

Title: The National Crime Agency (NCA) IA No: HO0066 Lead department or agency: Home Office Other departments or agencies: Serious and Organised Crime Agency (SOCA), Child Exploitation and Online Protection Centre (CEOP), National Police Improvement Agency (NPIA), UK Border Agency (UKBA), Ministry of Justice (MoJ)	Impact Assessment (IA)		
	Date: 27/04/2012		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Primary legislation		
Contact for enquiries: NCA Programme Team 020 7035 0075			

Summary: Intervention and Options	RPC Opinion: RPC Opinion Status
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£m	£m	£m	No
			NA

What is the problem under consideration? Why is government intervention necessary?

Organised crime poses a significant threat to the UK and costs our country between £20bn and £40bn a year. It threatens national security and manifests itself in daily criminality which damages our economy, local communities and individual lives. The current response to serious, organised and complex crime is fragmented and ineffective- existing structures have evolved in isolation, working to divergent priorities and operating models. In line with Local to Global: the Organised Crime Strategy, the Government requires more effective coordination of enforcement at national, regional and local level to improve the response to serious and organised crime.

What are the policy objectives and the intended effects?

The policy intention is to protect the public from serious, organised and complex crime, ensuring the most efficient and effective use of operational resources and creating a hostile environment for organised criminals. To achieve this, we will: develop a unique and enhanced intelligence capability, providing a single national picture of the threat from organised crime; implement new tasking and coordination arrangements to ensure the collective resources of law enforcement are brought to bear where they can have the greatest impact; and reduce duplication in the policing landscape to capitalise on operational efficiencies.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1 - Continue with existing arrangements (do nothing).
Option 2 - Strengthen existing arrangements without legislative or structural changes.
Option 3 - Create a National Crime Agency (NCA) with new and unique tasking and coordination powers, underpinned for the first time by a single intelligence picture and a shared pool of operational resource and specialist capabilities.

Option 3 is the preferred option as it meets all the policy objectives and intended effects

Will the policy be reviewed? It will/will not be reviewed. If applicable, set review date: Month/Year					
Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 No	Small No	Medium No	Large No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A	Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister:  Date: 9 May 2012

Summary: Analysis & Evidence

Policy Option 1

Description: Maintain existing arrangements

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

The 'Do nothing' option is the baseline against which all other options are assessed- there are therefore no additional costs of this option.

Other key non-monetised costs by 'main affected groups'

The 'do nothing' option is characterised by continued duplication of resources, and the absence of national co-ordination and prioritisation.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low		Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

The 'Do nothing' option is the baseline against which all other options are assessed. There are, therefore, no additional benefits of this option.

Other key non-monetised benefits by 'main affected groups'

The 'Do nothing' option is characterised by less short-term disruption and reorganisation than the other options.

Key assumptions/sensitivities/risks

Discount rate (%)

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: -	Benefits: -	Net: -	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Improve existing arrangements for coordination of law enforcement efforts

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

Other key non-monetised costs by 'main affected groups'

Possible costs include staff and IT costs including training, security clearances, hardware and associated overheads .

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	-	-	-

Description and scale of key monetised benefits by 'main affected groups'

Other key non-monetised benefits by 'main affected groups'

Reduced duplication of back-office functions; Increased effectiveness (reduced economic and social costs of serious and organised crime); Increased efficiency.

Key assumptions/sensitivities/risks

Discount rate (%)

Whilst Option 2 would begin to address some of the weaknesses in the UK's response to organised crime, it would leave significant issues (such as the lack of a comprehensive intelligence picture and effective tasking and co-ordination arrangements) unaddressed. It would therefore leave the UK open to the ongoing threat from serious, organised and complex crime.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: -	Benefits: -	Net: -	No	NA

Summary: Analysis & Evidence

Policy Option 3

Description: Create a National Crime Agency with an enhanced intelligence hub and tasking and coordination powers

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

Other key non-monetised costs by 'main affected groups'
 Costs are non-monetised at this stage as the Design and Operating model of the NCA is under development. Costs will be managed within overall precursor budgets and one-off transition costs will be kept to a minimum through through the use of existing estates and infrastructure.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Other key non-monetised benefits by 'main affected groups'
 Improved operational effectiveness and efficiency will reduce the costs to the state, private sector and civil society from organised crime. To provide a sense of scale a 1% decrease in the level of serious, organised and complex crime, would equate to benefits of approximately £200m per annum.

Key assumptions/sensitivities/risks	Discount rate (%)
In line with the approach set out in the NCA Plan, the NCA will operate within the budget envelope of its precursor agencies.	

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: -	No	NA
Benefits: -		
Net: -		

Evidence Base

A. Strategic Overview

A.1 Background

Organised crime costs our country between £20bn and £40bn a year.¹ It threatens our national security and manifests itself in daily criminality, which damages our economy, local communities and individual lives. The UK's response has lagged behind, and the challenge is to improve our capability to deal with this threat.

Serious and organised crime poses a complex and high risk threat. The Government's National Security Strategy² and the Strategic Defence and Security Review³ highlight a significant increase in the level of organised crime as a key risk to the UK's national security. They also outline large scale computer-enabled crime and border security as risks to national security, both of which have an organised crime dimension.

The UK Threat Assessment highlights the evolving nature of the threat from serious and organised crime. Although recent years have seen significant advances in the response to serious and organised crime, including the publication of the first UK-wide Organised Crime Strategy, Local to Global: Reducing the Risk from Organised Crime,⁴ the absence of national tasking, coordination and intelligence arrangements means that serious and organised crime cannot yet be fully understood or gripped by existing structures. Radical changes in the wider policing landscape to rationalise existing crime and policing structures, including the introduction of elected Police and Crime Commissioners in England and Wales, have presented an unparalleled opportunity to rethink the way the UK responds to this challenge.

The creation of the National Crime Agency (NCA) will bring a step change in the national response to serious and organised criminality, connecting the efforts of local policing with national and international capabilities to improve the UK's response to the full spectrum of threats. For the first time, the NCA will provide and task against a single, national intelligence picture, identifying gaps in current capability and providing support and direction to local law enforcement to build a comprehensive picture of serious, organised and complex crime and exploit every opportunity to disrupt it.

