undertaken, the contact details for any officer suggestions and a notice board advising of current and upcoming events.

A member of the NCA Board will be appointed as the overall Green Champion and a strategy will be developed to work towards raising officers' awareness, and raising the profile of Sustainability internally.

## **Governance**

Progress against Greening Government Commitment targets is reported quarterly to DEFRA and the Cabinet sub-committee on the Greening Government Commitment. Our data will be verified by both the NCA's internal audit function and DEFRA, to ensure compliance with Greening Government directives.

## **Sustainable Construction**

The NCA has put in place a policy to apply Building Research Establishments Environmental Assessment Method (BREEAM) to capital builds and large refurbishment projects. BREEAM sets the standard for best practice in sustainable design, construction and operation, minimising energy demands created by NCA buildings.

## Conclusion

As previously mentioned, most of the emissions emitted by the NCA are from the use of electricity in buildings for lighting, air conditioning, computers and computer equipment and other plug-in devices. This year the Agency has focused on:

- Continuing its programme of Building Management System Upgrades, optimising the operation of existing plant equipment by reviewing the existing control strategies and set points removing unnecessary 24/7 running;
- Embedding sustainability into its facilities management arrangements;
- Installing centralised boiler, air conditioning controls;
- Use of LED lighting in place of fluorescent within Spring Gardens; and
- Improving its use of printers using a 'follow me' system incorporating default double-sided printing.

An automatic monitoring and targeting system which is not only used to track energy usage of all major equipment on site but also helps identify any anomalies has been introduced on all new fiscal meters. This close monitoring and understanding of energy flows enables energy waste and savings to be identified, prioritised and verified more accurately.

The NCA has made improvements in reducing its impact on the environment through improved data collection, officers' awareness and involvement of its Facilities Management suppliers. Sustainability impact assessment is embedded within all projects by ensuring that the Sustainability team is consulted on the inception of new projects. Implementation of the energy saving projects, and appointment of Green Director/Champions throughout the business are likely to contribute to improvements in managing Sustainability.

## Priorities for 2014-15:

NCA priorities in 2014-15 involve building on the achievements already attained by:

- Reducing and measuring carbon dioxide emissions from all forms of business-related travel, encouraging the use of video and phone conferencing where available; or (where travel is essential) encouraging the use of public transport;
- Reducing and measuring wasted energy and water through improved building and facilities management, and smarter information technology. Continue our investment in energy saving controls and improved performance of our ICT;
- Reducing and measuring the volume of waste generated; and reusing and recycling as much material as possible (including refurbishment and construction projects);

- Reducing water usage by trialling water reduction technologies and raising awareness;
- Implementing a Sustainability Strategy to increase the involvement of the NCA officers and the Board in recommending initiatives via intranet, Green Champions, Climate Week presentations;
- Identifying savings initiatives by working collaboratively with suppliers; and
- Delivering an upgraded/enhanced remotely accessed Building Management System, and associated savings following implementation of joint projects with FM suppliers.

The NCA will work towards promoting initiatives to generate efficiencies and savings until revised GGC targets come into effect when the current period expires at the end of 2014-15.

## **Estates Management**

The majority of the NCA estate is held under operating leases. Six buildings are owned, these were last valued in February 2013.

The objectives of the NCA Estates Transformation Strategy are to establish, maintain and develop an estates infrastructure configured to sustain:

- An integrated, highly motivated workforce (including any further expansions by acquisition, recruitment or growth during 2013 to 2019) in operationally productive, efficient, safe and secure office and technical accommodation;
- A positive and powerful corporate image representing the NCA as a modern, attractive workplace for its officers and potential recruits and as a professional partner for national and international law enforcement agencies;
- Maximum impact on the Agency's mission, targets and priorities;
- Maximum collaboration between all parts of the NCA, the Home Office and partner agencies;
- Effective and efficient interfaces and interoperability between;
  - local police forces and global NCA resources through Regional Organised Crime Units;
  - HMRC, Home Office, UKBF and other agencies protecting the border at UK ports, airports, inland clearance depots and overseas;
- Best value for money from its capital and resource investments;
- Compliance with public sector property asset management policies;
- Best practice in implementing Government property efficiency reviews; and



- Minimum impact on the environment.

As part of the Estates Transformation Programme, the NCA is:

- Aiming for 50% reduction in sites (from 35 to 17) and 20% in cost (£10M) over the five-year term of the strategy;
- Co-locating wherever possible with ACPO regional units dealing with serious organised crime and counter terrorism;
- Applying flexible working policies and standards (such as open plan and desk sharing) across all sites to demonstrate efficiencies against public sector benchmarks; and
- Participating in the property shared services cluster led by the Ministry of Justice.

## Gender Breakdown

At 31 March 2014, the breakdown of officers by gender was as follows

	Male	Female	Total
Directors	15	1	16
Senior Managers	16	7	23
Other Employees	2,792	1,716	4,508
<b>Total*</b>	<b>2,823</b>	<b>1,724</b>	<b>4,547</b>

\*This total represents the NCA headcount as at 31 March 2014, including agency officers, commercial contractors, seconded officers and officers on career break.

## Social and Community Issues

The NCA employs Community Liaison Officers (CLOs) who provide valuable advice to operational teams on the potential impact of operational activity in local communities. In addition, CLOs build valuable relationships with partner agencies on community issues and develop regional engagement priorities for their area.

The NCA Communities Fund is a Board sponsored initiative aimed at reinvesting some of the proceeds of crime into local communities. The fund is open to all NCA officers but is largely led by the CLO network as any applications for funding must contribute to the delivery of regional engagement priorities. The fund was set for 2013-14 at £173k and applications were invited from all NCA officers. Following an application procedure and scrutiny panel, the Board agreed to support a number of projects with awards totalling £136.6k, which was split between twenty projects. A total of £130.8k was paid out in the first tranche to all of the projects, of these, five projects received a second tranche in October 2013, which amounted to £5.8k.

In addition, the NCA:

- Encouraged its officers to participate in local community activities, including local and national charitable activities;
- Worked in partnership with Crimestoppers; and
- Operated an Estates Strategy that specifically focused on a minimum impact on the environment.

## **Inclusion, Diversity & Equality**

The NCA is committed to treating everyone with dignity and respect, valuing diversity, working in partnership, and sharing knowledge and best practice.

It seeks to create and maintain an environment which values all officers and respects the contribution they make and where fairness and equality of opportunity are assured. Inclusion, diversity and equality issues are embedded in strategic planning, policy development and organisational processes.

The NCA aims to provide a positive environment in which everyone feels valued, and where the organisation is open to the experience, insights and skills of people of different age, disability, sex, gender reassignment, race, religion, belief, sexual orientation, marital/civil partnership, pregnancy/maternity status and political opinion.

The NCA supports a range of work styles for individual officers, while meeting organisational need. Respect is an integral part of the NCA values and behaviours and is part of its recruitment process and annual individual performance reviews.

The NCA is committed to the employment and career development of disabled officers and is the holder of Jobcentre Plus 'Positive about disabled people' Two Ticks symbol. The symbol is a recognition given to employers who demonstrate that they are serious about achieving equality of opportunity for disabled people.

The NCA actively ensures that disability is not regarded as a barrier to recruitment or promotion. The NCA has a policy of inviting people who have a disability, and who meet the minimum behavioural and technical entry criteria to interview/assessment. Once in post, disabled officers are provided with any reasonable support/adjustments they might need to carry out their duties.

Within the NCA, the Disability Network Advisory Group (DNAG) provides information and advice on a range of disability issues to all officers. DNAG works with the occupational health and welfare department, Business Disability Forum and MIND, the mental health charity.

## Officer engagement

In 2013-14, the NCA communicated with its people through a mix of channels and mechanisms and required managers to ensure officers had the information they needed to do their jobs and to regularly discuss issues within their teams. The channels of communication included:

- **Director General's monthly message** – personal voice commentaries on the Agency's direction of travel, the first was set in the broadest context, the second focused on short regular single-issue updates.
- **Command team visits** to operational locations, including Q&A sessions and a briefing on the issues of the moment.
- **Team Brief** – a fortnightly briefing for senior managers to cascade to officers.
- **Intranet** for fast-time news, online information tools, an archive of material and a library of policies, handbooks etc.
- **Staff surveys** – to monitor engagement and indicate where improvement is needed.
- **An induction programme** for new officers provided an overview of the Agency's priorities, strategies, values and activities.

There was a particular emphasis on change communication over the last year as precursor organisations moved towards the NCA. Management used the intranet, e-bulletin and the SOCA Narrative to keep officers informed about the NCA and the transition process. It held workshops with directors and senior officers and consulted more widely where appropriate. The SOCA intranet hosted an NCA site and a monthly NCA newsletter. A transition network linked into officers in every business area.

The internal communication team supports the NCA core activity by building understanding of its mission and equipping officers to be ambassadors.

## Board communication

Board-level channels promote culture change within the organisation, ensure board visibility and accessibility and promote dialogue with officers.

- **Agency briefings** – directors hold regular briefing and Q&A sessions with officers across the estate;
- **Director blogs** – a personal voice channel for directors; and
- **DG webchats** – realtime Q&A with the Director General for all officers.

## Line manager communication

Communication channels support line managers in their roles ensuring that they have the information they need to do their jobs and that the board has adequate feedback from them on touchstone issues. A monthly team brief for senior officers supports face to face communication with officers.

All-officer channels complement management communication and ensure officers have easy access to the information they need to do their jobs, make good decisions and perform well for the NCA.

- **Intranet (the source)** – the NCA’s primary resource for news and information; a library, archive and portal.
- **the Global** – the weekly all-officer email sharing key corporate messages and news, recapping key information. The global includes links to fuller information on the intranet.
- **First Person** – a monthly feature-and-story-led ‘softer’ people-focused online magazine which goes behind the headlines and paints a picture of how the NCA fits together and what its teams do, builds understanding and pride in the breadth of the NCA’s work, and helps embed culture change.

## Consultation with Employees

The NCA has in place an employee relations policy that outlines a consultative framework for engaging trade union representatives. There are three recognised trade unions and facility time is provided to allow union representatives to take part in industrial relations duties. Alongside this, the Agency has specific bodies for consulting minority groups – the Disability Network Advisory Group (DNAG) for officers with disabilities, the Ethnic Minority Network Support Association (EMNSA) represents ethnic minorities and religion, the Sexual Orientation Network and Resource (SONAR) represents sexual orientation issues for lesbian, gay and bisexual officers, GENDER deals with all gender issues including transgender and the Age group represents officers across all age groups. In addition, the Flexible Working Group seeks to nurture modern flexible working and support officers with caring responsibilities. In October 2013, the NCA introduced new union facility time arrangements which will limit the proportion of the paybill allocated to paid union facility time to 0.1% in line with the Cabinet Office Facility Time Framework.

## High Potential Development Scheme

The High Potential Development Scheme (HPDS) was developed in order to recruit high calibre officers who had the ability to become future leaders through internal and external recruitment campaigns. The scheme enables the NCA to recruit and retain the best people, drive efficiency and develop creative solutions to problems. In 2013-14, the NCA did not hold a recruitment campaign for the HPDS, however the officers recruited as part of the third HPDS recruitment in 2012-13 entered the second year of their two-year development scheme.

## **Virtual Global Taskforce Company**

The NCA had a non-trading wholly owned subsidiary company called Virtual Global Taskforce Limited, a company limited by guarantee to the value of £10. This company was set up previously by the National Crime Squad for the Child Exploitation and Online Protection (CEOP) Centre in order to protect the name of a registered trademark, and ownership passed to SOCA on 1 April 2006, and then on to the NCA on 6 October 2013. The company is currently dormant.

### **Keith Bristow QPM**

Director General and Accounting Officer, National Crime Agency

14 November 2014

# Directors' report

## Composition of Management Board

	Date Appointed	Contract End Date
<b>Director General</b>		
Keith Bristow	7 October 2013	-
Trevor Pearce	1 September 2010	6 October 2013
<b>Chairman (SOCA only)</b>		
Sir Ian Andrews	3 August 2009	2 August 2013
Stephen Rimmer*	7 August 2013	6 October 2013
<b>Directors</b>		
Malcolm Cornberg**	1 April 2006	24 July 2013
Stephen Webb***	25 July 2013	-
Bradley Jones****	1 September 2010	8 April 2013
Gerry Liddell*****	5 September 2011	30 September 2013
Robert Lauder	9 April 2013	6 October 2013
Phil Gormley	7 October 2013	-
Gordon Meldrum	7 October 2013	-
Trevor Pearce	7 October 2013	-
David Armond	7 October 2013	-
Johnny Gwynne	9 December 2013	-
Gary Chatfield	7 October 2013	-
Tim Symington	7 October 2013	-
Peter Davies	7 October 2013	9 December 2013
Donald Toon	31 March 2014	-
<b>Non-Executive Directors</b>		
Peter Clarke	1 September 2009	6 October 2013
Francis Plowden	1 September 2009	6 October 2013
Martyn Thomas	1 July 2011	6 October 2013
Jane Furniss CBE	2 December 2013	-
Jonathan Evans KCB	2 December 2013	-
Dr Stephen Page	2 December 2013	-
Justin Dowley	2 December 2013	-

\* Stephen Rimmer acted as interim Chair of SOCA on a part-time basis during the period 7 August to 6 October 2013. During this time, he continued in his substantive post of Director General of the Crime and Policing Group.

\*\* Malcolm Cornberg resigned as Executive Director Capability and Service Delivery on 24 July 2013.

\*\*\*Stephen Webb was appointed as Interim Executive Director Capability and Service Delivery for the period 25 July to 6 October 2013.

\*\*\*\* Bradley Jones left SOCA on 8 April 2013.

\*\*\*\*\* Gerry Liddell left SOCA under the Civil Service Pension Scheme Compensation Scheme 2010, Voluntary Exit provisions scheme on 30 September 2013.

## Register of interests

Details of company directorships and other significant interests held by Board members during the accounting period are available at the following web address;

<http://www.nationalcrimeagency.gov.uk/about-us/how-we-are-run/board-declarations>

## Results and Financial Position

The Direct Expenditure Limit outturn for the year to 31 March 2014 reports an under spend of £14.1m Resource and £2.3m Capital.

The Resource outturn under spend comprises two parts: an under spend of £8.5m relating to the 2013-14 Voluntary Exit Scheme (VES) and an under spend of £5.6m for baselined activity. The Home Office allocated £20m of additional funding to the NCA for the VES. The VES was also endorsed by the Cabinet Office. The funding was not fully utilised as the NCA Board decided that retention of specialist skills and experience had to be balanced with affordability pressures. The balance of the Resource under spend of £5.6m was due to under spends in pay, partly offset by additional spend on IT systems and Estates in preparation for the NCA go-live. It should also be noted that the NCA obtained an additional £21.1m funding for the merger with Border Agency Criminal and Financial Investigation Officers.

The Capital outturn spend was heavily dependent on work completed by contractors. Much work was not initiated until after the NCA start on 7 October 2013 in order to maximise investment for the new organisation. Given these pressures, some capital project slippage was anticipated and risks were mitigated. Work that slipped has been allocated priority funding in the new financial year.

The Annually Managed Expenditure (AME) budget consists of estimates for movements in provisions and movements in pension liabilities calculated by the Government Actuaries Department. The pension liability movement between 2012-13 and 2013-14 is £96.8m and previous year movements have been +/- £100m. Given this uncertainty the NCA prudently obtained £175m AME Vote for pension liabilities. The balance of the AME Vote reflects movements in provisions as reported in note 16 to the accounts, with the movement from 2012-13 to 2013-14 being a reduction of £6.2m, mainly due to the re-assessment of legal provision risk.

IAS 19 (Accounting for Pension Costs) expenditure incorporates the current service cost net of employee contributions and interest costs on pension liabilities. Expenditure for the reporting period was £29.5m (2012-13: £31.6m).

The NCA publishes information on its spending through the Quarterly Data Summary (QDS). Each QDS report is available centrally through the Government Interrogation Spending Tool (GIST) available at <https://www.gov.uk>.

## **Financial Instruments**

Due to the largely non-trading nature of its activities and the way in which it is financed, the NCA is not exposed to the degree of financial risk faced by commercial entities. Further information with respect to risk management and strategy is provided in note 12.

## **Parliamentary Ombudsman**

The Parliamentary and Health Service Ombudsman received no complaints against the NCA in the period 7 October 2013 to 31 March 2014.

## **Remuneration of the External Auditors**

The remuneration for the National Audit Office is disclosed in note 6 totalling £0.245m (2012-13: £0.132m). This amount covers the audit fee for both SOCA accounts for the period 1 April 2013 to 6 October 2013 (£0.125m) and the NCA 2013-14 accounts (£0.120m).

No remuneration has been paid to the National Audit Office for non-audit work (2012-13 nil).

## **Reporting of Personal Data Related Incidents**

There was one personal data-related incident in 2013-14 (one personal data-related incident in 2012-13). The incident in 2013-14 required a report to be made to the Information Commissioner.

A second incident relating to alleged contravention of the Data Protection Act 1998 was investigated. Charges subsequently authorised by the Information Commissioner were dismissed in May 2014 on application by the defence.

## **Officers Sickness Reporting**

NCA officers were absent on sick leave for an average of 5.8 days per employee during the year to 31 March 2014. (2012-13: 5.9 days).

## **Events after the Reporting Period**

There were no significant events after the reporting period.



## **Future Developments**

In 2014-15, the NCA will lead an independent investigation into outstanding allegations of child sexual exploitation in Rotherham.

The Home Secretary has confirmed that any government review into counter-terrorism (CT) policing will not take place before the 2015 general election.

## **Declarations**

- 1) As far as I am aware, there is no relevant audit information of which the auditors are not aware.
- 2) I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of such information.

## **Keith Bristow QPM**

Director General and Accounting Officer, National Crime Agency

14 November 2014

# Remuneration Report

The disclosures within this Remuneration Report are subject to audit.

## Remuneration Policy

Senior Management salaries were based on recommendations of the Senior Salaries Review Body, an independent body providing advice to the Prime Minister and others on senior civil servants' salaries.

In reaching its recommendations, the Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional and local variations in labour markets and their effects on the recruitment and retention of officers;
- Government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- The funds available to departments as set out in the government's Departmental Expenditure Limits; and
- The government's inflation target.

In making recommendations, the Review Body considers any factors that the government and other witnesses may draw to its attention. In particular, it has regard to:

- Differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind;
- Changes in national pay systems, including flexibility and the reward of success, and job weight in differentiating the remuneration of particular posts;
- The need to maintain broad linkage between the remuneration of the three main remit groups, while allowing sufficient flexibility to take account of the circumstances of each group; and
- The relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

Changes to the Board of Directors of the NCA and SOCA during the reporting period are described under the Governance Statement within the Role and Composition of the Board.

A number of Board Members held directorships in other companies or organisations which are not related parties. Information on these can be found on the NCA website.

Pool cars were available to Directors for business purposes.

## **Service Contracts**

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Further information about the work of the Civil Service Commission can be found at:

[www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

## **Remuneration (including salary) and pension entitlements**

The following sections provide details of the remuneration and pension interests of the Board members.

### **Remuneration (salary and payments in kind) (Audited)**

Where an individual has only served for part of the year, the full year equivalent salary is reported in brackets.

## National Crime Agency 7 October 2013 – 31 March 2014

### Single total figure of remuneration

Officials Date appointed – appointment ended	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits <sup>28</sup> (£'000)		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Director General</b>										
Keith Bristow 7 Oct 13	105-110 (220-225)	N/A	-	N/A	500	N/A	-*	N/A	105-110	N/A
<b>Deputy Director General</b>										
Phil Gormley 7 Oct 13	85-90 (180-185)	N/A	-	N/A	2,000	N/A	-*	N/A	90-95	N/A
<b>Directors</b>										
Stephen Webb 7 Oct 13	40-45 (85-90)	N/A	-	N/A	-	N/A	(2)	N/A	40-45	N/A
Gordon Meldrum 7 Oct 13	60-65 (130-135)	N/A	-	N/A	900	N/A	-*	N/A	65-70	N/A
Trevor Pearce 7 Oct 13	65-70 (135-140)	See Below	-	See Below	-	See Below	8	See Below	100-105	See Below
David Armond 7 Oct 13	55-60 (135-140)	N/A	-	N/A	-	N/A	(1)	N/A	55-60	N/A
Johnny Gwynne 9 Dec 13	40-45 (135-140)	N/A	-	N/A	1,300	N/A	-*	N/A	40-45	N/A
Gary Chatfield 7 Oct 13	50-55 (105-110)	N/A	-	N/A	-	N/A	12	N/A	60-65	N/A
Tim Symington 7 Oct 13	50-55 (105-110)	N/A	-	N/A	-	N/A	60	N/A	50-55	N/A
Donald Toon 31 Mar 14	0-5 (135-140)	N/A	-	N/A	-	N/A	1	N/A	0-5	N/A
Peter Davies 7 Oct – 9 Dec 13	20-25 (135-140)	N/A	-	N/A	300	N/A	-*	N/A	20-25	N/A
<b>Non-Executive Directors</b>										
Jane Furniss CBE 2 Dec 13	0-5 (10-15)	N/A	-	N/A	-	N/A	-	N/A	0-5	N/A
Jonathan Evans KCB 2 Dec 13	0-5 (10-15)	N/A	-	N/A	-	N/A	-	N/A	0-5	N/A
Dr Stephen Page 2 Dec 13	0-5 (10-15)	N/A	-	N/A	-	N/A	-	N/A	0-5	N/A
Justin Dowley 2 Dec 13	0-5 (10-15)	N/A	-	N/A	-	N/A	-	N/A	0-5	N/A

\* It has not been possible for the police pension scheme administrator used by the NCA and associated police forces to actuarially determine the present value of promised retirement benefits for officers with police pensions.

28 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contribution made by the individual). The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights.

## Serious Organised Crime Agency 1 April 2013 – 6 October 2013

### Single total figure of remuneration

Officials Date appointed -Contract end	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits <sup>29</sup> (£'000)		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Director General</b>										
Trevor Pearce 1 Sep 10 - 6 Oct 13	75-80 (145-150)	145-150	12.5	5.0	-	-	27	47	110-115	195-200
<b>Chairman</b>										
Sir Ian Andrews 3 Aug 09 - 2 Aug 13	30-35 (55-60)	65-70	-	-	-	-	-	-	30-35	65-70
Stephen Rimmer* 7 Aug 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Executive Directors</b>										
Malcolm Cornberg** 1 Apr 06 - 24 Jul 13	60-65 (145-150)	145-150	-	5.0	-	-	23	51	80-85	200-205
Stephen Webb*** 25 Jul 13	15-20 (85-90)	N/A	-	N/A	-	N/A	3	N/A	20-25	N/A
Bradley Jones**** 1 Sep 10 - 8 Apr 13	0-5 (105-110)	105-110	-	5.0	-	-	(70)	44	(65)- (70)	155-160
Gerry Liddell***** 5 Sep 11 - 30 Sep 13	50-55 (105-110)	105-110	7.5	5.0	-	-	2	152	60-65	260-265
Robert Lauder***** 9 Apr 13 – 6 Oct 13	45-50 (95-100)	N/A	2.5	N/A	-	N/A	15	N/A	60-65	N/A

<sup>29</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contribution made by the individual). The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights.