A.2 Groups Affected

Those affected by the proposals are:

- Public sector organisations, including: police forces; the Serious Organised Crime Agency (SOCA), including the Child Exploitation and Online Protection Centre (CEOP); the National Policing Improvement Agency (NPIA), Serious Fraud Office (SFO), and other Departments with an interest in serious, organised and complex crime including, but not limited to, the Home Office (including UKBA / Border Force), Ministry of Justice and HM Revenue and Customs.
- The communities and individuals, including business and civil society, affected by the daily impact of serious, organised and complex crime.

¹ <http://www.homeoffice.gov.uk/publications/crime/organised-crime-strategy?view=Binary>

² http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_191639.pdf?CID=PDF&PLA=furl&CRE=nationalsecuritystrategy

³ http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_191634.pdf?CID=PDF&PLA=furl&CRE=sdsr

⁴ <http://www.homeoffice.gov.uk/publications/crime/organised-crime-strategy?view=Binary>

A.3 Consultation

Within Government

Consultation has been undertaken with other government departments, including HMT, Cabinet Office, HM Revenue and Customs, the police service and the devolved administrations.

Public Consultation

The Government consulted on its plans for police reform, including the establishment of the National Crime Agency (NCA), in *Policing in the 21st Century*, published July 2010⁵. Consultation responses were published in December 2010. A summary of the responses and a list of respondents can be viewed at <http://www.homeoffice.gov.uk/publications/consultations/policing-21st-century/response-policing-21st?view=Binary>

Following this the NCA plan was published in June 2011, setting out the aims and objectives of the NCA: <http://www.homeoffice.gov.uk/publications/crime/nca-creation-plan?view=Binary>

B. Rationale

Existing structures directed against serious, organised and complex crime have evolved in isolation, working to divergent priorities and operating models in the absence of a single national intelligence picture. This context presents substantial opportunities to enhance the **efficiency** and **effectiveness** of the operational response, with a consequent reduction in the **social and economic costs** of serious and organised crime. In line with the commitments set out in the organised crime strategy, changes to current arrangements could bring significant benefits by improving the way law enforcement works to:

- **Stem** the opportunities for organised crime to take root;
- **Strengthen** enforcement action against organised criminals; and
- **Safeguard** communities, businesses and the state.

In order to meet the ambitions set out in the Government's organised crime strategy, law enforcement must see a **step change in the operational response** through **better coordination of activity** at the national and regional level, informed by a **comprehensive picture of the threat** from serious, organised and complex crime.

Efficiency and Effectiveness

Intelligence and Data Sharing: The absence of a single national intelligence picture of the threats and individuals associated with serious, organised and complex crime remains a barrier to the efficient and effective deployment of resources against a commonly understood threat. The historic lack of join-up means that the response to serious and organised crime has lagged behind, for example, counter-terrorism arrangements. In order to bridge this gap, UK law enforcement must have access to a **comprehensive picture of the threat** from organised crime, a **clearer understanding of gaps in knowledge or response**, and the **ability to assess threat, harm and risk** in a coherent way.

The development of an **intelligence hub**, as proposed in the NCA Plan, would provide a national picture of organised crime, allowing law enforcement to channel its collective efforts towards the groups which pose the greatest risk and **creating new intelligence and disruption opportunities**. It would provide information to the full range of law enforcement partners to **ensure intelligence can be acted upon**, and it would **deconflict to avoid the risk of gaps or overlaps** in the response to emerging or established threats.

Tasking and Coordination: The organised crime threat has a significant impact at the regional and national level, with 73% of Organised Criminals operating across police force boundaries⁶. Two reports from Her

⁵ Policing in the 21st Century: reconnecting police and the people July 2010

⁶ ACPO Organised Crime Group Mapping Data cited in Cabinet Office & Home Office 'Extending our Reach' 2009

Majesty's Inspectorate of Constabulary (HMIC)⁷ have highlighted the significant differences in investment and capability between forces regions in tackling organised crime. The lack of a national framework for tasking and coordination means there is currently no mechanism to ensure these resources are deployed efficiently and effectively in all cases.

An effective national response requires the entirety of the law enforcement response to work in partnership. The introduction of a **national tasking and coordination mechanism** – underpinned by a centrally held intelligence picture – would allow partners to ensure that the right agency takes ownership for tackling particular organised crime groups or threats on the basis of a **collectively recognised prioritisation model**. This model, set out in detail in the NCA Plan, would ensure that available resources were deployed in a more efficient and effective manner, **targeting the most serious criminals** for hard-edged enforcement and **ensuring more lawful interventions take place** to disrupt the activities of a much larger number of other criminals involved in organised crime groups

Rationalising the Landscape: A number of organisations are involved in the response to serious, organised and complex crime; these include the Serious Organised Crime Agency, the UK Border Agency, the Child Exploitation and Online Protection Centre, the National Policing Improvement Agency and the police service. Within and between these organisations there are significant overlaps. Better organisation would allow for less duplication and a more effective use of available resource.

Social and economic costs

The effects of serious and organised crime are felt daily by individuals and communities across the UK. The total cost of economic and social harm caused by organised crime in the UK was estimated at between £20 billion and £40 billion in 2003/4.⁸ An improvement in the operational response would disrupt ongoing criminal activity and dissuade would-be organised criminals from operating in the UK.

C. Objectives

There are three key objectives:

- i) **Improve operational efficiency** – reduce duplication of roles and responsibilities and ensure that resources are deployed in a targeted and consistent manner across the UK. This should draw on a single intelligence picture to ensure resources are targeted according to a common picture of threat, harm and risk;
- ii) **Improve operational effectiveness** – enhance the national intelligence picture and ensure the collective resources of the law enforcement community are brought to bear for the greatest impact through effective tasking and coordination;
- iii) **Reduce the social and economic costs** of serious and organised crime to the UK, delivering a capability with a relentless commitment to – and focus on – protecting the public.

D. Options

Option 1 Continue with existing arrangements (do nothing).

This option would see no change to the current approach to serious, organised and complex crime, with precursor budgets falling within the Spending Review Settlement.

Option 2 Strengthen existing arrangements without legislative or structural changes.

⁷ Her Majesty's Inspectorate of Constabulary- Getting Organised, A thematic report on the police service's response to serious and organised crime, 2008. Getting Together- A better deal for the public through joint working, HMIC, 2009.

⁸ Home Office/Cabinet Office [2009] 'Extending Our Reach' citing Home Office (2004) 'One Step Ahead: A 21st Century Strategy to Defeat Organised Crime'.

This would see an improvement to collaboration and coordination arrangements through, for example, building on the work of Organised Crime Partnership Board, the Economic Crime Coordination Board, and the enhancement of analytical capability supporting Border Security arrangements. This option is likely to require only minimal additional resource to create secretariat and support functions but is not likely to provide a radically enhanced capability from an intelligence or tasking and coordination perspective.

Option 3 Create a National Crime Agency (NCA) with tasking and coordination powers underpinned by a single national intelligence picture and a shared pool of operational resource and specialist capabilities.

This would see the creation of a fundamentally new crime-fighting Agency, capable of leading a step change in the response to serious and organised criminality. Building on the significant work undertaken by SOCA over recent years, it would draw on the collective resources of SOCA, CEOP and specialist capabilities from across the law enforcement community to deliver a radically enhanced enforcement capability. The NCA would play a new role in coordinating the collective law enforcement response to serious, organised and complex crime, providing – for the first time – a comprehensive picture of the threat from organised crime and ensuring that the collective resources of the NCA and its partners are deployed for the greatest effect.

E. Appraisal (Costs and Benefits)

GENERAL ASSUMPTIONS & DATA

Following Keith Bristow's appointment as Director General of the NCA, the detailed design of the NCA is now under way and will continue over the course of 2012. This work has not identified material new costs or any other considerations that might jeopardise the commitment to deliver the NCA from within precursor budgets. It may, however, lead to some marginal costs associated with the NCA's establishment. One-off transition costs will be kept to a minimum by using existing estates and infrastructure and will be managed within overall budgets.

By contrast, the benefits of delivering the NCA are significant. By delivering an organisation with a clear mandate to deal with serious, organised and complex crime – and providing it with the resources and capabilities necessary to deliver against its ambitions – we will draw on the best of the work undertaken within the law enforcement community over recent years, closing the existing gaps in provision and delivering a fundamentally new capability. Central to this will be an enhanced intelligence capability and more effective tasking arrangements, mitigating against the risks posed by organised crime and generating a reduction in the economic costs of organised crime. In each option below we have highlighted potential costs and summarised how we will seek to manage these down. These will need to be considered against the opportunity to deliver a real impact on the overall costs of serious and organised crime.

For the purpose of this analysis, Option 1 (Do Nothing) was set as the baseline against which the other options were compared. As the design of the agency is still under way the cost implications cannot be detailed with significant certainty. The final design will also impact the benefits that can be delivered. There will be transition costs to manage within the precursor budgets; establishing these costs forms part of the ongoing work.

This analysis does not include monetised costs at this stage; however, the anticipated impacts are described below. Multi-criteria analysis was used to compare the full range of qualitative costs and benefits, and determine the preferred option. The criteria and weighting for the multi-criteria assessment are set out in Annex 2.

It should be noted that whilst there may be economic costs to these options, these costs will be covered by existing precursor budgets.

OPTION 1- Do nothing

The impact of the 'Do nothing' approach can be summarised as follows:

- Continued duplication of resources in the absence of national co-ordination and prioritisation;
- Continued fragmentation of response to serious and organised crime;
- Continued absence of strategic threat assessment;
- Failure to maximise benefits or exploit opportunities, including more effective operations and enhanced capability; and
- Less short term disruption and reorganisation, as this option represents no change from current arrangements.

As the 'Do nothing' option forms the baseline against which all other options are assessed, there are zero *additional* costs and benefits associated with this option. That is not to say that costs will not change over the 10 year period; these are assumed to be within the budgets set out in the Spending Review.

Options 2 & 3

The costs and benefits for options 2 and 3, compared to the 'Do nothing' baseline, are described below.

The cost benefit analysis will be developed further as the NCA operating model is finalised.

OPTION 2 – Strengthen existing arrangements without legislative or structural changes

Option 2 is likely to require only minimal additional resource, allowing for a marginal improvement in national coordination of operational activity by providing a range of forums where practitioners can discuss priorities and arrive at a slightly better understanding of the threat. It would not, however, allow for any significant improvement in performance or efficiency, both of which would rely on the development of a nationally recognised intelligence picture (and the associated collection, analysis and dissemination capabilities) and a legislatively-underpinned and collectively agreed tasking model necessary to prioritise resources effectively across geographical boundaries. Resources held at the national level would remain scattered across a range of organisations and would lack the flexibility to respond dynamically and collectively to evolving and overlapping threats.

COSTS

An assessment of potential costs is considered below.

Staff

- **Additional Staff** – Strengthening existing arrangements may require some additional staff resources. The additional staff would fulfil a policy/secretariat role and would not provide additional operational capability. There would be salary costs associated with the additional staff but are unlikely to be significant in number.
- **Training and familiarisation**- Training and familiarisation with their new organisations are likely to be required for the additional members of staff.
- **Security clearance**- The additional members of staff would need to obtain security clearance, at the appropriate level and these costs would need to be considered.

IT & Estates

- We would need to consider costs of adding new staff onto existing IT systems of their respective organisations and the ongoing corporate overheads, necessary to support the new staff.

BENEFITS

The identified benefits of Option 2 are set out below.

Efficiency and reduced fragmentation of response

Most benefits will be focussed at the strategic level; however the degree to which further efficiency and co-ordination can be achieved will be limited by the lack of an Intelligence Hub to provide a single intelligence picture and the lack of a tasking role to direct resources to areas of high priority. As such the efficiency benefit is likely to be minimal and a significant fragmentation of response may remain.

Effectiveness

Strengthening existing arrangements may lead to greater sharing of intelligence and expertise between agencies; improving the knowledge of serious and organised criminal activities.