### Single total figure of remuneration

Officials Date appointed -Contract end	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits <sup>29</sup> (£'000)		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Non-Executive Directors</b>										
Peter Clarke 1 Sep 09 – 6 Oct 13	10-15 (15-20)	15-20	-	-	-	100	-	-	10-15	15-20
Francis Plowden 1 Sep 09 – 6 Oct 13	10-15 (15-20)	20-25	-	-	-	-	-	-	10-15	20-25
Martyn Thomas 1 Jul 11 – 6 Oct 13	5-10 (10-15)	10-15	-	-	-	-	-	-	5-10	10-15
Sue Garrard***** 1 Sep 09 – 31 Aug 12	-	-	-	-	-	-	-	-	-	-

\* Stephen Rimmer acted as interim Chair of SOCA on a part-time basis during the period 7 August to 6 October 2013. During this time, he was not remunerated by SOCA and continued in his substantive post of Director General of the Crime and Policing Group. No charge was made to NCA for Mr Rimmer's services. Details of Mr Rimmer's remuneration for the 2013-14 financial year can be found in the Home Office Annual Reports and Accounts 2013-14.

\*\* Malcolm Cornberg resigned as Executive Director Capability and Service Delivery on 24 July 2013. He received a compensation payment of £189.6k which was agreed with and funded by the Home Office. He also received a payment in lieu of annual leave of £14.1k.

\*\*\* Stephen Webb was appointed as Interim Executive Director Capability and Service Delivery for the period 25 July to 6 October. Mr Webb continued to be remunerated by the Home Office during this period, but his salary details for 25 July to 6 October 2013 are included here for completeness, as they will not appear in the Home Office Annual Reports and Accounts 2013-14.

\*\*\*\* Bradley Jones left SOCA on 8 April 2013, as agreed prior to 31 March 2013, after 7 years and 8 days' pensionable service under the Civil Service Pension Scheme Compensation Scheme 2010, Voluntary Exit provisions. Under these regulations, the compensation payment is based on one month's pay per year of service up to a maximum of 21 months for those under pension age. This is the standard tariff that applies to all members of the Civil Service Scheme. Under the Scheme he was paid £62.3k and additionally £20.1k in lieu of notice.

\*\*\*\*\* Gerry Liddell left SOCA under the Civil Service Pension Scheme Compensation Scheme 2010, Voluntary Exit provisions scheme on 30 September 2013. Under these regulations, the compensation payment is based on one months pay per year of service up to a maximum of 21 months for those under pension age. This is the standard tariff that applies to all members of the Civil Service Scheme. Under the Scheme he was paid £184.5k

\*\*\*\*\* Robert Lauder bonus should have been £7.5k, only £2.5k paid. Remaining £5k to be paid in 2014-15.

\*\*\*\*\* Non-Executive Director Sue Garrard was a public appointment by the Home Secretary. When first appointed she was a civil servant and, as a result, SOCA did not pay her annual salary or pension contributions. In January 2011, Sue Garrard resigned from the Civil Service to take a senior communications post within a multinational company. Sue continued her role as a Non-Executive Director pro bono publico until her contract ended on 31 August 2012.

## **Salary**

'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

## **Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. Benefits reported were calculated as the taxable value and relate to the private mileage element of assets (vehicles) placed at the employee's disposal.

Benefits in kind may include provision of a vehicle and driver to certain Directors (the Director General's driver is treated differently as vehicles and a driver are provided for security purposes).

## **Bonuses**

Bonuses are based on performance levels attained and were made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2013-14 and the comparative bonuses reported for 2012-13 relate to performance in 2012-13.

## **Notice periods for senior officers**

Notice periods for the Director General, Directors and Non-Executive Directors are three months.

## **Median Earnings of the work force and ratio between this and the highest paid Director**

Reporting bodies are required to disclose the relation between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the NCA for the reporting period was £220-225k (2012-13: £150-155k). This was 6.1 times (2012-13: 4.2) the median remuneration of the workforce (excluding the highest paid director), which was £36,726 (2012-13: £36,478). The NCA's calculation of the median earnings of the work force and ratio between this and the highest paid director was based on full-time equivalent officers as at 31 March 2014 on an annualised basis.

The increase to the median remuneration ratio was due to the increase in salary banding for the Director General compared to 2012-13.

Remuneration during the reporting period ranged from £15k to £221k.

There were no employees who received remuneration in excess of the highest-paid director.

No contingent labour costs are included in the median pay calculation. The impact of excluding contingent labour and seconded officers does not have a material impact on the calculation.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. The NCA's median pay included allowances but not overtime.

## Benefits and Pension contributions

In addition to salaries paid and taxable benefits in kind for travel and the associated taxes paid by the NCA, the pension entitlements of the current senior management team are disclosed below.

### Pension Entitlements 2013-14

#### National Crime Agency 7 October 2013 – 31 March 2014

All figures in the table below are provided by MyCSP for those board members (employees and seconded) with Civil Service pension arrangements.

	Employer Pension contributions in	Real increase in Pension	Real increase in lump sum	Total Accrued Pension at age 60 in	Total Lump Sum at age 60 in	Cash Equiv Transfer Value	Real Increase in Cash Equiv Transfer Value
	2013-14 £'000	2013-14 £'000	2013-14 £'000	2013-14 £'000	2013-14 £'000	2013-14 £'000	2013-14 £'000
Stephen Webb	10,230	0-2.5*	-	35-40*	-	460*	(3)*
Trevor Pearce	16,499	0-2.5*	-	15-20*	-	340*	31*
David Armond	14,086	0-2.5	-	15-20	-	337	(2)
Gary Chatfield	12,682	0-2.5	-	10-15	-	267	11
Tim Symington	11,162	0-2.5	75-10	35-40	105-110	612	0
Donald Toon**	134	0-2.5	0-2.5	15-20	55-60	329	1

\* These figures represent the values for the full year.

\*\* Donald Toon was employed by the NCA on the last day of financial year 2013-14.

The Non-Executive Directors are non-pensionable appointments.



Keith Bristow was an employee of the NCA and member of the Police Pension Scheme. Whereas there is a presumption that information about named individuals will be given in all circumstances, it has not been possible for the Police Pension Scheme administrator used by the NCA to actuarially determine the present value of promised retirement benefits fully in the format described under EPN380. Employer pension contributions made by the NCA for the period 7 October 2013 to 31 March 2014 are shown below.

	<b>Employer Pension contributions in 2013-14 £</b>
Keith Bristow	21,651

Phil Gormley, Gordon Meldrum, Johnny Gwynne and Peter Davies were seconded and were members of the pension schemes managed by their respective home police forces. The NCA is not responsible for their pensions. Employer pension contributions made by the NCA for these board members for the period 7 October 2013 to 31 March 2014 are shown below.

	<b>Employer Pension contributions in 2013-14 £</b>
Phil Gormley	21,320
Gordon Meldrum	15,807
Johnny Gwynne	10,705
Peter Davies	6,002

## Serious Organised Crime Agency 1 April 2013 – 6 October 2013

	<b>Employer Pension contributions In</b>	<b>Real increase in Pension</b>	<b>Real increase in lump sum</b>	<b>Total Accrued Pension at age 60 in</b>	<b>Total Lump Sum at age 60 in</b>	<b>Cash Equiv Transfer Value</b>	<b>Real Increase in Cash Equiv Transfer Value</b>
	2013-14 £	2013-14 £'000	2013-14 £'000	2013-14 £'000	2013-14 £'000	2013-14 £'000	2013-14 £'000
Trevor Pearce	18,044	0-2.5	-	15-20	-	310	23
Malcolm Cornberg	10,800	0-2.5	-	20-25	-	443	22
Bradley Jones	588	(5.0)-(7.5)	40-42.5	5-10	40-45	154	(55)
Gerry Liddell	13,053	(0)-(2.5)	22.5-25	45-50	160-165	987	3
Stephen Webb	4,199	0-2.5	-	35-40	-	453	-
Robert Lauder	12,227	0-2.5	-	15-20	-	280	14

## Pension Entitlements 2012-13

### Serious Organised Crime Agency Pension Entitlements 2012-13

	Employer Pension contributions in	Real increase in Pension	Real increase in lump sum	Total Accrued Pension at age 60 in	Total Lump Sum at age 60 in	Cash Equiv Transfer Value	Real Increase in Cash Equiv Transfer Value
	2012-13 £	2012-13 £'000	2012-13 £'000	2012-13 £'000	2012-13 £'000	2012-13 £'000	2012-13 £'000
Trevor Pearce	33,388	2.5-5.0	-	15-20	-	281	41
Malcolm Cornberg	33,388	2.5-5.0	-	20-25	-	418	50
Bradley Jones	25,512	2.5-5.0	-	10-15	-	208	38
Gerry Liddell	25,502	5.0-7.5	20-22.5	45-50	135-140	981	141

The Non-Executive Directors in SOCA were non-pensionable appointments.

### Police Pension Scheme (PPS)

Directors with a police pension are either members of the Police Pension Scheme 1987 or the Police Pension Scheme in Scotland.

The Police Pension Scheme 1987 is a 'final salary' scheme, the pension calculated as a proportion of final average pensionable pay, generally pay in the last year of service as a member of the scheme. The pension received depends on pensionable service, which for most officers will be the length of service in the police force for which they have paid pension contributions, with appropriate adjustments for part-time service. 30 years' service is required to qualify for the maximum pension.

The Scheme provides the following benefits:

- A maximum pension is two-thirds of average pensionable pay.
- There is an option to exchange ('commute') part of the pension for a lump sum.
- Average pensionable pay is in effect the highest pensionable pay for the three years before retirement.
- Each year of pensionable service for the first 20 years gives entitlement to a pension of 1/60 of final pay and each year for the final 10 years gives 2/60, up to a limit of 40/60.

The pension for the Director General is administered by the NCA. Seconded Directors who are police officers, are members of the pension schemes managed by their respective police forces.

As part of this scheme, the NCA accepts liability for payment of the pension benefits in respect of the officer's past service with a police force, although no transfer values are payable from a former employer in respect of this liability, as well as their pensionable service while employed by the Agency. Pension benefits are paid as they fall due from NCA resources. Pensions paid in the year are charged against the Pension Provision (see Accounts and Notes to the Accounts). In order to comply with HM Treasury's Financial Reporting Manual and Accounts Guidance, the NCA is required to provide in these accounts for the full value of the expected future pensions liabilities of the officers. The NCA commissioned the Government Actuary Department (GAD) to value the scheme liabilities as at 31 March 2014. For further detail see Note 4d.

## Civil Service Pensions

Pension benefits were provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in Consumer Price Index (CPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are salary related and range between 1.5% - 6.25% of pensionable earnings for **classic** and 3.5% - 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions were applied from 1 April 2014. Benefits in **classic** accrue at the rate 1/80 of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60 of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos**, a member builds up a pension based on his or her pensionable earnings during their period of scheme membership.

At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with Pensions Increase Legislation. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age; or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at:

[www.civilservice.gov.uk/my-civil-service/pensions/index.aspx](http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx)

## **Cash Equivalent Transfer Values (CETV)**

This is the actuarially-assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits the individual has accrued as a consequence of their total NCA and related precursor agency service, not just their current appointment. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values (Amendment)) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

## **Real Increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. Where the individual was not in post for the full year, the CETV at 31 March 2013 represents the value as at their start date and the CETV at 31 March 2014 represents the values as at their end date.

The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2013 and 31 March 2014 have both been calculated using the new factors.

## **Related Party Transactions**

The Directors' related party transactions for the period 1 April 2013 to 31 March 2014 have been fully disclosed under note 20 and are reported below.

Related Party transactions took place in the period to 31 March 2014 relating to Peter Clarke, Non-Executive Director, who is also a Board member for the Trustees at Crimestoppers.

Crimestoppers is a registered charity which has received monies from the NCA Community Fund for specific projects in 2013-14. The distribution of the Community Fund is decided by a Board of Trustees. Peter Clarke is not a member of this Board. The NCA additionally paid Crimestoppers £50k (2012-13: £50k) as a donation to support its activities. Peter Clarke was not part of the decision making process for any of these transactions.

### **Keith Bristow QPM**

Director General and Accounting Officer, National Crime Agency

14 November 2014

# Statement of the Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the NCA to prepare annually a Statement of Accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the NCA. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NCA at the year-end and of its income and expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer was required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State with the approval of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the NCA will continue in operation.

The Secretary of State for the Home Department has appointed the Director General of the NCA as the Accounting Officer for the NCA. His responsibilities as Accounting Officer, including his responsibilities for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the NCA's assets, are set out in Managing Public Money published by the HM Treasury.

## **Keith Bristow QPM**

Director General and Accounting Officer, National Crime Agency

14 November 2014

# Governance Statement

The National Crime Agency (NCA) came fully into being on 7 October 2013. From April 2013, the Serious Organised Crime Agency (SOCA) supported the NCA through shadow working arrangements under the operational command, control and responsibility of SOCA's Director General. This Governance Statement provides information on the structure of internal control, risk management and corporate governance in SOCA for the period 1 April 2013 to 6 October 2013 and for the NCA in the period 7 October 2013 to 31 March 2014.

## Statement

Director General: **Keith Bristow**

Area of responsibility: **National Crime Agency**

### **SOCA (1 April 2013 to 6 October 2013):**

On closure of SOCA, I was appointed as Accounting Officer and assumed personal responsibility for governance, internal control and risk management for closure of SOCA Accounts, including the Governance Statement. I reviewed the information on governance, internal control and risk management and was satisfied with the opinion provided by the Director General SOCA (DG SOCA)<sup>30</sup>.

### **NCA (7 October 2013 to 31 March 2014):**

As Accounting Officer of the National Crime Agency (NCA), I have personal responsibility for maintaining a sound system of governance, internal control and risk management within the NCA to support the achievement of the NCA's mission and priorities, in support of wider Home Office policies, aims and objectives, whilst safeguarding public funds and agency assets.

I confirm that I have reviewed the governance, internal control and risk management arrangements in operation within my area of responsibility at the end of the 2013-14 period. A system of internal control has been in place in the NCA throughout the period 7 October 2013 to 31 March 2014 which accords with HM Treasury guidance. I can confirm that there have been no failures or identification of poor processes and controls which merit mention in this statement.

The system of governance, internal control and risk management is designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; it can therefore only provide high and not absolute assurance of effectiveness.

I am satisfied that the NCA's control framework is fit for purpose and takes into account the external environment in which we operate.

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<sup>30</sup> As Accounting Officer of SOCA, the Director General (DG), Trevor Pearce had personal responsibility for maintaining a sound system of governance, internal control and risk management within SOCA to support the achievement of the Home Office's policies, aims and objectives, whilst safeguarding public funds and departmental assets. DG SOCA confirmed that he reviewed the governance, internal control and risk management arrangements in operation for the organisation. A system of internal control was in place in SOCA during the period 1 April 2013 to 6 October 2013 which accorded with HM Treasury guidance. The system of governance, internal control and risk management was designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable assurance of effectiveness. The DG SOCA was satisfied that SOCA's control framework was fit for purpose and took into account the external environment in which it operated.

## **Governance**

### **SOCA (1 April 2013 to 6 October 2013):**

SOCA was an Executive Non-Departmental Public Body (NDPB) of the Home Office. The governance arrangements for SOCA were set out in schedule 1 of the Serious Organised Crime and Police Act 2005 (SOCAP) supported by the Management Statement and the Financial Memorandum for SOCA, all of which were complied with. Although SOCA's governance framework was set by primary legislation, SOCA where possible complied with the principles of HM Treasury and Cabinet Office Code of Good Practice on corporate governance in central government departments.

SOCAP also provided the legislative basis for SOCA's functions, supplemented by the Serious Crime Act 2007 (in respect of civil recovery functions). These functions were to prevent and detect serious organised crime, to contribute to its reduction in other ways and the mitigation of its consequences, and to gather, store, analyse and disseminate information on organised crime.

SOCA supported the operation of the Child Exploitation and Online Protection Centre (CEOP). CEOP was an affiliated unit of SOCA and while it had operational independence from SOCA it was accountable to the SOCA Board through a committee chaired by a SOCA non-executive. It published its own separate Business Plan and Annual Review.

The Crime and Courts Act which deals with the establishment of the NCA and the abolition of SOCA received royal assent on 25 April 2013.

From April 2013, SOCA supported the 'Shadow NCA' through shadow working arrangements. (Shadow working describes how the NCA began to operate in advance of becoming fully operational by setting the strategic direction for the deployment of the resources that would comprise the Agency against the NCA's expected priorities.) Full shadow working commenced on 2 September 2013. SOCA/CEOP remained statutorily responsible for tackling organised crime until the NCA became fully operational on 7 October 2013.

An Interim NCA Board met monthly from February to September 2013, chaired by the NCA Director General Designate, with a SOCA Non-Executive Director attending in an advisory capacity. The Interim Board supported the development and establishment of the Agency in line with its duties and responsibilities as set out in the Crime and Courts Act.

To ensure sound corporate governance structures were in place for the new Agency, the Interim Board considered and agreed internal governance arrangements during this period.

Keith Bristow attended the last SOCA Board meeting in September 2013. The Board expressed concern that it had not been possible for them to be assured that all SOCA risks had transferred across. However, it was noted that there was continuity of senior management, personal briefings had taken place with the DG and DDG NCA, and that the Audit and Risk Committee had made recommendations for their successors to review all outstanding Internal Audit and compliance recommendations to understand the residual risks they were inheriting.

As a result of these discussions, and to ensure full visibility of risks at handover, the outgoing SOCA DG wrote to the incoming NCA DG documenting the key risks at transfer.

### **NCA (7 October 2013 to 31 March 2014):**

The NCA is a non-ministerial department. The Director General is appointed by, and directly accountable to, the Home Secretary and, through the Home Secretary, to Parliament. The Home Secretary determines the strategic priorities for the NCA and will hold the Director General to account for the effective discharge of the NCA's functions. The Director General has independent operational command of NCA activities. The role and responsibilities of the Home Secretary and Government are set out in greater detail in the Framework Document for the NCA. The NCA is also subject to scrutiny by the Scottish Parliament and Northern Ireland Assembly.

The first NCA Board met on 31 October 2013. The Board was not quorate at this stage as the Non-Executive Directors had not been appointed. At the NCA Board meeting on 17 December 2013, following the appointment of Non-Executive Directors, earlier Board decisions were reviewed and ratified by the full Board.

### **Role and Composition of Board**

#### **SOCA (1 April 2013 to 6 October 2013):**

SOCA complied with the principles as set out in Corporate Governance in central government departments: Code of Good Practice (Cabinet Office, July 2011). In accordance with the specified governance arrangements, SOCA was led by a Board of four Non-Executive and three Executive members, with the role of chairing the Board separated from the role of Director General / Accounting Officer.

The SOCA Board continued to operate during the period although there was some change in membership. On 24 July 2013 Malcolm Cornberg left SOCA; Stephen Webb was subsequently appointed by the SOCA Senior Appointments Committee (SAC) as an interim Executive Director in his place. Sir Ian Andrews tendered his resignation on becoming aware that he had failed to declare, as obliged to do so under the SOCA Code, that he had become a Director of a company through which he provided management consultancy services to clients, all of whom he had already declared. A new Chair, Stephen Rimmer, was appointed by the Home Secretary.

Through its operation, the Board assured sound financial management; set the organisation's risk appetite and ensured appropriate controls were in place to manage risk; scrutinised the performance of the organisation and ensured SOCA had the capacity to deliver against current needs.

This was delivered through a series of standing agenda items (discussed at monthly meetings), including corporate reporting (performance, risk and resource) and NCA Engagement; updates on major investments and contracts; and updates from CEOP and the Audit and Risk Committee (ARC).



The Board received timely and detailed reports on the standing agenda items, which were sponsored and presented by a Board member. Presentations were requested to either inform the Board or enable rigorous challenge where concerns had been raised.

Board members' attendance for the period 1 April 2013 to 6 October 2013 was:

Board Member	Actual Attendance	Possible Attendance*	Percentage Attendance	Comments
<b>Executive**</b>				
Trevor Pearce	5	5	100%	
Malcolm Cornberg	4	4	100%	Left SOCA 24 July 2013. Last meeting as a member was 24 July.
Gerry Liddell	3	5	60%	
Stephen Webb	1	1	100%	Member from 29 July 2013.
<b>Non-Executive</b>				
Sir Ian Andrews (Chair)	4	4	100%	Resigned 1 Aug 2013. Last meeting as a member was 24 July.
Stephen Rimmer (Chair)	1	1	100%	Member from 7 August 2013.
Peter Clarke	5	5	100%	
Francis Plowden	5	5	100%	
Martyn Thomas	5	5	100%	

\* No meeting of the SOCA Board was held in August 2013.

\*\* Bradley Jones / Robert Lauder were non voting members and so are not included in this table. This ensured that SOCA had an equal number of voting Non-Executive Directors and full time Directors in line with Schedule 1 of SOCAP 2005

## **NCA (7 October 2013 to 31 March 2014):**

The NCA complies where appropriate with the principles as set out in Corporate Governance in central Government departments: Code of Good Practice (Cabinet Office, July 2011). In accordance with the specified governance arrangements in the Framework Document for the NCA, the NCA was led in this period by a Board of nine Executive and four Non-Executive members, with the role of Chair of the Board being held by the Director General/Accounting Officer.

Through its operation, the Board assures sound financial management; sets the organisation's risk appetite and ensures appropriate controls are in place to manage risk; scrutinises the performance of the organisation; and ensures that the NCA has the capacity to deliver against current needs.

This role is delivered through a series of standing agenda items (discussed at monthly meetings), including performance reporting, finance reporting and updates on the Transformation Programme, as well as through updates as required on major investments and contracts.

The Board receives timely and detailed reports on the standing agenda items, which are sponsored and presented by a Board member. Presentations are requested either to inform the Board or to enable rigorous challenge where concerns are raised.

Board members' attendance for the period 7 October 2013 to 31 March 2014 was:

<b>Board Member</b>	<b>Actual Attendance</b>	<b>Possible Attendance</b>	<b>Percentage Attendance</b>	<b>Comments</b>
<b>Executive</b>				
Keith Bristow	6	6	100%	
Phil Gormley	3	6	50%	
David Armond	5	6	83%	
Gary Chatfield*	6	6	100%	Appointed as temporary Director of Operations from 7 October 2013 to 31 March 2014
Peter Davies	2	2	100%	Director of CEOP from 7 October 2013 - 9 December 2013
Johnny Gwynne	4	4	100%	Director of CEOP from 10 December 2013 - 31 March 2014
Gordon Meldrum	6	6	100%	
Trevor Pearce	5	6	83%	
Tim Symington	6	6	100%	
Stephen Webb	5	6	83%	
Donald Toon	0	0	N/A	Appointed on 31 March 2014
<b>Non-Executive</b>				
Justin Dowley	2	4	50%	Appointed on 2 December 2013
Jonathan Evans	3	4	75%	Appointed on 2 December 2013
Jane Furniss	4	4	100%	Appointed on 2 December 2013
Stephen Page	3	4	75%	Appointed on 2 December 2013

Summary records of Board meetings and of Board Members' Registers of Interests, gifts and hospitality, and expenses are published on the NCA website.