A more coordinated, collaborative and strategic response may enable greater disruptions of criminal activities and **reduce the economic and social harm caused by serious and organised crime**. Any reduction in serious and organised criminal activities due to strengthening arrangements would clearly be a benefit to the UK.

MULTI-CRITERIA ANALYSIS

As set out at Annex 3, Option 2 is given a multi-criteria score of **33**. As the option represents no change from existing requirements it scores well in terms of time, affordability and the risk profile, but scores low in terms of meeting the critical success factors, and the information and intelligence needs.

ONE-IN-ONE-OUT (OIOO)

No additional costs to businesses or civil service organisations have been identified. There may be some additional benefit to business through the reduction in criminal activities but these are difficult to quantify and, as they are an indirect impact of the proposals, outside the scope of one-in-one-out.

OPTION 3 – Create a National Crime Agency (NCA) with tasking and coordination powers underpinned by a single national intelligence picture and a shared pool of operational resource and specialist capabilities.

A significant amount of preliminary work has been done on the design of the NCA in parallel with preparations for the legislation for the Agency. This has not identified material new costs or any other considerations that might jeopardise the commitment to deliver the NCA from within precursor budgets. We have listed below some areas where, as the work deepens in detail over the next year, there is the possibility of some costs arising, but these are expected to be marginal.

By contrast, the benefits associated with the delivery of an NCA designed to respond to the threat from serious, organised and complex crime and given the tools – including the ability to task and coordinate law enforcement partners – will drive down the social and economic costs of organised crime by driving up the efficiency and effectiveness of the operational response.

The NCA is well positioned to lead a step change in the response to serious and organised crime. If this manifested in a **1% decrease** in the level of serious, organised and complex crime, this would equate to **benefits of £200m per annum**.

Whilst all costs will be delivered within existing precursor budgets, the potential costs and benefits identified for consideration are:

<p>KEY COSTS</p>	<p><u>One-Off Transition Costs</u></p> <ul style="list-style-type: none"> • Staff: Training and familiarisation; interview costs; costs to obtain security clearance- limited to new hires, rather than transferring staff. • IT: Transfer of staff to IT systems; mitigated by use of existing infrastructure and contracts- likely to be limited to staff outside of SOCA transferring. Possible build of new requirements. • Buildings: cost of staff moves; mitigated by use of existing estates • Other: Branding and marketing spend; minimised through utilising existing channels, in line with Home Office and wider government commitments. <p><u>Running costs</u></p> <ul style="list-style-type: none"> • Staff: additional salaries and revised terms and conditions- limited to new hires, rather than transferring staff. Any harmonisation could be phased. • Infrastructure: corporate support costs- limited to new hires, rather than transferring staff.
<p>KEY BENEFITS</p>	<p><u>Ongoing Benefits</u></p> <p>Efficiency:</p> <ul style="list-style-type: none"> • Comprehensive intelligence picture, resulting in improved access to intelligence and greater development of enforcement and disruption opportunities by police forces. • Reduced duplication of effort through tasking of law enforcement agencies against the most significant threats and for the greatest benefit. • Access to specialist resource and intelligence, allowing forces to progress cases faster and maximise opportunities for disruption and prosecution. <p>Effectiveness:</p> <ul style="list-style-type: none"> • More comprehensive intelligence picture to ensure awareness of the most significant threats and any gaps in provision. • Intelligence picture used to direct NCA and law enforcement effort to ensure an operational response against the most high risk Organised Crime Groups; • Development of a cross-law enforcement operating model to share learning and best practice, leading to increased disruptions and prosecutions.

These are described in more detail below:

COSTS

Staff

The NCA will primarily be formed through the transfer of precursor staff into the new agency; therefore they are already funded within established budgets.

Transfer of staff:

Approximately 4,000 staff that currently work in existing functions in other government departments (such as SOCA and CEOP) will be subsumed into the NCA. These staff are included in the baseline (Option 1) and are merely a transfer of resource between government departments; their labour costs should, therefore, not be included in the cost benefit analysis.

Change in staff terms and conditions

All staff transferring into the NCA will be protected under the rules of COSOP/TUPE, therefore will transfer at least on their existing Terms and Conditions. Any possible harmonisation of staff terms and conditions will increase the total staffing costs. As our working assumption is that staff terms and conditions will be based on those of current SOCA and CEOP employees', who form the majority of the new NCA, the costs in this area are minimal.

Until terms and conditions are negotiated it is difficult to estimate the impact of the proposals for other functions and capabilities that may be transferring into the NCA. However, the functions that have been identified as likely to transfer into the NCA besides SOCA and CEOP are, on initial assessment, on similar pay scales to SOCA. In the event harmonisation costs arise these could be further minimised by harmonising over time, rather than on introduction of the NCA.

Additional staff

Whilst the majority of the NCA staff will transfer from precursors, there may be some additional posts not within precursors currently. Any additional staff that are required will be kept to a minimum, and within the affordability limits of the NCA.

These staff would be recruited based on NCA terms and conditions (T&Cs) and relevant pay scales. We are waiting for T&Cs to be finalised but are working on the assumption that the T&Cs will be similar to SOCA.

Other Staff Costs

There may be associated staff costs with Option 3 that will also need to be considered in the cost benefit analysis.

- **Campaign costs** for the posts are assumed to be minimal, as existing recruitment mechanisms will be used.
- **Training and familiarisation:** There may be some training and familiarisation costs associated with new staff joining the organisation. Again these are expected to be minimal, utilising existing communication and training channels.
- **Security clearance-** The assumption is that security clearance costs will be minimal. The majority of NCA staff will need no change to their security clearance given that the majority of staff will be from SOCA and CEOP and staff from other precursors are likely to have security clearance already, although this is dependent on the overall security posture of the NCA. This will be determined alongside the Design and Operating Model of the NCA.

IT & Estates

- IT costs will be minimised through utilising existing systems and infrastructure. Detailed costs will depend, however, on specific requirements such as location, applications required, security, and timing, which will be established alongside the design and operating model of the NCA. There may be costs to standardise IT equipment or add additional IT capacity, but these costs are being assessed and will be managed within the affordability limits of the NCA.
- On estates, the assumption is that the NCA will be based on the existing SOCA estate. There may be some modifications or refitting work required on the SOCA estate to accommodate new staff and those moving from other buildings, but there is some spare capacity. Information on the design and operating model is required to determine the level of staff and the specific requirements.

Other

- **Branding/ marketing** – there may be additional costs to rebrand existing organisations as the National Crime Agency, for example signs may need to be replaced, the website redesigned, and stakeholders informed. These costs are expected to be small; kept down by utilising existing communications channels and media that are already in place, and using in-house resources.

There may also be some other additional costs such as ongoing accommodation costs and increased corporate support for new staff and those transferring to the NCA, outside of SOCA; these are expected to be managed within the overall budget, and in most cases, related overhead budget should move with staff transferring.

BENEFITS

The economic and social costs of crime are significant- the Home Office report 'The economic and social costs of crime against individuals and households 2003/04' for example, estimated the average cost of a homicide at £1.5 million, sexual offence at over £30k, and serious wounding at over £20k (2003 prices). In 2003/04 it was estimated that the annual economic and social costs associated with organised crime were in the region of £20 to £40 billion.

The potential **social and economic gains from reducing serious and organised crime** in the UK are therefore large. Any reduction in serious and organised criminal activities or increased detection of activities due to the NCA would clearly be a benefit to the UK. However, due to the uncertainty with estimating the impact of the creation of the NCA on the total economic and social costs of serious and organised crime, **these benefits have not been included in the net present value of this impact assessment.**

On the conservative assumption that the nominal cost of serious and organised crime has remained flat, *if* the NCA led to just a 1% reduction in serious and organised crime this would equate to a wider social benefit of around £200 million per annum. Given the centralised intelligence function and the ability to coordinate and task activity, we believe the NCA will achieve significant economic benefits by improving the efficiency and effectiveness of the current response.

An Enhanced Enforcement Response

- **Ensuring a comprehensive response** – the NCA's tasking capabilities will allow it to work with partners to ensure the right agency (sometimes the NCA) takes responsibility for tackling particular organised crime groups or threats, **undertaking dynamic tasking** in response to live incidents or threats to life and responding to tasking requests from partners in similar circumstances. The NCA will be capable of both requesting its partners to provide people or assets in support of an NCA operation and of **providing its own officers or specialist assets in support of their operations**. The introduction of a national tasking and coordination mechanism will for the first time allow for the deconfliction and coordination of operational crossovers to add value and mitigate risk, increasing the range of opportunities for coordination and collaboration and reducing operational overlaps.
- **Planning joint operations, providing operational support and ensuring against overlaps** – the NCA's intelligence capability will be used to generate new operational opportunities that can be acted on by relevant forces and agencies, with tasking and coordination operating on a dynamic 24/7 basis. The NCA will work in partnership with other organisations, on occasion leading the enforcement response or providing partners with the specialist resources to see through a successful disruption or prosecution. The NCA will identify, through its intelligence hub, risks to law enforcement officers due to potential overlaps in police response and ensure these are acted on.
- The NCA will **coordinate national awareness** and prevention campaigns and will coordinate alerts to the public, private and not-for profit sectors. By bringing together the organisations, expertise and best-practice can be shared. Local forces will be able to fight crime more effectively and efficiently due to more effective tasking and coordination mechanism driven by the better intelligence picture.

A National Intelligence Capability

- Consolidation of intelligence machinery within a single organisation will enable a **clearer strategic assessment of the threat** from serious, organised and complex crime, and for the first time a **comprehensive picture of organised crime** at all levels – particularly where coordinated thematic activity across multiple agencies is required. The prioritisation of resources against threats will enable deployment in areas and against targets that provide the greatest amount of **harm reduction**.
- The Organised Crime Coordination Centre and the NCA's Intelligence Hub will undertake **strategic and tactical reporting** of organised crime group activity to underpin a **nationally coordinated operational response** led by NCA, police forces or other law enforcement agencies. It will add value to locally-led investigations and will inform the strategic response to evolving threats.
- **Coordinated intelligence gathering requirements** – working with partners to influence intelligence collection priorities, and the deployment of tactical assets, in order to build and share a more comprehensive picture of serious, organised and complex crime and the opportunities to disrupt it.

An Efficient Organisation

- **Challenge and support** – the NCA will work with its partners to develop alternative **harm reduction plans** for Organised Crime Groups (OCGs), provide them with operational support or advise them on alternative approaches to tackling high harm groups in order to ensure an efficient response. The NCA will challenge its partners to ensure OCGs and threats are prioritised on the basis of the harm they cause as well as operational opportunities – and will be open and transparent so that its partners can challenge the NCA too. **Collaboration between commands** and increased coordination of response will enable more disruptions and increase law enforcement. It will provide a prioritisation of harm and impact and will enable UK law enforcement to tackle organised criminals more effectively.
- There may also be **efficiency savings** through reducing the duplication of corporate support functions, such as HR, IT, finance and the corporate centre. However, such efficiency savings may be partially offset by the corporate resource required for additional members of staff. At this stage, such benefits are uncertain and not quantified.
- In the longer term there may be some efficiency savings, such as reduced accommodation costs, through amalgamating other bodies in to the SOCA building; however, there might also be some costs associated with closing precursor organisations. The extent of these efficiency savings and closure costs are currently uncertain and not quantified in this impact assessment.

Other

- Other capability could be added to the NCA in due course if it had a clear fit with the operational nature of the organisation.

MULTI-CRITERIA ANALYSIS

As set out at Annex 3, Option 3 is given a multi-criteria **score of 36; the highest score of the three options**. This option scores strongly in terms of meeting the critical success factor requirements, and in particular in meeting the quality of information and intelligence needs and delivering an improved impact in the overall response to serious, organised and complex criminality.

ONE-IN-ONE-OUT (OIOO)

No additional costs to businesses or civil service organisations have been identified. There may be some additional benefit to business through the reduction in criminal activities but these are difficult to quantify and, as they are an indirect impact of the proposals, outside the scope of one-in-one-out.

F. Risk

The greatest risks for Option 1 and 2 are a continued duplication of resource, a fragmented response to serious and organised crime, a system which fails to keep pace with a rapidly evolving environment and little overall impact in reducing the overall economic costs of serious, organised and complex crime.