## Board's Effectiveness

### SOCA (1 April 2013 to 6 October 2013):

The Board considered its performance and assessed that it operated effectively. The atmosphere of the meetings was businesslike and efficient, with frank exchanges of views and a level of challenge. There was full participation from all members; agendas and time were well managed and overall attendance was good.

All members understood the business and were involved in other meetings and advisory roles. For example, Non-Executive Directors attended Strategy Groups and supported identified areas of the business. They also advised the DG SOCA and Executive Directors in the discharge of their responsibilities. During the period, the Chair and DG SOCA met with Government Ministers and senior officials, including the Home Secretary, to update them on a wide range of issues; this included performance review meetings, Ministerial Serious and Organised Crime meetings and the Police Oversight Group amongst others. The Chair and DG SOCA also attended the Home Affairs Select Committee (HASC).

Information provided to the Board including financial, risk and performance data was of a high quality and was well presented. Where required, the Board considered issues referred to it by sub-committees and Strategy Groups. Representatives from areas of the business and Home Office were asked to attend the Board to enhance members' understanding of key pieces of activity impacting on both SOCA and the NCA. Representatives from suppliers were also asked to attend the Board where there were particular issues, for example senior managers from CGI, SOCA's ICT provider.

The Board had corporate responsibility for ensuring that SOCA fulfilled the strategic priorities set by the Home Secretary and for promoting the efficient and effective use of officers and other resources. The priorities which the Board set for 2013-14 were:

- support the seamless transition of SOCA into the NCA and support the Director General designate of the NCA;
- the dislocation of those criminal markets where SOCA has the lead responsibility for UK law enforcement and contributing to the dislocation of those criminal markets where other agencies have the lead responsibility;
- the systematic management, on a risk basis, of all SOCA Persons of Interest (PoIs) identified as involved in organised crime, causing harm to the UK, through effective information management and planned interventions; and
- delivery of more law enforcement activity against more organised criminals, at reduced cost and securing criminal convictions against the most serious criminals.

These were delivered through four enabling strategies; Operational; People; Investment and Capability; and Risk, Assurance and Security. Each of these had a Strategy Group chaired by an Executive Director with support from a Non-Executive Director.

The last SOCA Board meeting took place on 25 September 2013. The SOCA Board retained statutory responsibility until the time at which the NCA became fully operational. The Director General remained responsible for SOCA's operational activity and, as Accounting Officer, for SOCA's expenditure and accounting arrangements. All outstanding SOCA Board actions were completed, discharged or transferred to the NCA. Senior leadership to SOCA business was further supported by monthly meetings of the Executive members of the Board and by weekly meetings of the Executive Tasking Group (ETG).

SOCA worked in close collaboration with UK intelligence and law enforcement partners, notably UK police forces, including through the implementation of the Integrated Operating Model, HM Revenue and Customs (HMRC), the UK Border Agency (UKBA) and the Border Force; the private and third sectors; and equivalent bodies internationally.

### **NCA (7 October 2013 to 31 March 2014):**

The Board has considered its performance as part of an annual effectiveness review and assessed that it has operated effectively in this period. The atmosphere of meetings was efficient and business-like, with frank discussion and appropriate level of challenge. There was full participation from all members; meetings were well managed and overall attendance was good.

All members had a clear working knowledge of the Agency's remit and purposes, and were involved in other meetings and advisory roles during the period.

Non-Executive Directors advised the Director General and Directors in the discharge of their responsibilities, including through the Audit and Risk Assurance Committee (ARAC).

The Board received regular updates and discussed key issues relating to the governance of the Agency, including: financial data, monitoring the financial management of the Agency; performance data, contributing to the continuing development of the Agency's performance reporting framework; and updates on the Transformation programme. Actions arising from discussion were assigned to Members and progress monitored at subsequent meetings. Where required, the Board considered issues referred to it by sub-committees.

Representatives from different areas of the Agency were asked to attend the Board to enhance members' understanding of key pieces of activity, processes or responsibilities.

During the period, the DG and DDG also met with the Home Secretary, Government Ministers and senior officials to update them on a wide range of issues. This included performance review meetings and Ministerially-chaired cross-Whitehall meetings amongst others. The DG also attended the Home Affairs Committee in October 2013 and the Public Accounts Committee in January 2014.

A Board effectiveness review was carried out in May 2014 and was the first of what will be annual reviews. The Board is actively considering its findings and resulting actions will be implemented with a view to continuous improvement of how the Board and its decision-making processes work.

## **Audit and Risk Assurance Committee**

### **SOCA (1 April 2013 to 6 October 2013):**

The SOCA Audit and Risk Committee (ARC) comprised three Non-Executive Directors as members, of which one was chair. Also in attendance at the ARC was the DG SOCA, Executive Director Capability and Service Delivery, Deputy Director Finance, Head of Corporate Assurance, Risk Manager and representative(s) from the Home Office and National Audit Office (NAO).

On behalf of the SOCA Board and DG (as Accounting Officer), the Committee oversaw the management of risk and other assurance controls necessary for the good governance of SOCA, including the activities of SOCA's Risk, Assurance and Security (RAS) Strategy Group. From April 2013 to 6 October 2013 the Committee met three times. Members reviewed the comprehensiveness of the Strategic Risk Register, internal audit, corporate compliance coverage and other external compliance regimes applicable to SOCA.

In particular the Committee considered the:

- 2012-13 Accounts, Annual Report and Governance Statement;
- audit programme updates;
- plan for the NAO audit of SOCA on closure;
- Strategic Risk Register; and
- handover to the NCA (due diligence issues, including legal risks and transfer of risks).

The ARC in September 2013 discussed a paper titled 'Transfer of Risks from SOCA to the NCA' which set out how the process was being managed and the agreed risk management process being implemented for the NCA. The Committee discussed their responsibilities in handing over the risks to the NCA and were reassured that briefings had taken place between the DG SOCA and DG/DDG NCA of all known risks being transferred across including litigation risks and that DG NCA would be attending the SOCA Board later that day for the agenda item on 'Transfer of Risks to the NCA'.

### **NCA (7 October 2013 to 31 March 2014):**

The NCA Audit and Risk Assurance Committee (ARAC) met for the first time on 25 February 2014. Membership comprises NCA Non-Executive Directors, one of whom is chairman. Also in attendance are the Accounting Officer (DG NCA), Director of Corporate Services, Deputy Director Finance and Commercial, Deputy Director Planning, Performance and Risk, Deputy Director Standards and Security, Head of Internal Audit, the Risk Manager, and representative(s) from the Home Office and the National Audit Office (NAO).

On behalf of the NCA Board and DG (as Accounting Officer), the Committee oversees the management of risk and other assurance controls necessary for the good governance of the NCA. From 6 October 2013 to 31 March 2014, the Committee met twice. Members reviewed risk management processes, internal audit, corporate compliance coverage and financial updates.

In particular the Committee considered:

- SOCA Closure Accounts;
- internal audit update;
- corporate compliance update; and
- the Strategic Risk Register for the NCA.

## **Risk Management Framework**

### **SOCA (1 April 2013 to 6 October 2013):**

Risk management was at the core of SOCA activity and was embedded across operational, project, programme and strategic levels within the Agency. Support to risk managers across the business was provided through the dedicated Risk Management team within the Strategy and Information business area.

The SOCA Board ensured clear ownership and accountability throughout the risk management process through the establishment of the Risk, Assurance and Security (RAS) Strategy. The RAS Strategy was supported by a Risk Management Policy and Handbook which defined SOCA's risk management framework and related responsibilities and processes. In particular, SOCA maintained a Strategic Risk Register (SRR) throughout the period which was overseen by the organisation's RAS Strategy Group.

At the point of closure, there were 12 strategic risks recorded in the SRR, each one of which was underpinned and controlled through the application of specific controls. The status and impact of these control measures was formally reviewed by the RAS and the ARC on a quarterly basis and used to derive the overall risk rating for strategic risks. The majority of these risks have now been closed, and two specific risks were transferred to the NCA.

The SOCA SRR was supported by underlying feeder registers maintained by business areas (hub registers were developed where common process and risks were relevant to multiple business areas), project/programme management areas, the Child Exploitation and Online Protection Centre (CEOP) and former National Policing Improvement Agency (NPIA) functions.

The SOCA Risk Management Team collaborated closely with the Internal Audit and Compliance teams. The work of Internal Audit (supported by the Home Office shared service provision) provided assurance that the necessary measures were in place to manage, mitigate and/or remove threats and embedded in business practice. This process was also assisted by the Continuous Improvement team within Organisational Development Department.

Legislation provided for various bodies to inspect SOCA to provide opinion on the adequacy of risk management processes and controls, including:

- the Surveillance Commissioner;
- the Interception Commissioner;
- the Information Commissioner;
- Her Majesty's Inspectorate of Constabulary (HMIC);
- the Independent Police Complaints Commission (IPCC); and
- the National Audit Office (NAO).

In April 2013 the ARC was advised that the Interception of Communications Commissioner was sufficiently content to defer any further review for 18 months. The Surveillance Commissioner similarly deferred any future inspection until NCA go-live as a result of the confidence levels derived from the last review.

The NCA Risk Management Framework was developed on the basis of SOCA best practice, namely to set clear objectives to bring risk ratings within acceptable limits, to develop plans to achieve these targets and provide regular updates against actions taken to mitigate them to an agreed level. The NCA process was scrutinised and agreed by Interim NCA Deputy Directors and SOCA Executives prior to implementation.

During the final three months of SOCA, a corporate risk assessment process was undertaken by both SOCA and NCA Deputy Directors. The assessment was cross-referenced with the SOCA risk management arrangements and used to derive the NCA risk management framework. The final SOCA SRR was considered by the RAS Strategy Group on 17 September 2013 and endorsed by the ARC on 25 September 2013.

## **Significant Risks and Issues**

The nature of SOCA's business created a range of significant risks cutting across operational and enabling functions. The focus between April 2013 and SOCA close was the identification and effective management of generic threats to the delivery of SOCA business as usual as well as the management of specific threats, and threats relating to the development and establishment of the NCA.

The key top-level risks to SOCA were held on the Strategic Risk Register which was formally reviewed and updated on a quarterly basis. In respect of the significant risks:

- The management of a seamless transition into the NCA risk was revised in Q1 2013-14 to reflect the changing requirements of the transition process. The controls continued to deconflict priorities, to prevent an adverse affect on SOCA business as usual activity whilst ensuring that lessons learnt from SOCA successes were incorporated into NCA design work to maximise opportunities for the NCA's success. The level of management activity to support the transition moved from shadow working to full shadow working on 2 September 2013;

- The transitioned NPIA functions continued to be managed as a specific risk. The risk was originally developed to manage the transfer and service delivery of six NPIA functions. Once this transition was successfully completed the functions continued to be monitored to ensure capability and staffing levels were maintained;
- Two specific elements were managed through ICT related risks – the modernisation of SOCA IT equipment and core IT systems resilience. These risks were managed and delivery was monitored through ongoing high-level engagement between the IT supplier and SOCA senior management team and require ongoing senior engagement in the NCA;
- In Q1 2013-14 the specific risk relating to CEOP referrals and case developments was revised to reflect a change in the threat profile. Following the successful mitigation of the risk relating to a procedural change implemented by a partner, the risk was refreshed to maintain close Board oversight of activity required to support successful transition to the NCA; and
- Where SOCA identified cross cutting risks with the potential to impact on a number of Government and law enforcement partners these were referred to the Home Office for management. This included the renewal of central government contracts and cross- Government communication arrangements. SOCA also provided significant information to the Home Affairs Select Committee to support its inquiry around private investigators.

## **NCA (7 October 2013 to 31 March 2014):**

### **Risk Management Framework**

Risk management remains at the core of NCA and is embedded across operational, project, programme and strategic levels within the Agency. The Risk Management Framework is designed around Management of Risk best practice, to set a risk appetite, and establish controls which manage and mitigate NCA risks to tolerable levels. Ownership and accountability is embedded in risk management process through the risk management policy and operating procedure which clearly define the NCA's risk management framework, process and related responsibilities. Support is provided to managers across the Agency in achieving this through a dedicated risk management team within the Planning Performance and Risk Department.

The NCA maintains a Strategic Risk Register (SRR), which includes those risks transferred from NCA precursors. Each strategic risk is underpinned and controlled through the application of specific control measures. The effect of these is formally reviewed on a quarterly basis, and is used to reassess the overall risk rating. The SRR is supported by underlying registers maintained by Deputy Directors and Directors. Well defined processes to escalate and relegate risks from the SRR are embedded and applied within the risk management process.



The risk management team works collaboratively with Internal Audit and the Transformation Programme team.

The programme of activity planned by Internal Audit is designed to seek assurance that the necessary measures are in place to manage, mitigate or remove threats, and are embedded in business practice. Work is ongoing with the Transformation Programme team to ensure that all relevant risks are adequately reflected in the risk management framework.

Opinion on the adequacy of risk management process and controls may also be presented as a result of external inspection. Legislation provides for various bodies to undertake inspections, including:

- the Office of the Surveillance Commissioner;
- the Office of the Interception Commissioner;
- the Office of the Information Commissioner;
- Her Majesty's Inspector of Constabulary (HMIC);
- the Independent Police Complaints Commission (IPCC);
- the Police Investigations and Review Commissioner (in Scotland); and
- the National Audit Office (NAO).

No reports were received from 7 October 2013 to 31 March 2014. Reporting received by precursor organisations did not identify any significant issues. All recommendations were actioned, and were either completed or transferred to the NCA whilst in progress.

Keith Bristow gave oral evidence to the Home Affairs Select Committee inquiry on the work of the NCA on 15 October 2013, and gave oral evidence to the Public Accounts Committee oral evidence session on Confiscation Orders on 15 January 2014. The latter followed a report by the National Audit Office on Confiscation Orders (HC 738) issued on 17 December 2013. The Public Accounts Committee published its report (HC 942) on 21 March 2014.

## **Significant In-year Risks and Issues**

The nature of the NCA's business means that it has to manage a range of significant risks cutting across its operational and enabling functions. Its focus this year has been the identification and effective management of generic threats to the establishment of the NCA, as outlined below, and delivery against the Strategic Priorities through business as usual activities, and the management of specific threats

The key top-level risks to the Agency are held on a Strategic Risk Register which is formally reviewed and updated on a quarterly basis. The significant year-in risks are listed below:

Two specific ICT related risks, namely the modernisation of NCA IT equipment and the resilience of a core system were inherited from a precursor. The NCA continues to manage these risks through the Transformation Programme. Additionally, these risks are managed through ongoing high-level engagement between the IT supplier and the NCA Board.

The Executive of the Northern Ireland Assembly has not endorsed the Crime and Courts Act 2013 by passing a Legislative Consent Motion (LCM). This means that whilst the NCA continues to operate in Northern Ireland it can only do so in respect of 'reserved' or 'excepted' matters which include customs offences, immigration crime and some asset recovery work. The NCA cannot undertake any activity in respect of crime which is devolved to the Northern Ireland Assembly, and NCA officers in Northern Ireland are denied the powers and privileges of a Constable. The lack of a LCM further impacts on the NCA's ability to cut serious and organised crime in the UK as it cannot use the Civil Recovery powers (provided by the Proceeds of Crime Act) to seize criminal assets in Northern Ireland - where those assets are derived from devolved criminal activity. The NCA is continuing discussions around the LCM in Northern Ireland, in the hope of finding a resolution acceptable to all parties.

Changes in processes at the US National Centre for Missing and Exploited Children (NCMEC) caused an increase in the number of referrals coming into the NCA's Child Exploitation and Online Protection Referral Bureau; this led to an increase in unallocated referrals. The NCA is managing and mitigating this increase in referrals by provision of additional officers and a revision of processes. As a result of this mitigation there is no evidence of any increased risk to children.

Where the NCA has identified cross cutting risks, which will potentially impact on a number of government and law enforcement partners, these have been referred to the Home Office for management. This has included the delivery of the Government Security Classification project.

An Issues Management process is in place, which ensures the timely reporting of issues to the Home Secretary via the Home Office Oversight Team.

## **Internal Controls**

### **Health and Safety**

#### **SOCA (1 April 2013 to 6 October 2013):**

SOCA's annual Health and Safety Business Plan worked towards achieving compliance with SOCA's Health and Safety Management System (currently based on HSG65). Compliance with the Business Plan was monitored via the H&S Steering Group and the Board and general compliance levels were good.

Preparation for the NCA in terms of health and safety management took place in the run up to NCA go-live. The H&S Management System for the NCA is based on BS18001 and provides a comprehensive framework for safety risk management and Board level assurance. Work took place to identify and fill any gaps in H&S compliance with incoming officers from other agencies. The Interim NCA Board was advised of the need to appoint a board-level H&S champion.

#### **NCA (7 October 2013 to 31 March 2014):**

The NCA has adopted a Health and Safety Management System based on BS 18001 and is working towards 100 percent compliance. The NCA Board appointed the Director of Corporate Services as Health and Safety Champion for this period and will receive bi-annual reports on H&S Performance/ Management via the H&S Steering Group.

The focus for the first six months of the NCA has been in setting up appropriate H&S Communication and Consultation arrangements in line with legislative requirements, ensuring that new areas of activity are risk managed and making adequate provision for future H&S Services in line with organisational requirements.

### **Security Incidents and Breaches**

#### **SOCA (1 April 2013 to 6 October 2013) and NCA (7 October 2013 to 31 March 2014):**

The overall number of security incidents during the period was down by 16% compared to the previous year. Incidents were dealt with using an established robust and well managed system. Each event was placed onto the corporate record and analysed by the Incidents Team.

Appropriate advice and mitigation was provided by the Security Department and lessons learned recorded. Each month statistics regarding incidents were provided for dissemination and discussion at a senior level. A dashboard of statistics was discussed by the Risk, Assurance and Security strategy group in April, July and September.

Data incidents tended to be isolated errors or acts with a limited impact, and did not indicate any systemic weaknesses in the controls. The two personal data incidents where the Information Commissioner was informed of the circumstances are recorded in the relevant section of the Resource Accounts.

## **Business Continuity Planning**

### **SOCA (1 April 2013 to 6 October 2013):**

A SOCA critical function was defined as one where the failure to ensure continued delivery could threaten life, legal compliance and/or the reputation of the Agency. A number of critical functions were identified within SOCA and were reviewed annually by the Executive Committee to ensure all relevant areas were represented.

A Business Continuity Plan (BCP) was maintained and updated within the appropriate business group for each critical function. Under SOCA's Business Continuity policy and associated procedures, each critical function BCP Owner was required to review their plan each quarter and these were scheduled for local testing at least annually (each owner tested their own plan, as opposed to a test orchestrated from the centre).

An assessment of the NCA's BCP requirements was conducted to ensure the appropriate coverage would be in place at the point of go-live. In preparation for transition into the NCA, work was progressed around the convergence of NPIA ICT arrangements with SOCA systems to facilitate the delivery of a full set of robust contingency plans at go-live.

### **NCA (7 October 2013 to 31 March 2014):**

The NCA has adopted the same definition of a critical function as that used in SOCA, and the same review process, albeit now carried out by the NCA Command Team.

All appropriate BCPs were in place for the NCA on 7 October 2013 and have continued to be reviewed to schedule. BCP governance involves reviewing the plans' contents on a quarterly basis and testing at least annually.

With the inception of the NCA Control Centre, this now plays a key role in any activation or invocation of BCPs. Testing to date has not revealed any significant issues that required resolution.

## **ICT Continuity Management**

### **SOCA (1 April 2013 to 6 October 2013):**

ICT continuity management is grouped into two principal areas of business: Modernisation and Business As Usual (BAU).

The ICT Modernisation Programme oversaw delivery of the multi-million pound contract between SOCA and the consortium i2d led by CGI. In addition to carrying out ICT Modernisation, i2d was contracted to provide BAU services in support of SOCA's ICT. Further work was contracted through Contract Change Notes (CCNs) to provide ICT services for the NCA.

There was a considerable delay with the contracted delivery of Modernisation. This resulted in a high degree of intrusive management of izd/CGI by senior SOCA management. The contract, delivery and progress were, and continue to be, the subject of close scrutiny at SOCA and NCA board level. There was also scrutiny from the Home Office in relation to progress and benefits realisation.

Progress was subject to Major Projects Authority Gateway Reviews and assessments, which produced recommendations that have been and are being implemented. The Modernisation Programme and BAU Service were overseen by a Partnership Board which consisted of SOCA and CGI senior representatives – a similar governance structure is also in place to manage the client/supplier relationship for the NCA.

CGI acquired Logica in the summer of 2012 and one of their first activities was to offer an alternative Desktop Solution as it was clear that the solution originally bid was not going to deliver the required results. This alternative Desktop Solution is now under a revised Delivery Plan and roll-out will take place during 2014. The revisions to solution and schedule need to be contractualised but this activity is not holding up development activity.

Internal governance within SOCA comprised a number of management and programme management groups which assured the delivery of Modernisation and BAU, dealt with delays encountered with delivery and measured service performance against agreed contracted Service Levels and other agreed delivery parameters. These groups worked closely with their CGI counterparts and were often co-located at both SOCA and CGI office locations.

### **NCA (7 October 2013 to 31 March 2014):**

ICT management in the NCA is currently grouped into two areas: Service Assurance and Modernisation of the core infrastructure (the Modernisation Programme); and development and implementation of additional equipment and systems (Capability Development).

The ICT Modernisation Programme relates to the delivery of the multi-million pound contract awarded in 2011 between SOCA and the Prime Contractor Logica (now CGI) supported by their tier 1 Sub-contractors; the overall delivery team were branded as 'izd'. In addition to carrying out ICT Modernisation, Logica (now CGI) were also contracted to provide Business As Usual (BAU) services in support of SOCA's ICT infrastructure (managed under Service Assurance). The current contract is until 2017 with an option for another 3 years. Capability Development work is managed through Contract Change Notes (CCNs).

A significant amount of the Capability Development activity during 2013-14 related to transitional activity required to support the go-live of the NCA in October 2013. This included a comprehensive re-branding of a large number of systems and the integration of equipment and systems from a number of other precursor units. These critical activities were delivered well.

Progress on ICT Modernisation has however required excessive engagement on the NCA's part, far in excess of what was expected when SOCA effectively outsourced its ICT department. Slippage has slowed but still continues. This is not impacting operational activity as ICT Modernisation is not a single work-stream which has uniformly slipped, but rather a programme of multiple projects which together will form the Modernised ICT Infrastructure. Six of the individual projects have already been delivered around core ICT Infrastructure such as new Data Centres, Networks, Application Hosting environments, Secure Printing and Scanning, Secure Video Conferencing; four are in progress, such as the new virtualised Server Based Desktop (SBD) and further application migrations, and seven have been deferred in phases by agreement to safeguard existing deliveries and capabilities. The revised phasing means the final delivery of the last Capabilities will be 24-30 months later than initially committed to by the Supplier.

Service levels are broadly acceptable but are showing signs of deteriorating in the absence of modernisation and/or systematic upgrades to the 'legacy' environment. Supplier responsiveness to customer issues also needs to improve. Some of the prioritised modernisation workstreams have delivered some significant 'back end' improvements (e.g. a unified national Wide Area Network with significant and encrypted capacity, migration of servers into secure data areas with robust disaster recovery and improved gateways to external partners). However, the slippage has resulted in the NCA having to retain ageing and obsolete systems and equipment and this has increased operational and organisational risk. These risks and the associated risk management plans are regularly reviewed by the NCA Risk, Assurance and Security Group.