The greatest risks for Options 3 are;

- Being unable to move to the proposed solution within the required **timescale** and **possible reputational risk**;
- The challenge presented by the need to identify **offsetting savings** to fund transition costs and any additional running costs;
- **Institutional resistance** which may prevent some of the benefits from being realised;

All of the above factors have been considered in determining the overall risk scores for each option in the options analysis in Annex 3. Clearly, Do Nothing and Option 1 are relatively low risk because the anticipated change is minimal. Whilst a focussed NCA still carries a degree of risk, these can be mitigated.

G. Enforcement

The options set out in this impact assessment are compliant with the principles of the Hampton code, and conducted in a proportionate manner.

The NCA will allow risk assessments to be coordinated and resources to be concentrated on the areas that need them most, and lead to greater efficiency and effectiveness in enforcement activities.

H. Summary and Recommendations

The table below outlines the costs and benefits of the proposed changes and will be further developed in due course.

Summary – Additional costs and benefits, best estimate, present value £ million		
Option	Costs	Benefits
1	-	-
	Characterised by continued duplication of resource and fragmentation of response.	Characterised by less short-term disruption than other options.
2	Not quantified	Not quantified
	Costs incurred through the requirement for additional staff, staff transition costs (training, security, interview time), and IT costs.	Small efficiency and effectiveness benefits and reduced fragmentation of response.
3	Not quantified	Not quantified
	Possible costs incurred through the requirement for additional staff, staff transition costs (training, security, interview time), IT costs and estate set-up costs.	Reduced fragmentation of response, further efficiency and effectiveness benefits over and above Option 2.

Option 3 is the preferred option having scored highest in the multi-criteria analysis set out in Annex 3. Option 3 meets the three key objectives identified (improve the response to serious and organised crime, improve efficiency, and reduce the social and economic costs of serious and organised crime).

I. Implementation

Since the appointment of Keith Bristow as Director General in December 2011, the Home Office has focussed significantly on the overarching design and operating model for the new Agency, drawing together the work done to date by the individual projects in order to develop a coherent overarching design. Focussed work is underway to develop an overarching design and operating model for the new Agency, utilising tried and tested methodology around organisational design. This means determining the shape of the Agency in terms of the functions it will perform, its operational structure and the internal processes that will drive its business. This includes developing and mapping the detailed wiring of how the Agency's core elements will integrate – i.e. the four operational commands, National Cyber Crime Unit, intelligence hub, tasking and coordination function, and operational support functions / pooled resources.

Alongside this work, (through the NCA plan and Home Office Structural Reform plan) the Home Office has ensured that there are interim improvements being put in place through the establishment of shadow commands (in particular on Economic Crime and Border Policing). In addition, the Organised Crime Coordination Centre is already established, with the second phase due to go live in May. A number of key functions that will support the NCA's crime fighting focus will also transfer from the NPIA to the NCA via SOCA. These functions transferred to SOCA in April 2012.

Summary of key dates for NCA design and implementation

NCA DG Consultation workshops with partners	March – August 2012
Transfer of functions from NPIA to NCA via SOCA completed	April 2012
Bill introduced (subject to Parliament)	May 2012
Shadow commands and top team in place during 2012/13	Throughout 2012/13
Royal Assent (estimated)	Summer 2013
NCA fully operational	End of 2013

J. Monitoring and Evaluation

The effectiveness of the new regime will predominately be monitored via the NCA's performance framework and financial reporting.

The NCA performance project will design arrangements so that (a) the NCA Director General can manage the agency's performance; and (b) that the Home Secretary, on behalf of the public, can scrutinise and hold the agency to account for its performance. The ambition is for a coherent, transparent and effective approach where performance against NCA priorities is made clear to the public, to Parliament and to individual NCA staff.

We are looking to design an approach which provides a strategic 'whole system' view, which appraises progress against serious, organised and complex crime, and the Government's new Local to Global Organised Crime Strategy. The arrangements should allow us to appraise the contribution of different agencies or other contributors (SOCA, forces, other law enforcement agencies and, going forward, the NCA) and should seek to combine qualitative and quantitative approaches to performance appraisal.

Importantly, the Home Office does not wish to set directional targets for the NCA which could distort behaviour (although obviously the internal regime will require metrics to assess agency performance).

In terms of fit with the wider performance landscape, the NCA's performance framework will have to work with the existing HO serious and organised crime impact indicator which will remain one of the key ways in which the Home Secretary will judge the performance of the agency in responding to the Organised Crime Strategy. This indicator is annual and focuses on the size, value and nature of organised crime and our success in diminishing it (via disruptions etc) and its profitability.

With regard to financial monitoring, the NCA, as a Non-Ministerial Department will be subject to the accounting arrangements as set out in section 5 of the Government Resources and Accounts Act 2000.

The current assumption is that financial reporting for the NCA will be based on requirements set in legislation, agreed in supporting protocols, and based on agreement with the Home Office. The requirements in legislation will state that NCA will issue an annual report at the end of each financial year on the exercise of its functions during that year. The protocols for finance are still to be agreed but will be support and enhance that set in legislation.

K. Feedback

The National Crime Agency will have a strongly embedded culture of transparency and partnership working. It will develop strong relationships with its partners, with an emphasis on mutual cooperation, and two-way tasking mechanisms and information sharing.

L. Specific Impact Tests

See Annex 1.

Annex 1. Specific Impact Tests

Statutory Equality Duties

Equality Impact Assessment

A Policy Equality Statement will be published alongside the implementation of the policy.

Economic Impacts

Competition Assessment

No Impact

Small Firms Impact Test

No Impact

Environmental Impacts

Greenhouse Gas Assessment

No Impact

Wider Environmental Issues

No Impact

Social Impacts

Health and Well-being

No Impact

Human Rights

A separate ECHR memorandum will be published alongside the Bill.

Justice

There currently exist two offences that protect SOCA officers (and Joint Investigation Teams) from assault, obstruction or impersonation. With the abolition of SOCA these offences will become defunct and will be replaced by identical offences referring to NCA officers. As a result these provisions do not represent a change from the status quo, and no change in the burden on the Criminal Justice system is anticipated. These proposals will be taken through the MoJ Criminal Offences Gateway.

Privacy

A separate Privacy Impact Assessment relating to the creation of the NCA's intelligence hub will be published alongside the Bill. The intelligence hub will be underpinned by a duty on forces to share information with the NCA, reciprocated by the NCA, which is in line with current requirements to report to SOCA and is about ensuring a mutually beneficial exchange of information. The NCA will also have a duty to compel a police force to disclose information, but it is not expected to place an unreasonable burden on police forces.

Rural Proofing

No Impact

Sustainability

Sustainable Development

No Impact

Annex 2: The National Crime Agency: The Vision

The Government commitment to the creation of a National Crime Agency, to tackle serious, organised and complex crime, was made in the *Policing in the 21st Century* Consultation and described in depth in the *NCA Plan*, published June 2011.

The creation of the NCA will ensure, for the first time that a single national agency is charged with ensuring a more effective overall response from law enforcement to the full threat from serious, organised and complex crime impacting on the UK. The National Crime Agency will set the overall operational agenda for tackling serious, organised and complex crime; resulting in a significant, coherent and collaborative national response.

The agency will build on the existing capabilities of the Serious and Organised Crime Agency and the Child Exploitation and Online Protection Centre, to create an agency that will set the operational agenda for organised crime, lead in the coordination of the response and have a strong operational presence.

The NCA will be a powerful body of operational crime fighters, led by a senior Chief Constable, Keith Bristow, who took up post in December 2011. Comprising four distinct commands addressing Economic Crime, Border Policing, Organised Crime and Child Exploitation, it will exercise responsibility for national tasking and coordination against the threat posed by serious, organised and complex crime. The Agency's Cyber Crime Unit will act as a centre of expertise and will lead the UK's counter-cyber capability.

The NCA's operational activity – and its position in the landscape – will rest on the primacy of its intelligence capability, providing a national overview of emerging and established threats and allowing for tactical and strategic response.

The NCA will have strong, two-way links with local police forces and other law enforcement agencies. The NCA will cover a range of devolved and reserved activities; however the NCA will respect the devolution of powers, recognising the primacy of those in whose territories it operates. With the authority and levers to do so, it will:

- Tackle certain Organised Crime Groups and certain crime types itself;
- Lead or be a part of multi-agency operations against others;
- Develop a shared picture of the threat, agree which agency will respond and then oversee the effort to make sure that happens;
- The NCA will lead the unifying of the law enforcement response supported by strong and robust relationships with law enforcement partners; and,
- Impact publicly including to local communities.

Through the NCA's strong two-way links with local police forces, other law enforcement agencies and the wider public and private sectors, the public will be safer – and will know they are safer.

What are the key aims for the agency?

To meet the Government's commitment to a National Crime Agency, the NCA Programme was established in the Home Office and a plan was published in June 2011 setting out how the Home Office was to deliver a national crime fighting capability that would tackle organised crime, defend our borders, fight fraud and cyber crime, and protect children and young people.

The key aims listed in the NCA plan are:

- The NCA will fight organised crime that crosses force boundaries. The NCA will tackle serious and complex crime and bring organised criminals to account, in partnership with local and international forces.
- The NCA will be an internationally recognised agency. It will confront the serious and organised criminality that threatens the safety and security of the UK and its economic wellbeing, conducting multi-agency operations to achieve maximum disruption.
- Accountable to the Home Secretary and underpinned by the Strategic Policing Requirement, the NCA will reinforce the golden thread of policing. The NCA will work with Police and Crime Commissioners, chief

constables, devolved administrations and others genuinely connecting activity from the local to the international – in country, at the border and overseas.

- The NCA will build and use a comprehensive strategic and tactical picture of serious and organised criminality. It will collect and analyse its own and others' intelligence.
- The NCA will collect and analyse its own and others' intelligence, building and using a comprehensive strategic and tactical picture of serious and organised criminality.
- The NCA will harness the latest technology to ensure that, subject to robust safeguards, its intelligence gathering and analytical capabilities match the threat posed by criminals who seek constantly to evade detection.
- The NCA will prioritise action and for the first time, will undertake tasking and co-ordination across the totality of the operational law enforcement effort against criminality requiring a national response.

The NCA will have the specialist operational capabilities that add most value to those in police forces and other law enforcement partners including those on cyber crime.

Annex 3: Multi-criteria Scoring

Each of the three options was analysed against the criteria outlined in the table below.

Score	Criteria				
	Requirements	Quality	Time	Affordability	Risk Profile
1	Does not meet needs	Does not meet quality criteria	Unable to deliver requirements to target	Far in excess of budget	Very high risk – difficult to mitigate or to provide contingency
3	Does not meet majority of needs	Does not meet majority of quality criteria	Delivers some requirements to target	In excess of budget	High risk – can mitigate with contingency
5	Meets around 50% of needs	Meets around 50% of quality criteria	Delivers around 50% of requirements to target	Delivers key requirements within budget	Medium risk – with mitigation & contingencies in place
7	Meets most key needs	Meets most key quality criteria	Delivers most key requirements to target	Delivers most key requirements to budget	Low risk
10	Meets key needs & most others	Meets key quality criteria & most others	Delivers key requirements & most others to target	Delivers key requirements to budget & most others	Very low risk

Based upon the criteria above, an appraisal of the available options is summarised in the table below:

Summary of option scores

The final rankings, presented below, indicate the order of preference of the options.

Options	Analysis					
	Requirements	Quality	Time	Affordability	Risk Profile	Total Score
Option 1 - Do Nothing	1	1	10	10	10	32
Option 2 - Strengthen Existing Arrangements	3	3	10	10	7	33
Option 3 - Focussed NCA	10	7	7	7	5	36

A focussed NCA can be anticipated to deliver significant performance benefits over and above merely strengthening existing arrangements. Crucially, it enables a centralised tasking and co-ordination role which is currently lacking and which it is anticipated will drive significantly greater operational efficiency and prioritisation benefits.