Governance arrangements for the Contract and the overall relationship are currently being reviewed to mitigate these risks. The contract, delivery and progress were, and continue to be, the subject of close scrutiny at CGI and NCA Board level. There is also scrutiny from the Home Office and Cabinet Office in relation to progress and benefits realisation. Progress is subject to Major Projects Authority Gateway Reviews and assessments, which produce recommendations that have been and are being implemented. The MPA Delivery Confidence Assessment has recently improved and as of February 2014 is now AMBER/RED. The recognition of improvement is welcomed but there remain a number of significant challenges to be faced during 2014-15 if the NCA is to deliver the modernised environment that reduces the current strategic risk and provides a secure platform that can support the delivery of the NCA Transformation Programme.

## **Performance Management**

### **SOCA (1 April 2013 to 6 October 2013):**

SOCA's priorities were set out in its Annual Plan for 2013-14. SOCA focused its efforts on supporting the creation of the NCA and ensuring a smooth transition to the new agency, while continuing to maintain and report against its operational focus, albeit to the wider remit of the NCA.

Monthly performance was measured in line with the emerging performance framework for the NCA, reporting against Key Performance Questions (KPQs) and Key Performance Indicators (KPIs). SOCA Performance officers were fully engaged in the development of the framework alongside staff from the Home Office Programme Team and Home Office Oversight Unit.

The Board received monthly performance reports on progress against the KPQs and KPIs. These reports were also presented to the Interim NCA Board and used to frame discussion between DGs SOCA/NCA, the Home Office and ministers.

The Executive Tasking Group held monthly performance meetings which considered a more in-depth report covering tactical and strategic performance issues.

### **NCA (7 October 2013 to 31 March 2014):**

After 7 October 2013, the NCA Performance Framework was further developed to enable the NCA Board and Ministers to monitor performance against twenty two sub questions. The sub questions are aligned to both the KPQs and the NCA's vision to be 'a world-class law enforcement agency, internationally recognised and respected for leading the fight to cut serious and organised crime'.

Every month in this period, the NCA Board discussed the Performance Dashboard, which assesses performance against each of the twenty two sub questions and highlights significant changes.

The Home Secretary considers NCA performance at a quarterly meeting with the Director General, where the Performance Dashboard is used to provide assurance that the NCA is delivering its mission and, in particular, is relentlessly disrupting High Priority and Priority serious and organised criminals and their groups.

Performance is a key agenda item for Directors' monthly meetings and is further scrutinised by the Deputy Director General at his Quarterly Reviews with each of the NCA's Commands.

## **Financial Management**

### **SOCA (1 April 2013 to 6 October 2013) and NCA (7 October 2013 to 31 March 2014):**

SOCA continued to work with HM Treasury and the Home Office to regulate, inform and report as per agreed protocols on all indemnities that may give rise to potential liabilities incurred by SOCA to its successor body, the NCA.

Differing finance management arrangements were required for two separate legal entities for the 2013-14 Financial Year. For the period to 6 October 2013, SOCA operated as a Non Departmental Public Body, as an arms length body sponsored by the Home Office. From 7 October 2013, the NCA operated as a Non Ministerial Department, remaining operationally accountable to the Home Secretary, with the legal status of a Government department.

In the first half of the year, budget was delegated to SOCA by the Home Office, as the sponsor department. From 7 October 2013, the NCA secured the budget settlement directly from Parliament through the single supplementary estimate process, the act gaining Royal Assent on 25 April 2013. This budget covers the whole Financial Year from 1 April 2013 to 31 March 2014.

Internally budget setting was undertaken twice during the year, in advance of each half year period. Budgets for SOCA in the first half of the year were set at approximately 50% of the annual allocation from the Home Office. NCA budgets, formed by combining precursor budgets, were approved by the shadow NCA Board in September; in advance of the start of the new Agency. The budget available for NCA was the remainder of the annual allocation for the precursors of NCA.

Annually Managed Expenditure (AME) requirements were covered by the Home Office during the year, and transferred to NCA as part of the Single Supplementary process described above.

SOCA Finance worked closely with the NCA Programme Finance Team, the NCA Interim Board, Home Office, HM Treasury and other precursor partners to ensure a smooth transition. Financial management support from April 2013 was provided to shadow working arrangements across the Agency and finance teams were fully integrated within project teams to transfer functions from the Home Office, the Metropolitan Police Service and the National Fraud Agency.

Financial risks were heightened during the transition from SOCA to NCA, when a new finance ledger was implemented. In order to mitigate these risks a comprehensive and integrated finance project plan was implemented to facilitate the closure of SOCA and the establishment of NCA financial systems, controls and procedures. Significant areas included:

- Payroll – the establishment of the NCA Payroll from October 2013, transferring in officers were managed onto the payroll in separate tranches;
- Budgets and financial management reporting;
- Transactional services – transition of customer and supplier records;
- Ensuring financial and integrated systems were fit for purpose;
- Statutory accounts – agreed timetables for the preparation and audit of the SOCA closure accounts and NCA first year accounts; and
- Governance and financial delegations – external and internal governance documents including the HM Treasury Delegation Letter, the Financial Regulations, including a Scheme of Delegation, and bank mandates.

In order to retain a complete picture of the full year expenditure, and comply with the Machinery of Government merger accounting requirements, all precursor income and expenditure was mapped into the new NCA finance system.

Transition costs were separately identified and monitored throughout the year, and reported as part of the programme board's monthly processes. Monthly management reports were provided to the SOCA Board until the closure of the Agency. In the NCA, total expenditure reports were available at the end of the first month of the NCA. Detailed command reports were available within three months.



Capital programmes were closely monitored, with a comprehensive finance review of all business cases. Regular forecasting of investment costs and depreciation were undertaken. The investment programme transferred from SOCA to the NCA at 7 October 2013. Further funding for specific NCA projects was provided in the Autumn, with appropriate governance arrangements in place in line with the Financial Authorisation limits in the NCA Financial Regulations.

For the period to 6 October 2013, SOCA's drawdown of cash from the Home Office was in line with submitted cash forecasts. The NCA was initially funded by the provision of contingency funding during the first week of the Agency. Cash receipts against the agreed cash requirement were received from HM Treasury in March 2014 and used to repay the contingency and precursor funding. These transfers were undertaken to align cash with budgets between the NCA and the Home Office during the Financial Year.

In addition to standard financial governance requirements, the NCA financial governance is controlled externally by both HM Treasury, through a delegation letter, and from the Home Office via a Framework Document. Both of these documents set out in detail the delegated limits for a range of financial approvals, for both capital investments and resource expenditure. Internally, all Financial Policies were reviewed for suitability of application in the new Agency, including alignment with the external governance documents. The Financial Regulations were re-written and approved by the first full NCA Board.

Finance and Commercial were key partners in challenging proposed delivery plans and pricing mechanisms presented by suppliers, ensuring that SOCA and the NCA obtained value for money and delivery to agreed milestones.

Finance completed the statutory accounts for the period ending 6 October 2013 with an unqualified audit opinion.

The NCA has continued to work with HM Treasury and the Home Office to regulate, inform and report as per agreed protocols on all indemnities that may give rise to potential liabilities incurred by the NCA.

## **Internal Audit**

The NCA's internal audit function carries out a programme of work focused on the key risks facing the organisation and the governance arrangements in place to manage the NCA. The Internal Audit team makes recommendations to enhance or improve the management of risk, control and governance. The team has completed a series of assignments in year. The Audit and Risk Assurance Committee receive summaries of finalised reports.

Attention has been focused on providing assurance over the transition from the Serious Organised Crime Agency to launch of the Agency. They have also reviewed the businesses core corporate systems. The Head of Internal Audit has provided 'moderate' assurance on our internal control systems for 2012-13. The auditor's judgement is that 'strengths in the control, risk and information management systems in place outweigh weaknesses. Although there is a need for improvement in specific areas, systems generally operate effectively'. Their overall view is of an organisation which has a sound base for is progressing with its Transformation Programme and handling the risks and issues that will arise during this process.

## **Managing Risk of Financial Loss (MRoFL)**

### **SOCA (1 April 2013 to 6 October 2013):**

SOCA implemented Managing Risk of Financial Loss, a cross government initiative to encourage departments and NDPBs to embed a systematic approach to assessing the risk of financial loss arising from the operation of financial processes. With support from Internal Audit, SOCA/NCA engagement with the MRoFL process has progressed and the NCA Internal Audit programme for October 2013 to March 2014 included work on officer expenses, payroll and accounts receivable.

### **NCA (7 October 2013 to 31 March 2014):**

The NCA continued to adopt the 'Managing Risk of Financial Loss (MRoFL)' approach adopted by SOCA.

With support from Internal Audit, NCA engagement with the MRoFL process has progressed, and the fieldwork for the NCA Internal Audit programme for October 2013 to March 2014 covering officer expenses, and accounts receivable has been completed. An audit covering the recording of leavers on the payroll system is underway. Final reports will be presented to the Audit and Risk Assurance Committee during 2014-15.

## **People Management**

### **SOCA (1 April 2013 to 6 October 2013):**

SOCA's workforce was managed through an established workforce planning and resourcing regime that formed the bedrock of its People Strategy. This strategy was governed by a senior People Strategy Group chaired by the SOCA Executive Director of Corporate Services.

The aim of the People Strategy was "to provide a diverse workforce of the right numbers that is appropriately skilled, managed and motivated to support the Board's strategic vision". The Strategy provided the framework for officers and managers and the Human Resources (HR) function in partnership in building the capability of the workforce to enable a flexible response to the changing environment.

SOCA's role profile and career pathways structure utilised internal development of officers to address emerging skills and specialism shortfalls wherever possible and to encourage officer retention. All officers participated in a Personal Development Scheme (PDS) through which annual performance and personal development objectives were set against business plans. Mandatory management objectives included completion of PDS.

A comprehensive Occupational Health and Welfare system provided a range of health care and employee support services. The SOCA Equality Scheme (SES) was in place to set out the legal duties of the Agency in relation to inclusion, diversity and equality.

SOCA officers were managed by a comprehensive suite of policies and operating procedures, which ensured that required standards of behaviour were clearly outlined. Well established capability and misconduct procedures provided processes for dealing with shortfalls in standards of either performance or conduct, and where appropriate the Independent Police Complaints Commission were fully engaged.

Recruiting externally to SOCA was affected by the Government's recruitment freeze. This had particular impact upon recruitment to those grades predominately providing front line operational delivery and support. During 2012-13, SOCA obtained approval to recruit 160 front-line officers to fill key operational posts. This recruitment campaign was completed and a number of officers took up post before SOCA's closure, with others starting in the NCA.

From 7 October 2013, SOCA officers transferred into the NCA. SOCA HR provided the professional lead on addressing all people issues relating to this transfer, including developing terms and conditions (and the consequent Trade Union engagement) on behalf of all SOCA officers (including affiliated CEOP officers) as well as selected officers from the Metropolitan Police Service and the Home Office. In total over 4,000 officers were matched and transferred into the NCA structure.

### **NCA (7 October 2013 to 31 March 2014):**

In this period, the NCA workforce was managed through an established workforce planning and resourcing plan that was driven from the principles of an overall HR Business Plan and aligned to the organisation's delivery needs. The plan was delivered through the HR Deputy Director, the Director of Corporate Services and the NCA Board. The aim of the NCA's HR Business Plan was to "provide a diverse, high performing workforce of the right numbers that is appropriately skilled, managed and motivated to support the Board's strategic vision". The plan provided the framework for officers, managers and the Human Resources (HR) team to work in partnership to build the capability of the workforce to enable a flexible response to the operational challenges. The HR Business Plan will in 2014-15 be replaced by an NCA People Strategy.

The NCA role profile and career pathways structure utilises the internal development of officers to address emerging skills and develop specialist skills wherever possible. This also underpinned the retention strategy for the Agency. All officers participate in a Personal Development Scheme (PDS) through which annual performance and personal development objectives were set against business plans. Mandatory management objectives included completion of PDS.

A comprehensive Occupational Health and Welfare system provides a range of health care and employee support services. The Equality Scheme is in place to set out the legal duties of the Agency in relation to inclusion, diversity and equality. This is supported by the Equality Agenda led by the Deputy Director General (DDG) with each strand of the equality agenda sponsored by a Board-level Director lead.

Officers are managed and supported by a comprehensive suite of employment policies and operating procedures which ensure that standards of behaviour and performance are clearly outlined. Well-established capability and conduct procedures provided processes for dealing with concerns or breaches in standards of either performance or conduct.

Recruiting externally to the NCA is affected by the Government's policy on Civil Service recruitment. The NCA launched a nationwide external recruitment campaign in October 2013 to attract and recruit up to 400 new NCA officers. This campaign was a huge success with a high number and quality of potential applicants. The training programme was well developed to equip the officers with a full two year plan to enable full operational capacity and intelligence/cyber capability to significantly invest in this workforce requirement for the future.

## **Information Management**

### **SOCA (1 April 2013 to 6 October 2013):**

The primary objective preceding the NCA's go-live was to ensure that all the key elements needed to maintain high standards of information security, assurance and management were made ready to provide a sound foundation for the new Agency's launch.

A comprehensive review of existing security and assurance policies was undertaken by their authors and policy holders in liaison with a transition management team to assess their suitability for adoption by the NCA and to align them with the posture and culture aimed for by the Interim NCA Board. For example the Information Risk Directive issued by the Office of the Government Senior Information Risk Owner (OGSIRO) was used to inform the drafting of the NCA Information Risk Appetite policy.

The programme to make business-critical information systems more resilient continued, and work on handing over appropriate accreditation systems was maintained. The development of a Capability Alignment Model ensured that the ICT architectural approach remained aligned to the expanded business needs of the NCA and potential changes in the threat environment.

Work continued to be undertaken to demonstrate compliance with as many of the requirements of Level 4 of the Information Assurance Maturity Model as was possible before the NCA's launch. Auditing the output of the new protective monitoring system introduced at go-live is being taken forward by the NCA.

All of these developments were overseen by the SOCA Senior Information Risk Owner (SIRO) and the Risk, Assurance and Security Strategy Group which he chaired. Equivalent governance arrangements were established for the NCA, including the appointment of a SIRO, Departmental Security Officer and Information Asset Owners. Briefing on their roles and responsibilities was delivered to ensure that information risk continued to be properly managed as the new Agency moved forward.

In parallel with those core information governance matters, action was taken to implement the three recommendations made by HMIC following SOCA's identification of an error in the capture and reporting of data relating to European Arrest Warrants (EAW). The Home Secretary notified Parliament in April 2013 that she had directed an inspection of this data and related processes.

The outcomes were:

- Completion by the NCA in November 2013 of an audit comparing EAW and relevant Police National Computer data;
- A focused and publicised campaign, in partnership with police forces, to find and arrest fugitives hiding in the UK was undertaken by the NCA on its launch in October; and
- The review of the Case Information Management System – to the extent that this has not been superseded by process changes in the NCA – will take place once the system has been fully implemented in October 2014.

### **NCA (7 October 2013 to 31 March 2014):**

Equivalent governance arrangements were established for the NCA at the outset (by October 2013), including the appointment of a SIRO, Departmental Security Officer and Information Asset Owners. The Board's formal adoption of the Security Policy Framework was one component in a suite of measures intended to bring together the information assurance and information management dimensions under the SIRO's remit to ensure that the NCA exploited its knowledge and intelligence to the full while taking safeguards proportionate to the risks presented.

Maintenance of information management maturity throughout the transition was demonstrated by baselining the NCA at the outset against the Home Office Information Management Maturity Model (I3M) and gaining a higher score than that awarded in SOCA. Application of the I3M was then twinned with the I3M to provide a discipline to the joined up approach outlined in the previous paragraph and measure achievement as it was developed.

More generally, addressing information risk now benefits from bringing together under the Deputy Director General's command security, professional standards and anti-corruption capability.

The outcome of these approaches, besides making progress on training, data management and the introduction of the new protective monitoring system, has been confidence in giving more public visibility to some of the NCA's operational activity, and in the greater readiness to put more information about the NCA into the public domain. At the same time, adherence to the core standards applied to information security serves to underpin the work of the National Strategic Tasking and Coordination Group comprising the NCA (as Chair), National Police Leads for Crime and Counter-Terrorism, HMRC, Home Office, Ministry of Justice and the Security and Intelligence Agencies, brought together to cut serious and organised crime.

## **Programme and Project Management**

### **SOCA (1 April 2013 to 6 October 2013):**

SOCA's Business Development Department (shadow NCA Organisational Development Department) provided a single point of entry for all change activity, ensuring that all competing proposals were properly and consistently assessed, weighed, prioritised and managed. From assistance with the writing of business

cases to the review of benefits, Business Development ensured that change was delivered and communicated in an optimal way, aligned with best practice and reduced bureaucracy and duplication of effort.

SOCA used a blend of PRINCE2 and the Managing Successful Programmes (MSP) standard to manage all projects and programmes. This is the Major Projects Authority (MPA) standard for managing programmes.

All major projects were subject to a variant of Starting Gate process which is a mandatory element of the assurance regime for emerging major projects. All capital and centrally funded resource activity was preceded by approval and authorisation of an appropriate business case. All capital projects and programmes were directed by the Senior Responsible Officer (SRO) commensurate with the type and complexity of the investment activity.

All SROs were required to deliver mandated project and programme governance arrangements at project start-up, delivery and closure and to manage risks and issues to benefit delivery. Monthly reports to the formal governance bodies, the Investment and Capability Strategy Group (ICSG) and Investment and Capability Design and Review Working Group (ICD&RWG) included progress against any Gateway recommendations. These formal governance bodies monitored and managed data on both delivery of benefits and expenditure incurred and forecast within the annual approved / authorised envelope.

SOCA's key change programmes had embedded specialist resources leading planning, delivery and benefits realisation. This was a key component of reporting to SOCA's Investment Board and Gateways. Benefits Realisation Monitoring was managed by Programme and Project Management (PPM) specialists.

All SOCA's major programmes and projects were managed through regular assurance and stakeholder engagement.

SOCA's change programme for 2013-14 was focused on NCA Transition. The Business Development Department (BDD) provided a focal point for all engagement with the NCA Programme in relation to transition and its implementation within SOCA. To do this it had visibility of other NCA Programme engagement on non-transition issues, to ensure effective resource management and de-confliction. It also coordinated SOCA's response to transition proposals, including those requiring investment in new or modified capabilities, developing a joint view with the NCA Programme as to prioritisation and inward dependencies.

The NCA Programme handed over to NCA business as usual change management and entered its closure phase in October 2013.

The Organisational Development Portfolio Office provides support to NCA programmes and provide assurance and independent governance across the programmes.

## **NCA (7 October 2013 to 31 March 2014):**

From October 2013, the NCA began the process of Transformation, a 3-5 year change programme addressing the need for the NCA to ensure that it secures best value from public funding, and develops further its specialist capabilities and skills to enable it to meet the challenges of the future.

This Transformation Programme ('Novo'), which formally started on 1 April 2014, comprises four programmes, each with a Senior Responsible Officer (SRO), reporting to a Transformation Board chaired by the Deputy Director General. All of the constituent programmes and their projects are running on Major Projects Authority (MPA) guidelines. The NCA and SOCA used and continue to use a blend of PRINCE2 and the Managing Successful Programmes (MSP) standard to manage all projects and programmes. This is the MPA standard for managing programmes.

All Transformation SROs have delivered mandated project and programme governance arrangements at programme initiation, project start-up, delivery and closure and have managed risks and issues to benefit delivery.

The change in governance arrangements to support NCA Transformation has devolved responsibility down from the Change Working Group (CWG) to the four Programme Boards which now report to the Transformation Board. All capital investment is managed through this governance structure.

The NCA Portfolio Office provides support to the NCA Transformation Programme and provides assurance and independent governance across the programmes. The NCA's Transformation Programme has embedded specialists from the Portfolio Office and Project Management (PPM) specialist resources leading planning, risk and issue management for the programme, stakeholder engagement and communications, delivery and benefits realisation.

## **Operational Delivery**

### **SOCA (1 April 2013 to 6 October 2013):**

All operational activity was subject to appropriate risk, health and safety and security assessments. The 2012 Annual Report of the Interception of Communications Commissioner was laid before Parliament on 1 August 2013. The report covered the Interception Commissioner's last annual inspection in 2012 of the intelligence agencies and local authorities. This was a good report for SOCA and, whilst some minor errors were made, the professionalism, integrity and ethical approach of SOCA officers was recognised. The report included a short sanitised SOCA case study. The report concluded that all agencies and departments, which included SOCA, had been compliant with legislation and had acted with integrity and in a highly ethical manner.

New legislation for the regulation of biometric data contained within the Protection of Freedoms Act 2013 (POFA 2013) also prompted a review of evidential materials such as fingerprints and DNA samples. All network branches reviewed their casework and physical holdings and were able to provide assurance of compliance with specific deadlines introduced by POFA 2013 and which enabled SOCA's Director General to provide an agency assurance to the ACPO lead for the POFA Project.

The Northern Ireland Assembly voted against legislative consent for the NCA in Northern Ireland. In the absence of such consent, the Crime and Courts Act 2013 was amended to ensure arrangements for the NCA operating in Northern Ireland were compliant with the Sewel Convention, by disappling those provisions which dealt substantively with transferred/devolved matters. Accordingly, whilst the Crime and Courts Act 2013 enabled the NCA to operate in Northern Ireland, as a direct consequence of the Northern

Ireland Executive's decision not to take forward legislative consent, the powers and activities of the NCA in Northern Ireland are restricted to reserved/excepted matters.

An NCA officer is not designated with the powers of a Northern Ireland constable, and criminal and civil recovery investigations will, in the main, be limited to reserved/excepted criminality.

SOCA was keen to ensure that at NCA go-live, the people of Northern Ireland continued to benefit from the full protection and operational impact that has been available to them under SOCA. SOCA engaged with key stakeholders in Northern Ireland, utilising every available opportunity to secure agreement for a fully operational NCA. At the same time, SOCA was actively involved in contingency planning with the Home Office and partners in relation to both operational delivery and civil recovery case work. SOCA sought to avoid having to discontinue existing civil recovery cases and hand back criminal assets to defendants on its civil recovery cases. SOCA also sought to avoid transferring ongoing criminal investigations to an already stretched Police Service of Northern Ireland.

## **NCA (7 October 2013 to 31 March 2014)**

The NCA is continuing discussions around the LCM in Northern Ireland, in the hope of finding a resolution acceptable to all parties.

All NCA operational activity is subject to appropriate risk, health and safety and security assessments.

The NCA has policies and operating procedures, with Director-level holders, in place to ensure that NCA officers operate within the legislative framework in the Crime and Courts Act 2013.

## **Child Exploitation and Online Protection Centre (CEOP)**

### **SOCA (1 April 2013 to 6 October 2013):**

The Chief Executive of CEOP was accountable to DG SOCA for maintaining sound systems of internal control in the business areas for which he was responsible. This system of internal control supported the achievement of CEOP's policies, aims and objectives, whilst safeguarding public funds and assets.

The Chief Executive of CEOP and the CEOP Board managed and monitored the systems of internal control in the following way:

completion of the implementation of the recommendations identified by the Quest review project, improving the effectiveness and efficiency of processes in the CEOP Bureau (formerly Referrals and Case Development);

- close working with SOCA Corporate Assurance on an internal audit in August 2013 directed by DG SOCA of areas including the CEOP Bureau, HR, Finance, Commercial and ICT;



- delivery of a corporate process to handle requests from SOCA's Public Information Compliance Unit (PICU);
- oversight of the completion of mandatory training and the delivery of a corporate system to manage officers' working hours, overtime and compliance with Working Time Regulations across the Centre;
- creation of a CEOP Strategic Action Plan to ensure alignment of strategic and operational activity against the key threats and the delivery of a coordinated response across partners; and
- creation of the CEOP Strategic Group, a multi-agency group to tackle the key threats to children in the arena of child sexual exploitation and abuse.

As part of CEOP's transition into an NCA Command, the CEOP Transition project was delivered, incorporating a new structure and processes and the creation of new relationships and ways of working with the other NCA commands. Existing areas of CEOP business including partnerships, covert asset support and child protection advice posts were expanded. A number of new business areas were established including innovation, target management and the creation of a specialist advice centre to support both the NCA and partners.

In order to assist the NCA in the discharge of its S11 Children Act 2004 responsibilities there was close working with SOCA to organise and develop mandatory and tiered levels of training for NCA officers. There was ongoing work to create a core funded child protection advice team to support the CEOP Command and wider NCA. The CEOP Command Director was allocated the role of Children's Champion for the NCA.

In the final CEOP Board meeting, the Chair undertook to hand over the Board's understanding of key risks and issues in relation to CEOP activity to NCA Director General and Deputy Director General. Transition risks were transferred from the CEOP Risk Register to the NCA-CEOP Command Risk Register in compliance with the corporate process.

## **Overall Assessment**

As DG NCA I have reviewed the information on governance, internal control and risk management and am satisfied with the reasonable assurance of effectiveness regarding the internal control systems in place.

### **Keith Bristow QPM**

Director General and Accounting Officer, National Crime Agency

14 November 2014

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the National Crime Agency for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Director General as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Crime Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern

## **Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the National Crime Agency's affairs as at 31 March 2014 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the 'Strategic Report', 'Sustainability Report' and Directors Report' sections of the Annual Report and Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**

**Comptroller and Auditor General**

National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP

21 November 2014

# Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the NCA to prepare a Statement of Parliamentary Supply and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

## Summary of Resource and Capital Outturn 2013-14

£'000

	Note	Estimate			Outturn			2013-14 Voted outturn compared with Estimate: saving / (excess)
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	
<b>Departmental Expenditure Limit</b>								
- Resource		442,117	-	442,117	427,983	-	427,983	14,134
- Capital		36,600	-	36,600	34,288	-	34,288	2,312
<b>Annually Managed Expenditure</b>								
- Resource	SOPS 3	191,404	-	191,404	95,497	-	95,497	95,907
- Capital		-	-	-	-	-	-	-
<b>Total Budget</b>		670,121	-	670,121	557,768	-	557,768	112,353
<b>Non-Budget</b>								
- Resource	SOPS 3	-	-	-	-	-	-	-
<b>Total</b>		<b>670,121</b>	<b>-</b>	<b>670,121</b>	<b>557,768</b>	<b>-</b>	<b>557,768</b>	<b>112,353</b>
- Resource		633,521	-	633,521	523,480	-	523,480	110,041
- Capital		36,600	-	36,600	34,288	-	34,288	2,312
<b>Total</b>		<b>670,121</b>	<b>-</b>	<b>670,121</b>	<b>557,768</b>	<b>-</b>	<b>557,768</b>	<b>112,353</b>

## Net Cash Requirement 2013-14

	Note	2013-14 Estimate	Outturn	2013-14 Outturn compared with Estimate: saving / (excess)
Net Cash Requirement	SOPS 4	495,930	432,121	63,809

## Administration Costs 2013-14

Note	2013-14		2013-14
	Estimate	Outturn	Outturn
SOPS 3.2	30,396		26,718

Explanations to variances between Estimates and Outturn are given in the Directors' Report.

The notes SOPS 1 to SOPS 4 form part of these accounts.

# Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

## SOPS 1. Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidating Budgeting Guidance and Supply Estimates Guidance Manual.

### SOPS 1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with HM Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally-agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives from IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Chapter for Budget Responsibility. These are to:

- Ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider Government policy; and
- Support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

### SOPS 1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below. A reconciliation of the Agency's outturn as recorded in the SoPS compared to the IFRS-based SoCNE is provided in SoPS note 3.2.

#### SOPS 1.aa Capital Grants

Grant expenditure used for capital purposes is treated as a capital (CDEL) item in the Statement of Parliamentary Supply. Under IFRS, as applied by FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the Statement of Comprehensive Net Expenditure.

## **SOPS 1.ab Prior Period Adjustments (PPAs)**

PPAs resulting from an accounting policy change initiated by the Agency, need to be voted by Parliament in the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years. (PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment.)

## **SOPS 1.ac Receipts in excess of HM Treasury agreement**

This applies where HM Treasury has agreed a limit to income retainable by the Agency, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: (i) profit/loss on disposal of assets; (ii) income generation above department Spending Review settlements; and (iii) income received above netting-off agreements.

## **SOPS 1.ad Provisions – Administration and Programme expenditure**

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply was different from that reported in the IFRS-based accounts. A reconciliation is provided in SOPS note 3.2.

## SOPS 2. Net outturn

### SOPS 2.1 Analysis of net resource outturn by Section.

							Outturn			2013-14
	Administration			Programme			Total £'000	Net Total £'000	Net total compared to Estimate £'000	Estimate
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000				Net total compared to Estimate, adjusted for virements £'000
<b>Spending in Departmental Expenditure limit</b>										
Voted:										
A – Programme & administration expenditure	26,853	(135)	26,718	437,195	(35,930)	401,265	427,983	442,117	14,134	14,134
<b>Annually Managed Expenditure</b>										
Voted:										
B- AME charges	-	-	-	95,497	-	95,497	95,497	191,404	95,907	95,907
<b>Total</b>	<b>26,853</b>	<b>(135)</b>	<b>26,718</b>	<b>532,692</b>	<b>(35,930)</b>	<b>495,762</b>	<b>523,480</b>	<b>633,521</b>	<b>110,041</b>	<b>110,041</b>

## SOPS 2.2 Analysis of net capital outturn by section

	Outturn			2013-14 Estimate		
	Gross	Income	Net	Net Total	Net Total compared with Estimate	Net Total compared to Estimate adjusted for virements
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Spending in Departmental Expenditure limit</b>						
Voted:						
A – Programme & administration expenditure	39,480	(5,192)	34,288	36,600	2,312	2,312
<b>Annually Managed Expenditure</b>						
Voted:						
B- AME charges	-	-	-	-	-	-
<b>Total</b>	<b>39,480</b>	<b>(5,192)</b>	<b>34,288</b>	<b>36,600</b>	<b>2,312</b>	<b>2,312</b>

## SOPS 3. Reconciliation of outturn to net operating cost and against administration budget

### SOPS 3.1 Reconciliation of net resource outturn to net operating cost

		2013-14 £'000 Outturn
Total resource outturn in Statement Of Parliamentary Supply	Budget Non-Budget	523,480 -
		<b>523,480</b>
Add:	Capital grants Other	- -
		<b>523,480</b>
Less:	Income payable to the Consolidated Fund Other	- (89,056)
		<b>434,424</b>
<b>Net Operating Costs in Statement of Comprehensive Net Expenditure</b>		<b>434,424</b>



## SOPS 3.2 Outturn against final Administration Budget and Administration net operating cost

		2013-14	2012-13
	Note	£'000	£'000
Estimate – Administration Costs limit		30,396	30,937
Outturn – Gross Administration Costs	SOPS2	26,853	30,504
Outturn – Gross Income relating to administration costs	SOPS2	(135)	(8)
Outturn – Net administration costs		26,718	30,496
Reconciliation to operating costs:			
Less: provisions utilised (transfer from Programme)		-	-
Less: Other		-	-
<b>Administration Net Operating Costs</b>		<b>26,718</b>	<b>30,496</b>

## SOPS 4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate £'000	Outturn £'000	Net total outturn compared with Estimate: savings / (excess) £'000
Resource Outturn	SOPS 2.1	633,521	523,480	110,041
Capital Outturn	SOPS 2.2	36,600	34,288	2,312
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation		(38,051)	(37,800)	(251)
New provisions and adjustments to previous provisions		(175,000)	(113,973)	(61,027)
Departmental Unallocated Provision		-	-	-
Supported capital expenditure (revenue)		-	-	-
Prior Period Adjustments		-	-	-
Other non-cash items		-	2,012	(2,012)
		-	-	-
Adjustments for NDPBs:		-	-	-
Remove voted resource and capital		-	-	-
Add cash grant-in-aid		-	-	-
		-	-	-
Adjustments to reflect movements in working balances:		-	-	-
Increase / (decrease) in stock		-	-	-
Increase / (decrease) in debtors		5,000	5,234	(234)
(Increase) / decrease in creditors		32,860	(4,505)	37,365
Use of provisions		1,000	23,385	(22,385)
		<b>495,930</b>	<b>432,121</b>	<b>63,809</b>
Removal of non-voted budget items:				
Consolidated Fund Standing Services		-	-	-
Other adjustments		-	-	-
<b>Net cash requirement</b>		<b>495,930</b>	<b>432,121</b>	<b>63,809</b>

# Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2013-14	2012-13
			Restated
	Note	£'000	£'000
<b>Administration costs</b>			
Officer costs	4	19,810	21,914
Other costs	5	7,043	8,590
Income	7	(135)	(8)
		<b>26,718</b>	<b>30,496</b>
<b>Programme costs</b>			
Officer costs	4	255,919	248,203
Other costs	6	194,210	207,310
Income	7	(42,543)	(33,270)
<b>Total operating expenditure</b>		<b>407,586</b>	<b>422,243</b>
<b>Net expenditure before interest and tax</b>		<b>434,304</b>	<b>452,739</b>
<b>Total expenditure</b>		<b>476,982</b>	<b>486,017</b>
<b>Total income</b>		<b>(42,678)</b>	<b>(33,278)</b>
<b>Net expenditure before interest and tax</b>		<b>434,304</b>	<b>452,739</b>
Tax	1.t	1	173
Interest	13	-	-
<b>Net expenditure after interest and tax</b>		<b>434,305</b>	<b>452,912</b>
(Surplus) / loss on disposal of non-current assets		119	14
Transfer from NPIA		-	298
<b>Net expenditure for the financial year</b>		<b>434,424</b>	<b>453,224</b>
<b>Other Comprehensive Expenditure</b>			
		2013-14	2012-13
			Restated
	Note	£'000	£'000
Net (gain) / loss on revaluation of Property, Plant and Equipment	8	(2,531)	(987)
Actuarial (gain) / loss on pension reserve	4.e	86,784	13,238
<b>Total Comprehensive Expenditure for the year ended 31 March</b>		<b>518,677</b>	<b>465,475</b>

All assets and liabilities of SOCA were transferred to the NCA and SOCA ceased to exist as at 6 Oct 2013. The value of net liabilities transferred was (£445.4m).

The 2012-13 figures in the Financial Statements have been restated and are further explained in Note 2 of these Accounts.

The notes on pages 124 to 166 form part of these accounts.

# Statement of Financial Position

As at 31 March 2014

This statement presents the financial position of the NCA. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2013-14 £'000	2012-13 Restated £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	125,493	123,851
Intangible non-current assets	9	28,494	25,485
<b>Total non-current assets</b>		<b>153,987</b>	<b>149,336</b>
<b>Other non-current assets</b>			
Receivables falling due after one year	14.c	10	11
<b>Total non-current assets</b>		<b>153,997</b>	<b>149,347</b>
<b>Current assets</b>			
Trade and other receivables	14.a	33,033	27,798
Cash and cash equivalents	13	73,414	9,605
<b>Total current assets</b>		<b>106,447</b>	<b>37,403</b>
<b>Total assets</b>		<b>260,444</b>	<b>186,750</b>
<b>Current liabilities</b>			
Trade and Other payables	15.a	(147,417)	(78,345)
Deferred income	15.a	(806)	(619)
Provisions payable within 1 year	16	(1,636)	
<b>Total Current liabilities</b>		<b>(149,859)</b>	<b>(78,964)</b>
<b>Non-current assets plus net current assets</b>		<b>110,585</b>	<b>107,786</b>
<b>Non-current liabilities</b>			
IAS 19 Pension Liability	4.e	(628,562)	(531,806)
Provisions	16	(8,176)	(15,980)
Other payables	15.c	(2,608)	(3,553)
<b>Total non-current liabilities</b>		<b>(639,346)</b>	<b>(551,339)</b>
<b>Total assets less liabilities</b>		<b>(528,761)</b>	<b>(443,553)</b>
<b>Taxpayers equity and other reserves</b>			
General Fund		(47,971)	(48,126)
Pension Reserve		(485,674)	(398,890)
Revaluation Reserve		4,884	3,463
<b>Total equity</b>		<b>(528,761)</b>	<b>(443,553)</b>

All assets and liabilities of SOCA were transferred to the NCA. The value of net liabilities transferred was (£445.4m). Following this the reserves of SOCA were nil and SOCA ceased to exist as at 6 October 2013.

The 2012-13 figures in the Financial Statements have been restated and are further explained in Note 2 of these Accounts.

The notes on pages 124 to 166 form part of these accounts.

**Keith Bristow QPM**

Director General and Accounting Officer, National Crime Agency

14 November 2014

# Statement of Cash Flows

For the year to 31 March 2014

The Statement of Cash Flows shows the changes in cash and cash equivalents of the NCA during the reporting period. The statement shows how the NCA generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Agency. Investing activities represent the extent to which inflows and outflows have been made for resources which are intended to contribute to the Agency's future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>Restated £'000</b>
<b>Cash flows from operating activities</b>		
Net expenditure for financial year	(434,424)	(453,224)
Adjustments for non-cash transactions	33,266	46,688
Loss / (gain) on asset revaluation	399	9,166
(Surplus) / Loss on disposal of non-current assets	119	14
MoG Non-Cash Adj	1,464	20,460
Transfer from NPJA	-	298
Pension costs	29,475	31,544
Employee contribution	2,370	2,433
(Increase) / Decrease in receivables	(10,804)	17,348
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	-	-
Increase / (Decrease) in accounts payable and deferred income	68,314	6,758
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	(63,809)	10,671
Increase / (Decrease) for use of provisions	(1,515)	(2,138)
<b>Net cash outflow from operating activities</b>	<b>(375,145)</b>	<b>(309,982)</b>
Police Pension Payment made	(21,870)	(21,930)
Cash Transfers in from other police pension schemes	-	110
<b>Net cash outflow from police pension payments</b>	<b>(21,870)</b>	<b>(21,820)</b>

	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>Restated £'000</b>
<b>Cash flows from investing activities</b>		
Purchase of non-current assets, property, plant and equipment	(27,348)	(23,996)
Purchase of non-current intangible assets	(13,598)	(4,134)
Proceeds of disposal of property, plant and equipment	270	430
Loans from other bodies	198,700	-
Repayment of Loans from other bodies	(198,700)	-
<b>Net cash outflow from investing activities</b>	<b>(40,676)</b>	<b>(27,700)</b>
<b>Cash flows from financing activities</b>		
Financing from the Consolidated Fund (Supply)	495,930	-
Actual Police Pension financing received	5,570	10,493
Grant-in-Aid for capital expenditure	-	23,500
Grant-in-Aid for revenue expenditure	-	286,250
Release of Other Reserves	-	(150)
<b>Net Financing</b>	<b>501,500</b>	<b>320,093</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>63,809</b>	<b>(39,409)</b>
Cash and cash equivalents at the beginning of the period	9,605	49,014
<b>Cash and cash equivalents at the end of the period</b>	<b>73,414</b>	<b>9,605</b>

All of the assets and liabilities of SOCA transferred to the NCA and SOCA ceased to exist on 6 October 2013.

As a non-departmental public body, SOCA received Grant in Aid funding from the Home Office of £211.25m for the period 1 April to 6 October 2013. The NCA repaid this £211.25m Grant In Aid funding to the Home Office on behalf of SOCA when the NCA Parliamentary Vote for financial year 2013-14 was approved in March 2014.

The notes on pages 124 to 166 form part of these accounts.

# Statement of Changes to Taxpayers Equity

For the year to 31 March 2014

This statement shows the movement in the year on the different reserves held by the NCA, analysed into 'general fund reserves' (i.e those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The revaluation reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

	General Fund £'000	Pension Reserve £'000	Revaluation Reserve £'000	Other Reserves £'000	Total serves Restated £'000
<b>Balance at 31 March 2012</b>	<b>69,128</b>	<b>(385,652)</b>	<b>3,016</b>	<b>150</b>	<b>(313,358)</b>
Net gain on revaluation of property, plant & equipment	-	-	986	-	986
Actuarial gain / (loss) on pension reserve	-	(13,238)	-	-	(13,238)
MoG – CFI Adj	20,420	-	40	-	20,460
Total recognised income and expense for 2012-13	(453,224)	-	-	-	(453,224)
Transfer between reserves	579	-	(579)	-	-
General Fund transfer	-	-	-	(150)	(150)
Supply Payable	(9,605)	-	-	-	(9,605)
Pension funding from Home Office	14,826	-	-	-	14,826
Grant-In-Aid received from Home Office	309,750	-	-	-	309,750
<b>Balance at 31 March 2013</b>	<b>(48,126)</b>	<b>(398,890)</b>	<b>3,463</b>	<b>-</b>	<b>(443,553)</b>
Net gain on revaluation of property, plant & equipment	-	-	2,531	-	2,531
Actuarial gain / (loss) on pension reserve	-	(86,784)	-	-	(86,784)
MoG – CFI Adj	1,260	-	(32)	-	1,228
Total recognised income and expense for 2013-14	(434,424)	-	-	-	(434,424)
Notional Auditors Remuneration	120	-	-	-	120
Transfer between reserves	1,078	-	(1,078)	-	-
Supply Payable	(73,414)	-	-	-	(73,414)
Net parliamentary funding - Deemed	9,605	-	-	-	9,605
Net parliamentary funding - drawn down	495,930	-	-	-	495,930
<b>Closing balance at 31 March 2014</b>	<b>(47,971)</b>	<b>(485,674)</b>	<b>4,884</b>	<b>-</b>	<b>(528,761)</b>



## **General Fund**

The General Fund represents the total assets less liabilities which are not represented by other reserves and financing items.

## **Revaluation Reserve**

The Revaluation Reserve reflects the unrealised element of the cumulated balance of indexation and revaluation adjustments for property, plant and equipment.

## **Pensions Reserve**

In accordance with HM Treasury guidance, actuarial gains/losses on pension scheme liabilities are recognised in the Statement of Changes in Taxpayers' Equity. The net gain/loss is shown in the Pensions Reserve.

## **Restatement**

The 2012-13 figure in the Financial Statements has been restated and is further explained in Note 2.

# Notes to the Accounts for the year ended 31 March 2014

## 1. Statement of accounting policies

### Basis of preparation

These financial statements have been prepared in accordance with the 2013-14 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the NCA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NCA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the NCA to prepare an additional primary statement. The *Statement of Parliamentary Supply* and supporting notes show outturn against estimate in terms of the resource requirement and the net cash requirement.

#### 1 a) Accounting Convention

The accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

#### 1 b) Income Recognition

In accordance with IAS 20, where assets are financed by government grant from other departments, the funding element is recognised as income and taken through the Statement of Comprehensive Net Expenditure. The NCA met all conditions regarding the consumption of future economic benefits set by the funding providers so the funding was not deferred.

#### 1 c) Pensions Reserve

In accordance with government accounting guidance, actuarial gains/losses on pension scheme liabilities are recognised in the Statement of Changes in Taxpayers' Equity. The movement in gain/loss is shown in the Pensions Reserve.

#### 1 d) Non-current Assets

Expenditure incurred by the NCA on the acquisition of capital assets or expenditure which adds to the value of existing assets is capitalised, provided that the assets gives benefit to the NCA for a period of more than one year. Where appropriate, the NCA capitalises the cost of salaries attributed to developing the non-current assets as permitted within IAS 16.

Capital assets, both tangible and intangible, are assets that cost or are valued at or above a capitalisation threshold of £5,000 which is set by the NCA Board and with an expected working life of more than one year. However, technical equipment assets, the individual components of which cost less than £5,000 but

which are non consumable in nature, are also treated as capital assets. Non-consumable is defined as a multiple use item, of long duration (beyond one year), reconfigurable and could be a component part of an item that could be assembled.

Expenditure on the fit-out and works to buildings financed by operating leases is capitalised as a tangible non-current asset if the works add to the value of the building. Fit-out costs of all new buildings could include the costs of new furniture and equipment that individually cost less than £5,000 where it is more appropriate to capitalise the initial costs. Tangible non-current assets are carried at fair value for existing use.

The NCA proactively reviews the content of its Non-Current Asset Register (NCAR). Capital investment development programme business case reviews and approvals enabled the NCA to validate the existence, utilisation and value of assets recorded in the NCAR.

### 1 e) Depreciation and Amortisation

Depreciation or amortisation is provided on all non-current assets either in use or available for use on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated useful life as follows:

<b>Asset type</b>	<b>Useful life</b>
Land and buildings	Land is not depreciated. Buildings are depreciated to their estimated residual value over the remainder of the buildings' estimated economic lives. The range of leasehold buildings' lives at 31 March was 2014 to 2036 (1 to 23 years).
Improvements to leasehold buildings	The shorter of the duration of lease or anticipated useful life of improvements, subject to maximum period of 10 years.
Motor vehicles	3 – 9 years
Plant and equipment	5 years
Furniture and fittings	10 years
IT equipment and software	3 – 5 years
Intangible non-current assets – IT licences and software	5 years (or the duration of the licence)

Tangible assets are revalued annually and are reported at current cost.

A full month's depreciation or amortisation is provided in the month following first use or availability for use and apportioned to the date of disposal. No depreciation is provided on assets under construction until they are brought into use or are available for use.

## **1 f) Revaluation**

The NCA has a policy of revaluing its non-current assets (excluding freehold properties) annually by applying government-approved indices per asset type.

Freehold properties are subject to two-yearly professional revaluations (last revaluation February 2013 by Knight Frank Chartered Surveyors), in the intervening years they are revalued in March by applying Government-approved indices. Any gain on revaluation is credited to the Revaluation Reserve. A loss on revaluation is debited to the Statement of Comprehensive Net Expenditure to the extent that the loss exceeds the balance on the Revaluation Reserve for that asset.

The amount of revaluation which has been realised through depreciation or disposal of assets has been transferred from the Revaluation Reserve to the Income & Expenditure Reserve.

The carrying value of non-current assets is reviewed for impairment if events or changes in circumstances indicated the carrying value is not recoverable, and the assets are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually.

## **1 g) Recovered Assets**

The criminal confiscation, civil recovery and taxation provisions under the Proceeds of Crime Act 2002 (PoCA) are utilised by the NCA to deprive criminals of their illicit profits and assets. Consequently, proceeds from recovered assets are received and paid over to the Home Office. The NCA continues to participate in the incentivisation scheme whereby the NCA and referring law enforcement agencies receive a portion of the remittances, treated as income, as an incentive to build their asset recovery capacity (see note 1 p).

Sale proceeds from recovered assets less allowable costs, including receivers' fees deducted, are paid to the Home Office.

The NCA manages bank accounts where recovered cash is deposited. Each year-end, the excess of civil recoveries over receivers' fees applied, net of any direct disposal costs, is paid over to the Home Office. For assets recovered through criminal and tax cases, the amounts are paid over quarterly.

Section 280 subsection 3, of the Crime and Courts Act 2013 enables the Director General to meet the costs of an appointed Interim Receiver from sums received from civil recovery proceedings in a way which directly mirrors the provisions in criminal confiscation cases in Parts 2 and 4 of PoCA. The commencement date of the provision was 1 July 2005 and, thereafter, the costs of Interim Receivers and Trustees were permitted to be offset against eventual case proceeds. Assets and cash held by the NCA on behalf of third parties in relation to these activities are not included in the NCA's accounts but are separately reported in note 21 to the accounts.

## **1 h) Foreign Currency**

Transactions denominated in foreign currency are converted into sterling at the rate of exchange ruling on the date of each transaction, except where rates have not fluctuated significantly, then an average rate for the month is used.

Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date are translated at the rates ruling at that date. Any translation differences arising are taken to the Statement of Comprehensive Net Expenditure.

## **1 i) Operating Leases**

Payments made under operating leases on land and buildings and equipment are charged to expenditure. Discounts received for rent-free periods are recognised over the term of the lease through the Statement of Comprehensive Net Expenditure.

## **1 j) Rental and Service Charges Income**

The NCA sub-lets two of its rented properties to other organisations on a commercial basis, ensuring that full occupancy is maintained on rented property in use. Rent and other property income received is recognised in the accounts on an accruals basis when goods/services are provided by the NCA. The income is credited to the Statement of Comprehensive Net Expenditure at the date of recognition.

## **1 k) Liquid Resources**

Liquid resources comprise cash balances held in bank accounts and as cash in hand. The NCA receives bank interest on its cumulative bank balance. Any bank interest received relating to seized third party assets is required to be paid to the Home Office.

## **1 l) Pension Costs**

Employer contributions to the Principal Civil Service Pension Scheme and the Local Government Pension Scheme are charged to the Statement of Comprehensive Net Expenditure as incurred at the relevant percentage of employees' pensionable pay as specified by the pension scheme administrators. The annual charge is designed to reflect the cost of pension benefits over the employee's service life.

The cost of providing unfunded pension benefits for former police officers is charged to the Net Expenditure account over the qualifying service life of the officer. The qualifying service for these pension benefits includes prior service with a police force in addition to service with the NCA, although no funding is received from the officer's previous employer in relation to this past service. The annual charge to the Statement of Comprehensive Net Expenditure is calculated so that the Statement of Financial Position provision reflects the proportion of the future pension liability relevant to accumulated qualifying service at the Statement of Financial Position date. The Police Pension liability includes a provision for future injury awards. A payment to cover the net pension deficit is included in the NCA budget annually. The deficit is caused by expenditure on pensions exceeding contributions.

The Government Actuaries Department (GAD) has in accordance with IAS 19, advised that any obligation that arises from other long-term employee benefits that depend on length of service needs to be recognised when service is rendered. As injury awards under the Police scheme are dependent on service, GAD values the liability expected to arise due to injury awards in respect of service prior to the valuation date. GAD uses historic data from police authorities to determine the expected incidence and size of future injury awards.

### **1 m) Value Added Tax**

Most of the activities of the Agency are outside the scope of VAT and, in general, output tax does not apply and input tax is not recoverable. Input tax is recovered in accordance with services listed in HM Treasury's Contracting-Out of Services Direction, which is provided for in section 41(3) of the VAT Act 1994. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

### **1 n) Donations Received**

The Child Exploitation and Online Protection (CEOP) Centre receives cash donations, donated assets and donations in kind, including officers' time and use of assets, from various external sponsors and agencies. These donations are accounted for by following the guidance in the Charities Statement of Recommended Practice (SORP) which requires income to be recognised where donations in kind are received and matched to expenditure in the Statement of Comprehensive Net Expenditure. This treatment departs from the Financial Reporting Manual (FRM) as set out under section 5.2.12 for assets received and section 4.5.1 for notional costs. However, the NCA has determined that the treatment under the SORP follows a clearer path for the reader of the accounts than the FRM treatment. Donations in kind are offset by notional expenditure such that there is a net nil effect on the accounts.

### **1 o) Payment of Contributions to INTERPOL and other third parties**

The NCA makes annual payments to INTERPOL at a contribution rate agreed by the INTERPOL Board. The NCA also makes annual payments to support the Sirene programme as part of the development of the Schengen Information System. The NCA accounts for these payments on an accruals basis.

### **1 p) Assets Recovered Incentivisation Scheme (ARIS)**

ARIS money is generated by the NCA in pursuit of its operating activities and money obtained by the NCA using criminal, civil and taxation based legislation was paid to the Home Office. In return, the NCA receives a percentage of this money in the form of an incentive payment from the Home Office and as an additional income stream in order to enhance the performance of Asset Recovery activities. This additional income is effectively performance related.

ARIS income is required to be spent within the year it was earned. ARIS income is accounted for under the accruals concept. This is in line with the treatment in 2012-13.

## **1 q) Estimation techniques**

The preparation of financial statements requires management to make appropriate judgements and assumptions that affect the amounts reported for assets and liabilities for the year ended 31 March 2014, and for amounts reported for income and expenses during the year.

### *Provisions*

A provision is recognised when the Agency has a present legal or constructive obligation which has arisen as a result of a past event, when payment is probable and the amount can be estimated reliably. In determining the value to recognise as a provision in the accounts we use estimates provided by suitably qualified professionals.

## **1 r) Provisions**

The Legal provision assesses the likelihood, potential risk and value of legal actions against the NCA. The provision incorporates estimates for both legal costs and compensation.

The Retirement provision was created to provide for expected future pension obligations arising from the HM Treasury approved exit scheme, which the NCA adopted in October 2010. The valuation, as advised by HM Treasury, includes a discount factor of 1.80% that is applied to future years' cash flows with effect from 31 March 2014 (2.35% from 31 March 2013).

The Dilapidation provision assesses and values expected dilapidation costs on buildings which the NCA intends to leave. The provision is based on an estimated charge for the specific sites involved and allows for the reversal of any changes to the buildings made by the NCA and the costs of redecoration.

The Onerous Lease provision was created in 2011-12 in accordance with IAS 37. The provision is for offices vacated by 31 March 2014 for which there is a lease obligation beyond 31 March 2014. The provision takes into account known future lease breaks and lease end dates.

## **1 s) Going Concern**

The NCA is a non-ministerial department which is accountable to the Home Secretary for its performance.

In common with other government departments, the future financing of the Agency's liabilities is to be met by future grants of Supply and the application of future income, both to be approved by Parliament. Accordingly, it is appropriate to adopt a going concern basis for the preparation of these financial statements.

The Crime and Courts Act 2013, which received Royal Assent on 25 April 2013, allowed for the formation of the NCA and empowered the Secretary of State to transfer certain functions to the NCA by way of a Transfer Order. The Crime and Courts Act 2013 commenced the provisions that provide for the formation and constitution of the NCA, with a coming into force date of 27 May 2013. The functions previously exercised by SOCA, a Non-Departmental Public Body, as well as a number of other national policing functions were

transferred to the NCA by way of the Crime and Courts Act 2013 (NCA Transfer of Functions) Order 2013 which came into force on 7 October 2013. Accompanying Transfers to NCA (NCA) Scheme 2013 allowed for the transfer of property, rights and liabilities on 7 October 2013.

The basis of the transfer from SOCA to the NCA was undertaken within the principles set out in the Machinery of Government framework. As all assets, liabilities and functions of SOCA have transferred and are continuing under the NCA, management consider it appropriate to adopt the going concern basis in preparing these financial statements. All assets, liabilities and functions were transferred to the NCA on 7 October 2013.

### *Transfer of Assets and Liabilities*

All assets and liabilities of SOCA were transferred to the NCA after SOCA ceased to exist on 6 October 2013. The transfer of the assets and liabilities resulted in a cash outflow of £26.8m and a transfer of a net liability of £445.4m.

#### **1 t) Tax**

The NCA recognises taxes liable to be paid including home to duty use of fleet vehicles, taxation of armoured vehicles and the provision of accommodation for officers. The NCA also includes a tax liability in 2013-14 for the Retention of Specialist Services (ROSS) arising from the re-employment, as NCA officers, of retired police officers.

#### **1 u) General – Income**

Income is recognised in the accounts when the NCA provides services, delivers goods or achieves agreed contractual milestones. Other income streams include revenue from the European Union, training courses provided by CEOP Command and costs recovered from other government bodies in accordance with agreed terms. From 2012-13, the contractual agreement for the receipt of funding from the Scottish Executive and the Police Service of Northern Ireland, relating to the fact that they benefit from work undertaken by SOCA, was transferred to the Home Office albeit the substance of the transaction has not changed. The NCA receives this income via the Home Office for work delivered which was not ring-fenced. This income is included in the Statement of Comprehensive Net Expenditure.

#### **1 v) General - Expenditure**

The NCA accounts for expenditure on an accrual basis.

#### **1 w) Administration and Programme Expenditure**

The Statement of Comprehensive Net Expenditure (SoCNE) is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the FReM issued by HM Treasury.



Administration costs reflect the cost of running the Agency by covering the costs of all administration except for direct frontline service provision. Support activities that are directly associated with frontline service delivery are considered to be programme. Other expenditure that does not fall within administration budgets is classified as programme expenditure.

Programme costs include costs directly associated with frontline service delivery.

### **1 x) International Financial Reporting Standards (IFRS) and other accounting changes that have been issued but are not yet effective**

IFRS 10 – Consolidated Financial Statements; IFRS 11 – Joint Arrangements; IFRS 12 – Disclosure of Interests in Other Entities; IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures were all effective from 1 January 2013, with EU adoption from 1 January 2014. The IASB has issued new and amended standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities: IFRS 10 definition of control (investor power and ability to direct activities of an investee) requires more judgement, notably of agency-principal relationships. Clarity on investor exposure or rights to variable returns (for example cost savings) may result in new consolidations, notably asset and fund managers. IFRS 11 provides a principles-based definition of joint arrangements (joint operations or joint ventures) based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted (only equity accounting). IFRS 12 requires more disclosure of the financial effects on, and risks to, the consolidating entity. All of these are still subject to consultation at HM Treasury and until the Agency receives guidance on how these updates can be applied via the FReM, the impact of applying these standards is not known.

IFRS 13 – Fair Value Measurement was issued on 1 January 2013 and has been adopted by the EU. This will be effective from 2015-16. IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS. Guidance on how this should be applied across government has yet to be issued by HM Treasury. Until guidance on its adoption is issued by HM Treasury in the FReM, the agency is unable to provide an assessment on the impact of adopting this Standard.

## 2. Machinery of Government (MoG) Changes

On 6 October 2013, the Serious Organised Crime Agency ceased to exist as a Non-Departmental Public Body (NDPB) of the Home Office following the Royal Assent of the Crime and Courts Bill (2013) on 25 April 2013 which enabled the creation of the National Crime Agency (NCA), a non-ministerial department (NMD). The 2012-13 comparatives of these accounts have therefore been restated to include SOCA within the department balances.

Some activities from the National Fraud Authority (NFA) within the Home Office transferred to the NCA. There was no corresponding budget transfer because the activities have a finite life span. The transfer is included in these accounts from the date the transfer happened therefore there is no impact on the 2012-13 comparatives.

In addition, on 7 October 2013, the Police Central e-Crime Unit transferred to the NCA from the Commissioner of Police of the Metropolis (CPM), a 'subsidiary' of the London Mayor's Office for Policing and Crime (MOPAC). There is no impact on the 2012-13 comparatives because the transfer is included in these accounts from the date the transfer took place.

The functions of Criminal and Financial Investigation (CFI) within the Home Office were transferred on 7 October 2013 into the NCA. The 2012-13 comparatives of these accounts have been restated to include CFI functions in the agency balances.

From 7 October 2013, the financial results of the Proceeds of Crime Centre (PoCC) were included in the NCA consolidated departmental balances. PoCC transferred into SOCA, one of the precursor organisations to the NCA on 1 November 2012, however due to the prevailing legislation PoCC's financial results continued to be reported under the National Policing Improvement Agency (NPIA) until the formation of the NCA. The 2012-13 restated comparatives of these accounts do not include PoCC results because they were immaterial to Home Office expenditure therefore the Home Office did not restate its results of the prior year.

As a non-ministerial department financed by supply, the cash and cash equivalents at the end of the period is now treated as deemed supply and shown as the supply payable in the financial statements. A deemed supply of £9.605m is shown in 2012-13.

A prior period adjustment was made in the SOCA 2013-14 closure accounts. This was recognised on the grounds of materiality, however, as this is not strictly required under IAS 8 the decision has been taken to reverse the impact of the prior period adjustment and recognise the effect instead in the 2013-14 figures'.

MoG changes which involve the merger or the transfer of functions or responsibility of one part of the public service sector to another, are accounted for using merger accounting in accordance with IFRS 3 as adapted for the public sector. This requires the restatement of the opening Statement of Financial Position and prior year's Statement of Comprehensive Net Expenditure, Statement of Cash Flows, Common Core Tables and associated Notes in the Accounts. The Statement of Financial Position and the Statement of Comprehensive Net Expenditure were restated as follows:

## Statement of Financial Position

	Published balance 31 March 2013 £'000	Transfers £'000	Restated balance 31 March 2013 £'000
<b>Non-current assets</b>			
Property, plant and equipment	123,713	138	123,851
Intangible non-current assets	25,485	-	25,485
<b>Total non-current assets</b>	<b>149,198</b>	<b>138</b>	<b>149,336</b>
<b>Other non-current assets</b>			
Receivables falling due after one year	11	-	11
<b>Total non-current assets</b>	<b>149,209</b>	<b>138</b>	<b>149,347</b>
<b>Current assets</b>			
Trade and other receivables	27,798	-	27,798
Cash and cash equivalents	9,605	-	9,605
<b>Total current assets</b>	<b>37,403</b>	<b>-</b>	<b>37,403</b>
<b>Total assets</b>	<b>186,612</b>	<b>138</b>	<b>186,750</b>
<b>Current liabilities</b>			
Trade and Other payables	(68,752)	(9,593)	(78,345)
Deferred income	(619)	-	(619)
<b>Total current liabilities</b>	<b>(69,371)</b>	<b>(9,593)</b>	<b>(78,964)</b>
<b>Non-current assets plus net current assets</b>	<b>117,241</b>	<b>(9,455)</b>	<b>107,786</b>
<b>Non-current liabilities</b>			
IAS 19 Pension Liability	(531,806)	-	(531,806)
Provisions	(15,980)	-	(15,980)
Other payables	(3,553)	-	(3,553)
<b>Total non-current liabilities</b>	<b>(551,339)</b>	<b>-</b>	<b>(551,339)</b>
<b>Total assets less liabilities</b>	<b>(434,098)</b>	<b>(9,455)</b>	<b>(443,553)</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund	(38,631)	(9,495)	(48,126)
Pension Reserve	(398,890)	-	(398,890)
Revaluation Reserve	3,423	40	3,463
<b>Total Equity</b>	<b>(434,098)</b>	<b>(9,455)</b>	<b>(443,553)</b>

## Statement of Comprehensive Net Expenditure

	Published balance 31 March 2013 £'000	Transfers £'000	Restated balance 31 March 2013 £'000
<b>Administration Costs</b>			
Officer costs	21,914	-	21,914
Other costs	8,590	-	8,590
Income	(8)	-	(8)
<b>Programme costs</b>			
Officer costs	232,851	15,352	248,203
Other costs	202,352	4,958	207,310
Income	(33,270)	-	(33,270)
<b>Net Expenditure before interest and tax</b>	<b>432,429</b>	<b>20,310</b>	<b>452,739</b>
Tax	173	-	173
Interest		-	-
<b>Net Expenditure after interest and tax</b>	<b>432,602</b>	<b>20,310</b>	<b>452,912</b>
(Surplus) / loss on disposal of Non-current assets	14	-	14
Transfer from NPIA	298	-	298
<b>Net Expenditure for the financial year</b>	<b>432,914</b>	<b>20,310</b>	<b>453,224</b>
<b>Other Comprehensive Net Expenditure</b>			
	31 March 2013 £'000	Transfers £'000	Restated balance 31 March 2013 £'000
Net (gain) / loss on revaluation of Property, Plant and Equipment	(987)	0	(987)
Actuarial (gain) / loss on pension reserve	13,238	-	13,238
<b>Total Comprehensive Expenditure for the year ended 31 March</b>	<b>445,165</b>	<b>20,310</b>	<b>465,475</b>

### 3. Statement of Operating Costs by Operating Segment

	2013-14										
	Projects	DDG and Professional Stds	Operations	Intelligence	Corporate Services	Corporate Affairs	CEOP Command	Border Policing Command	Economic Crime Command	Organised Crime Command	Total
<b>Gross Expenditure</b>	32,387	8,808	132,704	26,959	123,417	75,049	5,875	57,189	10,571	4,143	<b>477,102</b>
<b>Income</b>	(24,359)	(1)	(709)	50	(1,921)	(13,381)	(399)	(716)	(1,242)	-	<b>(42,678)</b>
<b>Net Expenditure</b>	8,028	8,807	131,995	27,009	121,496	61,668	5,476	56,473	9,329	4,143	<b>434,424</b>

2013-14 represents the first year of operation for the NCA. The NCA brings together officers and responsibilities from the Serious Organised Crime Agency, Police Central e-crime Unit, the Child Exploitation and Online Protection Centre, the Criminal and Financial Investigation Border function of the Home Office and the National Fraud Authority. Each of these organisations became fully integrated into the new NCA structure. Direct comparisons with the structures of the precursor organisations would not therefore prove meaningful and have not been included in these accounts.

No segmental data is shown for assets or liabilities, as many of these costs, such as depreciation, are posted to a central cost centre. Any analysis of assets and liabilities by cost centre would not provide any meaningful data and so has not been included in these accounts.

#### Description of segments

The segments shown reflect the format in which data is reported internally to the NCA Board. All segments are under the central control of the NCA Board. A number of the segments provide a service across the organisation. These services are not cross charged.

**Projects** – This includes both externally funded projects and internal funding for the NCA Transformation Programme, Novo.

**DDG and Professional Standards** – The role of Standards and Security is to enable the NCA and its officers to operate safely and securely at all times. Through a clearly defined professional standards and security posture and embedded culture, commensurate with the threat, operating environment and the Agency's risk appetite, it will safeguard the NCA from threats to its officers, operations, assets and reputation both in the UK and overseas.

**Investigations** – NCA Investigations provides a flexible, shared operational capability to the NCA. It has an investigative network based across the UK, with integral financial investigators and intelligence support.

**Intelligence** – Intelligence is information that has been subjected to a defined evaluation and risk assessment process in order that it can be used to assist the NCA, and its partners, in making decisions to combat crime.

**Corporate Services** – Corporate Services provides an integrated approach providing the NCA with sound financial planning and management, a modern infrastructure, efficient logistical support, responsive HR systems and trained, motivated officers. It includes all the estates, IT and fleet costs which contribute to operational activity.

**Corporate Affairs** – Corporate Affairs manages and supports the governance functions and structures of the NCA on behalf of the NCA Board and Command Team. It has responsibility for developing and disseminating the NCA's strategic positioning, in particular with government, key domestic and international partners.

**CEOP Command** – The CEOP Command is dedicated to eradicating the sexual exploitation and abuse of children and young people. As noted above, CEOP also benefits from services received from other areas, such as Investigations, Intelligence and Corporate Services.

**Border Policing Command** – The Border Policing Command leads, coordinates and supports border and overseas partners and conducts operations to respond to the threats both overseas and at the UK border. As noted above, Border Policing Command also benefits from services received from other areas, such as Investigations, Intelligence and Corporate Services.

**Economic Crime Command** – The Economic Crime Command of the NCA is delivering a step change in understanding and infiltrating how crimes such as fraud, identity crime, counterfeit currency, intellectual property crime, bribery and corruption, manifest and is leading a coordinated multi agency response that looks to undermine criminal intention as well as educate and empower those who are most susceptible to attack. As noted above, Economic Crime Command also benefits from services received from other areas, such as Investigations, Intelligence and Corporate Services.

**Organised Crime Command** – The Organised Crime Command is responsible for the national overview of the threat from organised crime. It provides a unified operational response, based on a clear national picture of the threats, harms and risks posed by organised crime groups. As noted above, the Organised Crime Command also benefits from services received from other areas, such as Investigations, Intelligence and Corporate Services.

#### 4 Officer numbers and related officer costs comprise:

	Permanently Employed Officers 2013-14 £'000	Others*** 2013-14 £'000	Total 2013-14 £'000	Total Restated 2012-13 £'000
Wages and Salaries	172,273	13,458	185,731	185,472
Social Security Costs	14,562	-	14,562	14,830
Other Pension Costs	25,752	-	25,752	25,325
Indirect Employee Costs *	9,889	-	9,889	11,331
<b>Sub Total</b>	<b>222,476</b>	<b>13,458</b>	<b>235,934</b>	<b>236,948</b>
Less recoveries in respect of outward secondments	(997)	-	(997)	(905)
<b>Sub Total</b>	<b>221,479</b>	<b>13,458</b>	<b>234,937</b>	<b>236,043</b>
Exit package costs **	11,317	-	11,317	2,520
<b>Sub Total</b>	<b>232,796</b>	<b>13,458</b>	<b>246,254</b>	<b>238,563</b>
Pension costs actuarial valuation	29,475	-	29,475	31,544
<b>Total Net Costs</b>	<b>262,271</b>	<b>13,458</b>	<b>275,729</b>	<b>270,117</b>
<b>Of which:</b>	<b>Charged to Administration budgets</b>	<b>Charged to Programme budgets</b>	<b>Total</b>	
	19,810	255,919	<b>275,729</b>	

\* Indirect Employee costs are made up of Training costs of £3.4m (2012-13: £3.2m), Recruitment costs £1.0m (2012-13: £0.4m), Compensation and Medical payments £0.3m (2012-13: £1.6m), subscriptions £0.2m (2012-13: £0.1m) and £5.5m (2012-13: £6m) costs related to officers based overseas.

\*\* There was £0.2m relating to a compensation payment, and an exit scheme for NCA officers for the year 2013-14 with a cost of £11.1m. (2012-13: £2.5m).

\*\*\*Other officers employed is analysed as shown in the table below;

Category of Officer	2013-14 Total	2012-13 Total
Agency officers	26	22
Contract officers	19	10
Seconded officers	90	78
<b>Total</b>	<b>135</b>	<b>110</b>

The £13.5m cost incurred in the year comprises £0.8m Agency officers, £3.5m Contract officers, Overseas officers £2.5m and £6.7m Seconded officers (2012-13: £11.8m comprising, £0.9m Agency officers, £2.8m Contract officers, Overseas officers £2.6m and £5.5m Seconded officers).

## Average number of persons employed

The average number of full-time equivalent officers employed during the period was as follows:

<b>Number</b>	<b>2013-14 Total</b>	<b>2012-13 Total</b>
Permanently Employed	3,904	3,706
Other*	135	110
Officers engaged on capital projects	2	1
<b>Total Average number of officers</b>	<b>4,041</b>	<b>3,817</b>

\* Other officers employed is analysed: Agency officers 26, Contract officers 19 and Seconded officers 90 (2012-13: Agency officers 22, Contract officers 10 and Seconded officers 78). Officers engaged on capital projects is analysed: Contractors 2 (2012-13: 1)

In addition to the above directly employed officers, the NCA had an average of 67 attached from other organisations (2012-13: 44) who are excluded from the above figures as they do not form part of the NCA establishment. The NCA is not charged for the attached officers who are considered to be working for the benefit of their employers.

It is estimated that the cost of employing the officers attached to the NCA in 2013-14 would have been £3.2m (2012-13: £2.2m).

Costs totalling £0.2m (2012-13: £0.1m) were capitalised during the period for work carried out on capital projects.

## Pension benefits

### 4.a) Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme in which the NCA was unable to identify its share of the underlying assets and liabilities. The scheme actuary re-values the scheme centrally and reassesses contributions every four years.

A full actuarial valuation was carried out as at 31 March 2007. The scheme bands were adjusted in 2007-08 and the contribution rates adjusted in 2008-09 and 2012-13. The contributions were set to meet some of the pension cost of the members on retirement. The state of the current scheme is currently under review. From 30 July 2007, the existing scheme was closed to new entrants and scheme amendments allowed officers in classic or classic plus who leave after 1 October 2007 to give up some of their pension in exchange for a higher tax-free lump sum. Employees joining after 30 July 2007 are able to join the nuvos scheme, a defined benefit scheme with, in common with the existing premium and classic plus schemes, a member contribution rate of between 3.5% and 8.25% of pensionable pay. Employee contributions have a contribution rate of 1.5% to 6.25% of pensionable earnings for the classic scheme. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).



For 2013-14, employer contributions of £25.8m (2012-13: £23.1m) were payable to PCSPS at one of four rates in the range between 16.7% and 24.3% of pensionable pay (2012-13: 16.7% and 24.3%), based on salary bands. This included £0.4m of contributions paid to other agencies, for example the Home Office, in respect of officers seconded to the NCA (2012-13: £0.7m). The contribution rates reflected benefits as they accrued, not when the costs were actually incurred, and reflected past experience of the scheme.

In addition, employer contributions of 0.8% (2012-13: 0.8%) of pensionable pay were payable to PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of employees. Contributions of £9.4k were payable for 2013-14 to PCSPS in respect of these benefits (2012-13: £9k).

#### **4.b) Partnership and Stakeholder Schemes**

Employees could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions for partnership pensions are payable to one or more of a panel of four appointed stakeholder pension providers. These contributions are age related and range from 3% to 15.5% of pensionable pay (2012-13: 3% to 15.5%). Employers also match employee contributions up to 15.5% of pensionable pay. During the year 2013-14, the NCA paid employers' contributions of £0.17m to stakeholder pension providers (2012-13: £0.16m).

#### **4.c) Local Government Pension Scheme (LGPS)**

The LGPS is a multi-employer defined benefit scheme and eligible employees participate in a fund managed by the London Pensions Fund Authority (LPFA). In order to comply with the Government Finance Reporting Manual, the NCA was required to provide in these accounts for the full value of the expected future pension liabilities to the officers. The LPFA has provided a valuation of the scheme assets as at 31 March 2014 showing net pension liability of £0.072m (2012-13 scheme liability of £0.063m); this figure is reflected in the Statement of Financial Position.

**The net scheme assets at 31 March**

	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>£'000</b>
Present value of Assets	783	1,049
Present value of Liabilities	(855)	(1,112)
Net pension asset / (liability)	(72)	(63)
Movement in Pension Asset / Reserve	56	73
Surplus / (Loss) in Statement of Financial Position	(16)	10

The main assumptions used by the actuaries Barnett Waddingham, employed by LPFA, were as follows:

**The net scheme assets at 31 March**

	<b>2013-14</b>	<b>2012-13</b>
	<b>%</b>	<b>%</b>
Inflation assumption	3.7	3.4
Rate of salaries increase	4.6	4.3
Rate of pensions increase	2.9	2.6
Discount rate	4.6	4.7

During the period ending 31 March 2014, employer contributions of £0.017m (2012-13: £0.033m) were paid to the LPFA at 17.4% of pensionable pay (2012-13: 16.9%). The contribution rate was determined by the Fund actuary, based on a three-yearly actuarial valuation. Under pension fund regulations the contribution rates must be set to meet the overall liabilities of the Fund. The latest formal valuation of the LPFA pension fund was at 31 March 2014.

#### 4.d) Police Pension Scheme

The Agency operated a defined benefit Police Pension Scheme for former police officers.

The Police Pension Fund was established under the Police Pension Fund Regulations 2007 (SI 2007/1932).

As part of the scheme, the NCA accepted liability for payment of the pension benefits in respect of the officers' past service with a police force, although no transfer values were payable from a former employer in respect of this liability, as well as their pensionable service whilst employed by the Agency.

Pension benefits were paid from the NCA resources as they fell due. In the period ending 31 March 2014, £21.9m was paid to pensioners (2012-13: £21.9m).

Employees in the old pension scheme (pre-2006) make contributions of 12.25% or 12.5% of salary (according to salary threshold). Officers joining the scheme after this date pay 10.1% or 10.5% of salary. Both schemes have different accrual rates and retirement ages. Pensions paid in the period were charged against the Pension liability. The NCA incurred the cost of employer contributions at the rate of 24.2% of pensionable pay in the period totalling £4.4m (2012-13: £4.8m). The employee's contribution is set nationally by the Home Office and is subject to triennial revaluation by the Government Actuary's Department (GAD).

In order to comply with the Government Financial Reporting Manual and Accounts Guidance, the NCA was required to provide in these accounts for the full value of the expected future pensions liabilities of the officers. Since 2010-11 the Government Actuary's Department (GAD) has valued contingent injury awards, the previous approach valued injury awards as they came into payment. This change in practice is due to the adoption of IAS 19. The NCA commissioned GAD to value the scheme liabilities as at 31 March 2014. Full provision for this liability at 31 March 2014 of £628.49m (2012-13: £557.24m) is reflected in the Statement of Financial Position and is based on the assumptions and information set out below.

<b>Pension liabilities</b>	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>£'000</b>
Present value of liabilities – Police Officers	628,490	531,743
<b>Net pension liabilities</b>	<b>628,490</b>	<b>531,743</b>

The main assumptions used by the Government Actuary's Department were as follows:

<b>The net scheme assets at 31 March</b>	<b>2013-14</b>	<b>2012-13</b>
	<b>%</b>	<b>%</b>
Inflation assumption	2.50	1.70
Rate of increase in salaries	4.50	3.95
Rate of increase in pensions	2.50	1.70
Rate of discounting scheme liabilities	4.35	4.10

<b>Remeasurements of net defined liability / (asset) for year</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Direct Recruits Scheme</b>	<b>£'000</b>	<b>£'000</b>
Experience gains / (losses)	(17,509)	21,289
Effect of changes in demographic and financial assumptions	(69,331)	(34,600)
<b>Remeasurements of net defined liability / (asset)</b>	<b>(86,840)</b>	<b>13,311</b>

The results of any actuarial valuation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty, the approximate effects on the actuarial liability as at 31 March 2014 of changes to the main actuarial assumptions are set out below.

<b>Change in Assumption</b>	<b>Approximate Effect on total liability</b>	
	<b>%</b>	<b>£'000</b>
<b>Rate of Return</b>		
i Rate of discounting scheme liabilities: -0.5% a year	10.3	63,000
ii Rate of Increase in salaries: +0.5% a year	1.1	7,000
iii Rate of increase in pensions / deferred revaluation: +0.5% a year	9.2	57,000
<b>Pensioner Mortality</b>		
iv Pensioners living (on average) one year longer	1.5	9,000

#### 4.e) Changes in Pension Assets and Liabilities for the Year by Scheme

The change in the pension liabilities resulting from operating and finance costs have been charged to the Statement of Comprehensive Net Expenditure. This charge is reduced by the contributions receivable in the year from the active members.

The Remeasurements of net defined liability/(asset) calculated by GAD has been reflected in the Statement of Financial Position (Pension Reserve).

##### Changes in Pension Assets and Liabilities for the Year by Scheme

	2013-14 LGPS £'000	2013-14 Police Officers £'000	2013-14 Total £'000	2012-13 PO / LGPS Total Restated £'000
<b>Operating cost:</b>				
Current service cost net of employee contributions	59	6,830	6,889	7,212
Transfers	-	-	-	110
Employer's contribution	(17)	-	(17)	(33)
<b>Finance cost:</b>				
Interest on pension liabilities	23	22,580	22,603	24,309
Expected return on employer assets	-	-	-	(54)
<b>Net Return</b>	<b>65</b>	<b>29,410</b>	<b>29,475</b>	<b>31,544</b>
<b>Remeasurements of net defined liability / (asset)</b>				
Experience gain / (loss) on pension liabilities	42	(17,509)	(17,467)	21,285
Actuarial return less expected return on scheme assets	14	-	14	77
Changes in demographic & financial assumptions	-	(69,331)	(69,331)	(34,600)
<b>Total remeasurement Gain / (Loss) charged to Pension Reserve</b>	<b>56</b>	<b>(86,840)</b>	<b>(86,784)</b>	<b>(13,238)</b>

## Movement in Pension Liabilities during the year

	2013-14 LGPS	2013-14 Police Officers	2013-14 Total	2012-13 PO / LGPS Total Restated
	£'000	£'000	£'000	£'000
Net liabilities at start of year	63	531,743	531,806	506,652
Current and past service cost	59	9,197	9,256	9,516
Pensions paid in the year	-	(21,870)	(21,870)	(21,932)
Employer's contribution	(17)	-	(17)	(33)
Pension transfers-in	-	-	-	110
Net finance charge	23	22,580	22,603	24,255
Remeasurements of net defined liability / (asset)	(56)	86,840	86,784	13,238
<b>Net (assets) / liabilities at end of year</b>	<b>72</b>	<b>628,490</b>	<b>628,562</b>	<b>531,806</b>

## 4.f) Reporting of Civil Service and other compensation schemes- exit packages

### Exit Package Cost Band

	2013-14 Total number of Exit Packages by cost band	2012-13 Total number of Exit Packages by cost band
<£10,000	1	-
£10,000 - £25,000	68	1
£25,000 - £50,000	96	6
£50,000 - £100,000	82	15
£100,000 - £150,000	7	8
£150,000 - £200,000	2	2
£200,000 - £250,000	-	-
Total Number Of Exit Packages	256	32
<b>Total resource Cost (£'000)</b>	<b>11,317</b>	<b>2,520</b>

One Executive Director received a compensation payment of £189.6k.

There were no compulsory redundancies in 2013-14 or 2012-13.

The Voluntary Exit Scheme (VES) applied in 2013-14 was accepted by 255 officers, but no Directors and did not require a provision to meet future years' costs. All costs associated with this scheme were incurred in 2013-14. The scheme was open to officers at NCA Grade 5 and above.

The VES applied in 2012-13 was accepted by 32 officers, including two Executive Directors and did not require a provision to meet future years' costs. All costs associated with this scheme were incurred in 2012-13. Officers who accepted these opportunities were at senior management grades (NCA Grades 2 and above).

Redundancy and other departure costs were paid or agreed in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for on an accruals basis. Where the Agency had agreed early retirements, the additional costs were met by the agency and not by the Civil Service Pension Scheme. Ill-health retirements were met by the pension scheme and are not included in the above table.

The exit schemes adopted were approved by HM Treasury. The Scheme adopted in 2010-11 required a provision to be established to fund pension payments for 45 officers until they reached 60 years of age. The Annual Estimated pension was calculated and adjusted for a discount rate of 1.80% per annum.

## 5. Other Administration Costs

	2013-14 £'000	2013-14 £'000	2012-13 Restated £'000	2012-13 Restated £'000
Premises costs (excluding onerous lease provision)*	2,252		3,102	
Onerous lease provision	-		-	
IT expenses	2,434		2,086	
Accommodation, subsistence and general expenses	917		1,286	
Transport costs	55		71	
Office and general expenses	224		211	
Conference set up and running costs	65		66	
		<b>5,947</b>		<b>6,822</b>
Other operating subscriptions	52		80	
		<b>52</b>		<b>80</b>
Fees:				
Professional services and fees**	1,044		1,688	
		<b>1,044</b>		<b>1,688</b>
		<b>7,043</b>		<b>8,590</b>

\* The above note includes further analysis of Premises costs. The analysis is provided to explain the impact of the onerous leases provision, for properties vacated by 31 March 2014 on 2012-13 and 2013-14 expenditure.

\*\* Professional services and fees costs for 2013-14 includes the movement in legal provisions see note 16.

## 6. Programme Costs

	2013-14 £'000	2013-14 £'000	2012-13 Restated £'000	2012-13 Restated £'000
Premises costs (excluding onerous lease provision)*	46,158		44,079	
Onerous lease provision	(787)		487	
IT expenses	51,044		50,933	
Accommodation, subsistence and general expenses	15,592		13,606	
Transport costs	9,090		9,070	
Office and general expenses	1,978		5,092	
Conference set up and running costs	809		440	
Office equipment and repairs	520		566	
		<b>124,404</b>		<b>124,273</b>
Operational and communication costs	20,000		18,896	
INTERPOL subscription	2,841		2,810	
Other operating subscriptions	315		(97)	
Foreign exchange (gain) / loss	(21)		145	
		<b>23,135</b>		<b>21,754</b>
Fees:				
Forensic fees	3,241		2,534	
Interim Receivers' fees	210		217	
External audit fee	125		132	
Professional services and fees**	1,621		7,876	
		<b>5,197</b>		<b>10,759</b>
Other Expenditure:				
Grants to forces and other public sector bodies	1,346		(323)	
		<b>1,346</b>		<b>(323)</b>
Non-cash items:				
Depreciation		27,211		30,998
Amortisation		10,589		9,419
Revaluation loss on non-current assets		399		9,181
Notional Auditors Remuneration and Expenses		120		-
Notional expenditure covered by donations		1,809		1,249
		<b>194,210</b>		<b>207,310</b>

\* The above note includes further analysis of Premises costs. The analysis is provided to explain the impact of the Onerous leases provision, for properties vacated by 31 March 2014 on 2012-13 and 2013-14 expenditure

\*\* Professional services and fees costs for 2013-14 includes the movement in legal provisions see note 16.

## 7. Income and Funding

	2013-14 £'000	2012-13 £'000
Funding received:		
Others operating income:	135	-
	<b>135</b>	-
<b>Total Administration Income</b>	<b>135</b>	-
Funding received:		
Scottish Executive contributions	5,484	5,543
Police Service of Northern Ireland contributions	1,463	1,479
Recovered Asset Incentivisation Fund	6,435	4,195
EU Funding	1,021	591
Civil recoveries applied to receivers' fees	210	217
Specific operational funding	22,784	17,902
	<b>37,397</b>	<b>29,927</b>
Donation of goods and services (excl cash):		
Donations over £25ok	1,612	655
Donations under £25ok	197	594
	<b>1,809</b>	<b>1,249</b>
Other operating income:		
Cash Donations	169	-
Others	2,702	1,451
	<b>2,871</b>	<b>1,451</b>
Costs recovered	393	563
Rents and service charges	73	88
<b>Total Programme Income</b>	<b>42,543</b>	<b>33,278</b>

### 7.a) Funding

Specific Operational funding relates to funding received to undertake a number of discrete projects, for example Cyber Crime. The funding was received from the Home Office £16.9m (2012-13: £13.3m), the



Foreign and Commonwealth Office £5.7m (2012-13: £4.3m), and other government bodies £0.2m (2012-13: nil). All of these projects cover more than one financial year.

### **7.b) Donations of goods and services**

In the year 2013-14, various goods and services with an estimated value of £1.978m (2012-13: £1.249m) were received from organisations and charities which were used by CEOP to support its objectives. This total includes cash donations of £169k received in relation to the year 2013-14 (2012-13: nil).

### **7.c) Costs recovered**

Other income included costs recovered from the Foreign and Commonwealth Office of £141k (2012-13: £226k) and operational activity funded by other government departments of £91k (2012-13: £108k). No costs have been recovered from other law enforcement agencies (2012-13: £229k). Rents and service charges of £73k (2012-13: £88k) related to the sub-let of the NCA estate to a law enforcement agency.

## 8. Property, Plant and Equipment

### 8.a) Tangible Non-current Assets - Property, Plant and Equipment at 31 March 2014

	Buildings £'000	Land £'000	Improve- ments to leasehold buildings £'000	Motor vehicles £'000	IT Assets £'000	Plant & Machinery £'000	Furniture & Fitting £'000	Payments on account & assets under £'000 construction	Total Restated £'000
<b>Cost or valuation</b>									
At 1 April 2013	18,080	3,041	98,502	38,368	80,884	46,978	7,762	18,374	311,989
Additions	583	-	5,676	3,319	5,341	3,572	239	8,618	27,348
Disposals	(19)	-	(3,752)	(4,959)	(22,450)	(22,043)	(1,008)	-	(54,231)
Impairments and write-offs	-	-	-	-	-	-	-	-	-
Transfers (internal)	-	-	-	2,161	12,021	3,180	-	(17,362)	-
Transfers from NPIA	-	-	-	-	-	-	-	-	-
Revaluations	170	131	7,335	(972)	(2,109)	(783)	(170)	-	3,602
<b>At 31 March 2014</b>	<b>18,814</b>	<b>3,172</b>	<b>107,761</b>	<b>37,917</b>	<b>73,687</b>	<b>30,904</b>	<b>6,823</b>	<b>9,630</b>	<b>288,708</b>
<b>Depreciation</b>									
At 1 April 2013	8,403	-	44,755	28,718	57,831	42,937	5,495	-	188,139
Charge in year	873	-	10,329	2,699	9,736	2,711	865	-	27,213
Disposals	(19)	-	(3,753)	(4,591)	(22,450)	(22,023)	(1,008)	-	(53,844)
Impairments and write-offs	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
In year MoG Transfer of dep'n	-	-	-	44	193	-	-	-	237
Transfers from NPIA	-	-	-	-	-	-	-	-	-
Revaluation	101	-	3,630	(449)	(1,157)	(540)	(115)	-	1,470
<b>At 31 March 2014</b>	<b>9,358</b>	<b>-</b>	<b>54,961</b>	<b>26,421</b>	<b>44,153</b>	<b>23,085</b>	<b>5,237</b>	<b>-</b>	<b>163,215</b>
<b>Net Book Value at 31 March 2014</b>	<b>9,456</b>	<b>3,172</b>	<b>52,800</b>	<b>11,496</b>	<b>29,534</b>	<b>7,819</b>	<b>1,586</b>	<b>9,630</b>	<b>125,493</b>
At 1 April 2013	9,677	3,041	53,747	9,651	23,053	4,041	2,267	18,374	123,851
Asset financing: Owned	9,456	3,172	52,800	11,496	29,534	7,819	1,586	9,630	125,493
<b>Net Book Value at 31 March 2014</b>	<b>9,456</b>	<b>3,172</b>	<b>52,800</b>	<b>11,496</b>	<b>29,534</b>	<b>7,819</b>	<b>1,586</b>	<b>9,630</b>	<b>125,493</b>

Freehold land and buildings were valued professionally by independent chartered surveyors in February 2013.

Other non-current assets' fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics.

## 8.b) Tangible Non-current Assets - Property, Plant and Equipment at 31 March 2013

	Buildings £'000	Land £'000	Improve- ments to leasehold buildings £'000	Motor vehicles £'000	IT Assets £'000	Plant & Machinery £'000	Furniture & Fitting £'000	Payments on account & assets under construction £'000	Total Restated £'000
<b>Cost or valuation</b>									
At 1 April 2012	28,943	4,000	99,583	38,710	67,380	46,334	7,238	12,065	304,253
Additions	1,454	-	2,064	2,179	2,515	413	412	14,427	23,464
Disposals	(24)	-	(3,441)	(4,593)	602	72	(2)	-	(7,386)
Impairments and write-offs	-	-	(17)	(1)	(23)	-	-	-	(41)
Transfers (internal)	33	-	218	1,202	6,659	(4)	10	(8,118)	-
Transfers from NPIA	-	-	-	110	43	-	-	-	153
Revaluations	(12,326)	(959)	95	222	3,708	163	104	-	(8,993)
Machinery of Government change CFI	-	-	-	539	-	-	-	-	539
<b>At 31 March 2013</b>	<b>18,080</b>	<b>3,041</b>	<b>98,502</b>	<b>38,368</b>	<b>80,884</b>	<b>46,978</b>	<b>7,762</b>	<b>18,374</b>	<b>311,989</b>
<i>Depreciation</i>									
At 1 April 2012	9,235	-	36,458	29,664	45,097	39,388	4,567	-	164,409
Charge in year	1,958	-	11,904	2,621	9,989	3,515	870	141	30,998
Disposals	(23)	-	(3,441)	(4,129)	602	72	(2)	-	(6,921)
Impairments and write-offs	-	-	(13)	(1)	(18)	-	-	-	(32)
Transfers	45	-	(18)	-	234	(124)	4	(141)	-
Transfers from NPIA	-	-	-	67	39	-	-	-	106
Revaluation	(2,812)	-	(135)	94	1,888	86	56	-	(823)
Machinery of Government change CFI	-	-	-	401	-	-	-	-	401
<b>At 31 March 2013</b>	<b>8,403</b>	<b>-</b>	<b>44,755</b>	<b>28,717</b>	<b>57,831</b>	<b>42,937</b>	<b>5,495</b>	<b>-</b>	<b>188,138</b>
<b>Net book value at 31 March 2013</b>	<b>9,677</b>	<b>3,041</b>	<b>53,747</b>	<b>9,651</b>	<b>23,053</b>	<b>4,041</b>	<b>2,267</b>	<b>18,374</b>	<b>123,851</b>
At 1 April 2012	19,708	4,000	63,125	9,046	22,283	6,946	2,671	12,065	139,844
Asset financing:									
Owned	9,677	3,041	53,747	9,651	23,053	4,041	2,267	18,374	123,851
<b>Net book value at 31 March 2013</b>	<b>9,677</b>	<b>3,041</b>	<b>53,747</b>	<b>9,651</b>	<b>23,053</b>	<b>4,041</b>	<b>2,267</b>	<b>18,374</b>	<b>123,851</b>

## 9. Intangible Assets

### 9.a) Intangible Non-current Assets at 31 March 2014

	Software £'000	Payments on account & assets under construction £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2013	47,982	13,326	61,308
Additions	13,244	354	13,598
Disposals	(8,277)	-	(8,277)
Impairments and write-offs	-	-	-
Transfers	13,327	(13,327)	-
Transfers from NPIA	-	-	-
<b>At 31 March 2014</b>	<b>66,276</b>	<b>353</b>	<b>66,629</b>
<b>Amortisation</b>			
At 1 April 2013	35,823	-	35,823
Charge in year	10,589	-	10,589
Disposals	(8,277)	-	(8,277)
Impairments and write-offs	-	-	-
Transfers	-	-	-
Transfers from NPIA	-	-	-
At 31 March 2014	38,135	-	38,135
Net Book Value			
<b>At 31 March 2014</b>	<b>28,141</b>	<b>353</b>	<b>28,494</b>
<b>At 31 March 2013</b>	<b>12,159</b>	<b>13,326</b>	<b>25,485</b>

## 9.b) Intangible Non-current Assets at 31 March 2013

	Software £'000	Payments on account & assets under construction £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2012	46,571	10,470	57,041
Additions	1,106	3,028	4,134
Disposals	22	-	22
Impairments and write-offs	-	-	-
Transfers	172	(172)	-
Transfers from NPIA	111	-	111
<b>At 31 March 2013</b>	<b>47,982</b>	<b>13,326</b>	<b>61,308</b>
<b>Amortisation</b>			
At 1 April 2012	26,342	-	26,342
Charge in year	9,419	-	9,419
Disposals	-	-	-
Impairments and write-offs	-	-	-
Transfers	-	-	-
Transfers from NPIA	62	-	62
<b>At 31 March 2013</b>	<b>35,823</b>	<b>-</b>	<b>35,823</b>
<b>Net Book Value</b>			
<b>At 31 March 2013</b>	<b>12,159</b>	<b>13,326</b>	<b>25,485</b>
<b>At 31 March 2012</b>	<b>20,229</b>	<b>10,470</b>	<b>30,699</b>

## 10. Impairments

	2013-14 £'000	2012-13 Restated £'000
Charged to SoCNE	-	9
Property, plant and equipment	-	-
Intangible assets	-	-
Transferred from Revaluation Reserve	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>9</b>

## 11. Capital and other commitments

Contracted capital commitments for 31 March for which no provision has been made:

	2013-14 £'000	2012-13 £'000
Not later than one year	9,817	4,838
Later than one year and not later than five years	6,753	4,232
Later than five years	259	426
<b>Total</b>	<b>16,829</b>	<b>9,496</b>

Commitments include contractual obligations for the provision of information technology and communications services and the acquisition of motor vehicles.

## Commitments under leases

Annual commitment for operating leases. The NCA was committed to pay for the following operating lease rentals in the future financial years:

	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>Restated</b>
		<b>£'000</b>
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	19,049	19,727
Later than one year and not later than five years	60,927	65,083
Later than five years	113,203	120,736
<b>Total</b>	<b>193,179</b>	<b>205,546</b>

## Other Financial Commitments

Other commitments include contracts for the provision of information technology, communication services and facilities management.

	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>£'000</b>
Other financial commitments		
Not later than one year	36,151	26,700
Later than one year and not later than five years	95,528	81,538
Later than 5 years	29,733	38,151
<b>Total</b>	<b>161,412</b>	<b>146,389</b>



## 12. Financial Instruments

### Risk Management Objectives and Policies

The FReM requires disclosure of the objectives and policies of an entity in holding financial instruments, and the role financial instruments have had during the period in creating or changing the risks the entity faces in undertaking its activities.

As the cash requirements of the Agency are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size.

The Agency has very limited powers to borrow, invest surpluses, or purchase foreign currency. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risk facing the Agency in undertaking its activities.

The majority of financial instruments relate to contracts for goods and services in line with the Agency's expected purchase and usage requirements and the Agency is, therefore, exposed to little credit, liquidity or market risk.

#### 31 March 2014

	Loans and Receivables £'000	Equity Investments £'000	Amortised Costs £'000	Total Book Value £'000	Fair Value £'000
Financial assets					
Cash	73,414	-	-	73,414	73,414
Trade and other receivables	3,010			3,010	3,010
Financial liabilities					
Finance lease and hire	-	-	-	-	-
Trade and other payables	-	-	(7,668)	(7,668)	(7,668)

As per IFRS 7.37, an aged debt analysis of trade and other receivables categories from note 14 as at 31 March 2014 is included below. This analysis does not include accrued income, officers' receivables, VAT receivables, PFI receivables and receivables from other government departments.

	0-30 days £'000	31-60 days £'000	After 60 days £'000	Total £'000
Financial Assets				
Trade and other receivables	1,864	281	865	3,010

### 31 March 2013

	Loans and Receivables £'000	Equity Investments £'000	Amortised Costs £'000	Total Book Value £'000	Fair Value £'000	
Financial assets						
Cash	9,605	-	-	9,605	9,605	
Trade and other receivables	4,603	-	-	4,603	4,603	
Financial liabilities						
Finance lease and hire	-	-	-	-	-	
Trade and other payables	-	-	(2,404)	(2,404)	(2,404)	
			0-30 days £'000	31-60 days £'000	After 60 days £'000	Total £'000
Financial Assets						
Trade and other receivables						4,603

## 13. Cash and Cash Equivalents

	2013-14 £'000	2012-13 £'000
Balance at 1 April	9,605	49,014
Net change in cash and cash equivalents balances	63,809	(39,409)
<b>Balance at End of Accounting Period</b>	<b>73,414</b>	<b>9,605</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	5,836	9,003
Balance held with Government Banking Service	67,578	602
<b>Balance at End of Accounting Period</b>	<b>73,414</b>	<b>9,605</b>

The NCA operated a number of bank accounts and cash imprest accounts. The UK accounts operated under a pooling arrangement which allowed some accounts to be overdrawn, as long as the main NCA account was in credit to cover the overdrawn balances. At 31 March 2014, the cash and bank balances totalled £73.4m (2012-13: £9.6m).

Interest of £0.05m was received during the year on bank balances (2012-13: £0.15m). Interest received relating to seized third party assets is required to be paid to the Home Office. The NCA did not recognise interest earned as part of its income as it is due to the Home Office.

Liquid resources comprise cash balances held in bank accounts and as cash in hand. The NCA receives bank interest on its cumulative bank balance. Any bank interest received relating to seized third party assets is required to be paid to the Home Office.

The NCA, created on 7 October 2013, required immediate cash funding in order to commence delivery of its objectives in 2013-14. The NCA was created under new legislation as a non-ministerial department.

The new legal status means the NCA will obtain its funding direct from HM Treasury. At 7 October 2013, Parliament had not approved a Vote for the NCA, therefore HM Treasury was not authorised to issue funding to the NCA directly using the Vote process. The Home Office, acting on behalf of the NCA, authorised an advance from the Contingencies Fund to the value of £198.7m in order for the NCA to operate until Parliament formally approved the NCA Vote.

Parliament approved the NCA Vote in March 2014 to the value of £495.93m, the 2013-14 full-year entitlement. This funding approval enabled the NCA to make two immediate payments. Firstly the repayment to the Home Office of £198.7m in order to repay the advance from the Contingencies Fund and secondly to repay the Home Office for grant in aid funding provided by the Home Office to SOCA for the period 1 April to 6 October 2013, to the value of £211.3m. The remaining balance of funds was then utilised by the NCA in order to pay for goods / services up to 31 March 2014.

The closing balance, whilst noted as high, was drawn in order to ensure adequate cover for year-end forecast accruals crystallising before 31 March 2014, the first NCA financial year end. Of the closing balance reported, £67.6m was held in accounts with the Government Banking Service, with the balance in commercial accounts. When the C&AG of the National Audit Office formally signs off the 2013-14 accounts, the NCA will repay to HM Treasury unspent HM Treasury funding.

## 14. Trade receivables and other current assets

	2013-14 £'000	2012-13 £'000
<b>14.a) Amounts falling due within one year</b>		
Trade receivables *	3,010	4,603
Accrued income	14,954	7,541
Other receivables	4,972	6,434
Transfer from NPIA	-	240
Prepayments	10,097	8,980
	<b>33,033</b>	<b>27,798</b>
<b>14.b) Intra-Government balances</b>		
Balances with other central government bodies	22,281	16,615
Balances with local authorities and police authorities	248	407
<b>Subtotal: intra-government balances</b>	<b>22,529</b>	<b>17,022</b>
Balances with bodies external to Government	10,504	10,776
	<b>33,033</b>	<b>27,798</b>
<b>14.c) Amounts falling due after one year</b>		
Other receivables	10	11
	<b>10</b>	<b>11</b>
<b>14.d) Intra-Government balances</b>		
Balances with bodies external to Government	10	11
	<b>10</b>	<b>11</b>

\* The Bad Debt Provision is reported in Note 12 Provision for Liabilities and Charges and assesses Trade Receivables for the potential risk of the debt not being recovered. The provision for 2013-14 is £0.005m (2012-13: £0.14m).

## 15. Trade payables and other current liabilities

	2013-14 £'000	2012-13 Restated £'000
<b>15.a) Amounts falling due within one year</b>		
Other Tax and Social Security	1,823	398
Trade Payables	7,668	2,404
Other Payables	605	3,179
Amounts issued from the Consolidated Fund for supply but not spent at year end	73,414	9,605
Accruals	63,907	62,759
Deferred income	806	619
	<b>148,223</b>	<b>78,964</b>
<b>15.b) Intra-Government balances</b>		
Balances with other central government bodies	81,414	18,675
Balances with local authorities and police authorities	1,314	1,211
<b>Subtotal: intra-government balances</b>	<b>82,728</b>	<b>19,886</b>
Balances with bodies external to Government	64,689	58,459
<b>Balances excluding deferred income</b>	<b>147,417</b>	<b>78,345</b>
Deferred income balances with central government bodies	(116)	47
Deferred income with local authorities and police authorities	112	11
Deferred income balances with bodies external to Government	810	561
	<b>148,223</b>	<b>78,964</b>
<b>15.c) Amounts falling due more than one year</b>		
Other payables*	2,608	3,553
	<b>2,608</b>	<b>3,553</b>
<b>15.d) Intra-Government balances</b>		
Balances with central Government bodies	-	-
Balances with bodies external to Government	2,608	3,553
	<b>2,608</b>	<b>3,553</b>

\* This relates to the Rent Discount account. The NCA has rent discounts, which were approved as incentives for taking out leases, running on 7 properties (2012-13: 7 properties). The total rent discount is £2.91m (2012-13: £3.25m). The amount shown on this line represents only the elements of the rent discount that fall due after more than one year.

## 16. Provisions for Liabilities and Charges

	Legal Provision £'000	Retirement Provision £'000	Dilapidation Provision £'000	Bad Debt Provision £'000	Onerous Lease Provision £'000	Total Provision £'000
<b>Balance at 1 April 2013</b>	<b>(6,449)</b>	<b>(4,247)</b>	<b>(1,430)</b>	<b>(140)</b>	<b>(3,714)</b>	<b>(15,980)</b>
Provided in year	(540)	-	-	(5)	-	(545)
Provisions not required written back*	4,972	-	189	-	-	5,161
Provisions utilised in the year **	145	712	-	140	518	1,515
Cost of borrowing (Unwinding of discount)	-	(102)	13	-	126	37
<b>Balance at 31 March 2014</b>	<b>(1,872)</b>	<b>(3,637)</b>	<b>(1,228)</b>	<b>(5)</b>	<b>(3,070)</b>	<b>(9,812)</b>

	Legal Provision £'000	Retirement Provision £'000	Dilapidation Provision £'000	Bad Debt Provision £'000	Onerous Lease Provision £'000	Total Provision £'000
<b>Balance at 1 April 2012</b>	<b>(2,040)</b>	<b>(5,140)</b>	<b>(735)</b>	<b>(162)</b>	<b>(3,770)</b>	<b>(11,847)</b>
Provided in year	(4,786)	(230)	(734)	(2)	(558)	(6,310)
Provisions not required written back	-	-	39	-	-	39
Provisions utilised in the year	377	1,123	0	24	614	2,138
<b>Balance at 31 March 2013 ***</b>	<b>(6,449)</b>	<b>(4,247)</b>	<b>(1,430)</b>	<b>(140)</b>	<b>(3,714)</b>	<b>(15,980)</b>

\* Provisions not required written back is a credit to Annually Managed Expenditure (AME). This occurs when the provision is reviewed and confirmed to be over stated.

\*\* Provisions utilised in the year are a charge to DEL and reflect expenditure incurred that off-set in part or in total the original provision.

\*\*\* The element of the charge for buildings covered by the Onerous Lease Provision relating to dilapidations has been moved to the Dilapidation Provision column. The total Provision is unchanged.

The provisions are anticipated to crystallise in the NCA as follows:

	Legal Provision £'000	Retirement Provision £'000	Dilapidation Provision £'000	Bad Debt Provision £'000	Onerous Lease Provision £'000	Total Provision £'000
within 1 year	-	809	277	5	545	1,636
2 - 5 years	1,872	1,896	462	-	1,857	6,087
Over 5 years	-	932	489	-	668	2,089
<b>Total</b>	<b>1,872</b>	<b>3,637</b>	<b>1,228</b>	<b>5</b>	<b>3,070</b>	<b>9,812</b>

The Legal provision of £1.872m related to provision for claims and costs relating to potential Civil Recovery cases, and cases in progress to cover estimates on litigation costs for officers undertaking action because of injury, loss of employment, changes in conditions of service and operational activity. The provision allowed for both costs and compensation payments.

The Retirement provision of £3.637m was created to provide for expected future pension obligations in accordance with the HM Treasury approved exit scheme SOCA adopted in October 2010. The valuation, as advised by HM Treasury, included a discount factor of 1.80% (2012-13: 2.35%) that is applied to future years' cash flows.

The Dilapidation provision assessed and valued expected dilapidation costs on buildings. An amount was provided for in the accounts based on an estimated charge per sq. ft of leased space and allowed for the reversal of any changes to the building made by the NCA and the costs of redecoration.

The Bad Debt Provision assessed outstanding debts for the potential risk of the debt not being recovered and a provision was made where deemed necessary.

The Onerous lease provision was created in accordance with IAS 37 and related to four offices vacated for which there was a lease obligation beyond 31 March 2014. The provision took into account known future lease breaks and lease end dates. The NCA endeavoured to dispose of these properties in line with the NCA Board's Estates Strategy.

## **17. Contingent Liabilities**

### **17.a) Lease Dilapidations**

The NCA occupied leasehold premises, many of which had been modified to meet specific operational or administration requirements. Common to the leases was the requirement to hand back the premises at the end of the lease period in a good condition. In substance this often obliged the NCA to incur further expenditure on returning these premises to their pre-occupation condition.

The lease dilapidations in note 17a relate to buildings still occupied by the NCA at 31 March 2014. Lease dilapidations for buildings already exited are shown in the dilapidation provision (note 16).

The costs to the NCA on vacation of leased premises were estimated as £5m (2012-13: £5m). This estimate was based on a charge per square foot of leased space and allowed for the reversal of any changes to the building made by the NCA and the costs of redecoration. This potential liability at 31 March 2014 was estimated to fall due as follows:

	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	556	-
Later than one year and not later than five years	1,268	2,401
Later than 5 years	3,374	2,618
	<b>5,198</b>	<b>5,019</b>

### **17.b) Litigation Costs**

The NCA had a small number of claims from employees, members of the public and suppliers that could result in compensation payments to be made on settlement. These claims were considered to be contingent liabilities because the probability of the NCA being successful in litigation was less than 50% and they were at an early stage of action, making the determination of costs impossible. Compensation payments made are reported in note 17.

## **18. Losses and Special Payments**

The NCA incurred £0.02m losses during the year 2013-14 (2012-13: £0.01m).

Special payments of £0.086m was paid in relation to 7 compensation payments during the year 2013-14 (2012-13: £0.346m for 7 payments). There were no constructive losses in period 2013-14 or 2012-13.

## **19. Indemnities**

A Departmental Minute was laid before Parliament in October 2011 which enables the NCA to indemnify bodies against losses when using their facilities for firearms training purposes, to a maximum value at any one time of £50m. The NCA and its precursors entered into 55 agreements with suppliers during the reporting period (2012-13: 49), with a maximum value at any one time of £15m (2012-13: £12m). At 31 March 2014, the NCA had five indemnities in place with firearms training establishments which added up to £14m (2012-13: £55m) for the period to March 2014. Controls were in place to ensure that these did not exceed the £50m limit at any specific date. No individual indemnity exceeds £5m in value. The maximum indemnity in place at any one time was £15m in January 2014 and £15m in February 2014.

With effect from October 2011, SOCA, and subsequently the NCA, had the authority to enter into other indemnities for operational need of up to £0.25m in any particular case. The NCA entered into no indemnities during the year (2012-13: nil).

A PF78 (solicitor's undertaking as to expenses) occurred in circumstances where a person, by dint of their age or capacity, was unable to defend their own interests. In these cases, the court would direct that their



interests were independently represented by the office of the Official Solicitor. In such circumstances, the NCA was requested by the court to provide an undertaking to indemnify the Official Solicitor's reasonable costs, No new PF78s were established in the period to 31 March 2014 (2012-13: nil).

The following indemnities remained current from the previous years:

- 5 indemnities (2012-13: 5) with banks relating to the recovery of criminal assets with an estimated value of £0.603m (2012-13: £0.629m). The decreased value relates to Euro / Sterling exchange rate movements.
- 5 indemnities (2012-13: 5) with clearing banks with a maximum aggregated value of £0.820m (2012-13: £0.616m).
- 4 operational indemnities (2012-13: 4) with a combined estimated value of £1m (2012-13: £1m).
- 5 (2012-13: 5) PF78 solicitor's undertaking as to expenses with potential liability of less than £0.125m (2012-13: £0.125m).

No liabilities crystallised during the period. The NCA continually reviewed indemnities according to the quantum of risk and likelihood.

## 20. Related Party Transactions

The organisations listed below were considered to be related parties to the NCA:

	<b>Closing Balance</b>	<b>Closing Balance</b>	<b>Net spend / (income)</b>	<b>Restated net spend / (income)</b>
	<b>2013-14</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2012-13</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Home Office	13,922	14,446	(22,645)	(331,625)
FCO	(436)	(2,625)	1,477	12,998*
Government Estates Management	(266)	(965)	485	696
Northern Ireland Administration	557	-	(469)	(1,479)
Scottish Government	(3)	-	(5,317)	(5,543)
HMRC	1290	(2,621)	2,232	423
Police Forces	(856)	237	3,210	3,491
Local Government	(210)	(1,016)	157	3,192
HMIC	-	-	380	491
NPfA	-	(156)	(170)	(916)
Other (not analysed)	(785)	(315)	1012	
	<u>13,213</u>	<u>6,985</u>		

\* The Foreign & Commonwealth Office net spend in 2012-13 accounts misclassified £5,554m of income.

During the year 2013-14, these bodies provided the NCA with Grant-in-Aid and, in certain cases, other funding. In addition, the NCA had a small number of transactions with other government departments and other central Government bodies.

Related Party Transactions took place in 2013-14 and 2012-13 relating to Peter Clarke, SOCA Non-Executive Director, who is also a Board member for the Trustees at Crimestoppers.

Crimestoppers is a registered charity which received monies from the NCA Community Fund in 2013-14 and 2012-13. The distribution of the Community Fund was decided by the NCA Board of Trustees. Peter Clarke was not a member of this Board. The NCA paid Crimestoppers £50k (2012-13: £50k) as a donation to support its activities. Peter Clarke was not part of the decision making process.

## 21. Third Party Assets

Seized property is that which is appropriated by the NCA and other law enforcement bodies but which may still be liable to be returned. Seized property held by the NCA at 31 March 2014 consisted of £11.4m (2012-13: £11.2m) in cash, motor vehicles and other valuables suspected of being derived from criminal activity.

These are not the NCA's assets and are not included in the accounts.

	<b>2013-14</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2012-13</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Third party assets :				
-Monies	9,864		10,203	
-Physical assets	1,543		1,033	
<b>Total</b>		<b>11,407</b>		<b>11,236</b>

## 22. Recovered Assets

The NCA manages bank accounts where recovered assets are deposited. Each year-end, the excess of civil recoveries over receivers' fees applied net of any direct disposal costs is paid over to the Home Office. For assets recovered through Criminal and Tax cases the amounts are paid over quarterly. The figures presented below are net of direct costs.

	2013-14 £'000	2013-14 £'000	2012-13 £'000	2012-13 £'000
Recovered assets receipts :				
-Civil	2,290		1,863	
-Criminal	360		1,029	
-Tax	1,388		1,333	
		<b>4,038</b>		<b>4,225</b>
Asset recoveries applied against receivers' fees (see below)		(210)		(217)
<b>Net recovered receipts</b>		<b>3,828</b>		<b>4,008</b>
Receipts paid to the Home Office		(2,418)		(2,177)
<b>Recovered asset proceeds held at 31 Mar 2014</b>		<b>1,410</b>		<b>1,831</b>

The NCA pays to the Home Office, quarterly in arrears, recovered asset receipts net of estimated receivership and enforcement costs. A final payment for £1.410m from the monies held in the separately identified third party bank accounts was paid to the Home Office in May 2014.

The civil and tax figures quoted above differ from the NCA's reported performance against the Home Office civil and tax recovery target in the annual report as a result of the deduction of allowable costs and cases under appeal in the above figures.

The criminal receipts figure quoted above relates to the NCA's ongoing responsibility to enforce payment against criminal confiscation orders obtained in previous years by the Assets Recovery Agency (ARA) or where the NCA has obtained a confiscation order in connection with an investigation commenced by ARA. It is by its nature a small and diminishing amount. All other existing confiscation orders obtained by the NCA and new confiscation orders unconnected with ARA or SOCA obtained since the mergers continue to be enforced by the courts. This figure has no relationship to the value of new confiscation orders obtained by the NCA 1 April 2013 - 31 March 2014; nor to the value of receipts banked by the courts in fulfilment of confiscation orders obtained by the NCA from 1 April 2013 - 31 March 2014 and previous years.

## 23. Recovered Assets Allowable Against Receivers' Fees

Section 280, Subsection 3 of the amended Proceeds of Crime Act 2002 (PoCA) enables the Director General to meet the costs of an appointed Interim Receiver from sums received from Civil Recovery proceedings in a way which directly mirrors the provisions in criminal confiscation cases in Parts 2 and 4 of PoCA. Receivers' fees totalling £210k were incurred on civil recovery during the year 2013-14 (2012-13: £217k) The commencement date of the provision was 1 July 2005 and, thereafter, the costs of Interim Receivers and Trustees were permitted to be offset against eventual case proceeds.

	2013-14 £'000	2012-13 £'000
Total receivers' fees in year	210	217
Assets in enforcement applied	(210)	(217)
<b>Net receivers' fees in year</b>	-	-

## 24. Forfeiture and confiscation orders

Receipts paid to the Home Office during the year in fulfilment of cash forfeiture orders obtained in the period 1 April 2013 – 31 March 2014 and the previous year are set out below. It should be noted that the time-lag created by the 30 day appeal period which follows all cash forfeiture orders and the normal business delays in processing forfeited cash through to the Home Office means that the amount paid to the Home Office in any given financial year does not correspond precisely to the stated value of new cash forfeiture orders obtained over the same period.

	2013-14 £'000	2012-13 £'000
Forfeiture and confiscation monies paid over	6,054	3,826

## 25. Events after the Reporting Period

There have been no significant events after the reporting period.

These financial statements were authorised for issue on the same date that the Comptroller and Auditor General signed his certificate.

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