Explanation of criteria and scoring

Requirements

Details of the requirements are provided in the table below. The weights for each factor were agreed amongst members of the NCA programme team, and used to calculate overall weighted sum scores for each proposed option. Some sensitivity analysis was conducted by adjusting the values of the weights.

Critical Success Factors (CSF)	Description	Weight
Fits with Home Office Structural Reform	Principally the Home Office drive to fight crime more efficiently and effectively and to secure our borders and reduced immigration	0.15
Improves Operational Efficiency:	Any proposal should enable the delivery of greater operational efficiency through the reduction of duplication and overlap.	0.2
Impact on Serious and Organised Crime	The proposed solution should lead to an improvement in performance against serious , organised and complex crime, in particular against the published Home Office indicator.	0.2
Rationalise Landscape	Any proposal should contribute to the wider government objective to declutter the landscape of bodies and organisations involved in delivery.	0.15
Risk to delivery	Risks must be identified and mitigated.	0.15
Future Flexibility	Solution must offer flexibility for future organisational structures, including capacity for expanding remit and functions.	0.1
National and International Focus	Solution must provide a solution capable of spanning all artificial geographical and administrative boundaries.	0.05

The table below illustrates how the critical success factors for each of the options were scored. Actual score meanings varied slightly according to each criteria but the scoring system, having a range of 0 to 5, was equivalent for each factor.

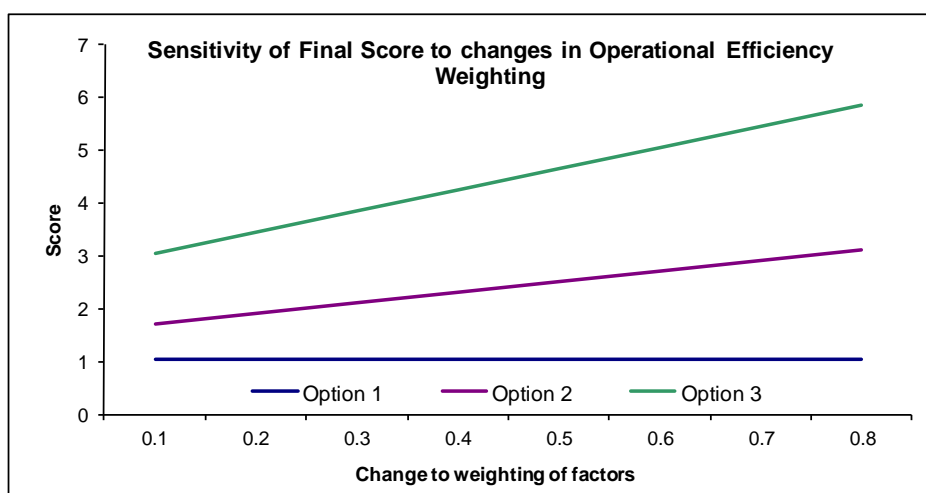
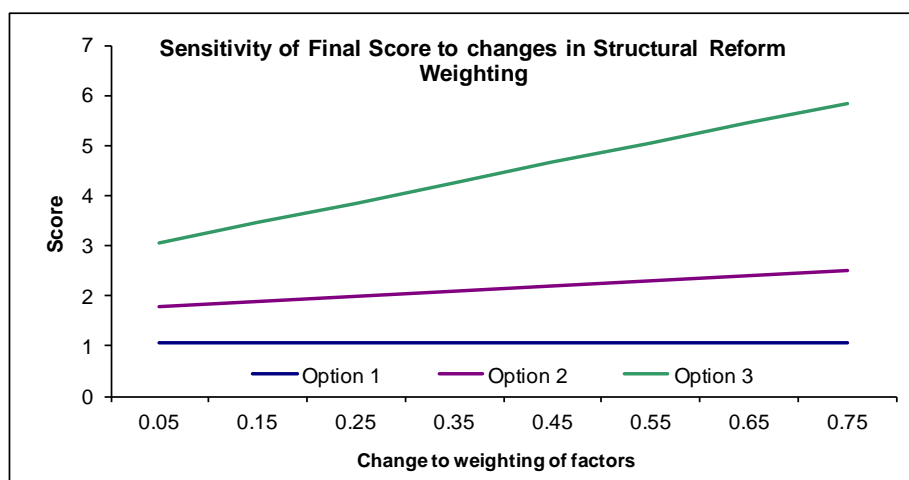
Score Value	Score meaning
0	Criterion does not apply or is not met at all
1	Criterion is only indirectly met to a very limited degree
2	Criterion is slightly delivered or met
3	Criterion is met to an adequate extent
4	Criterion is fully met
5	Criterion is fully met and enhanced

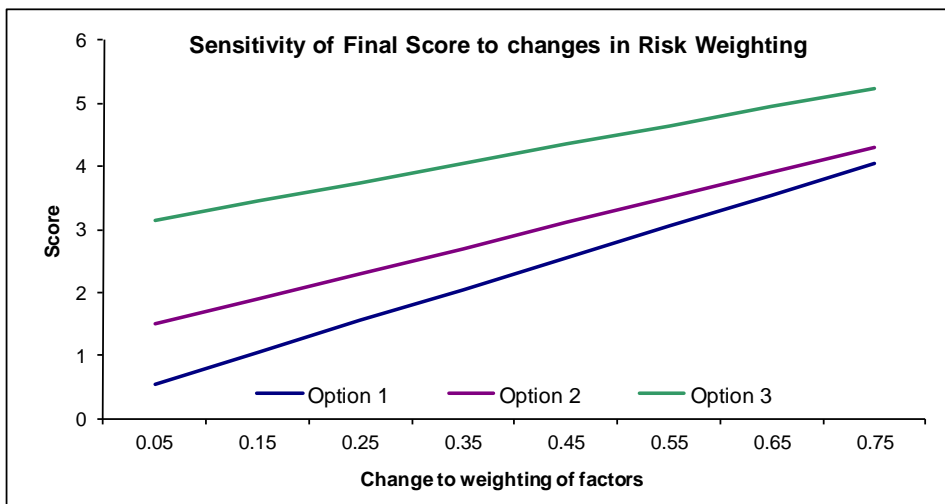
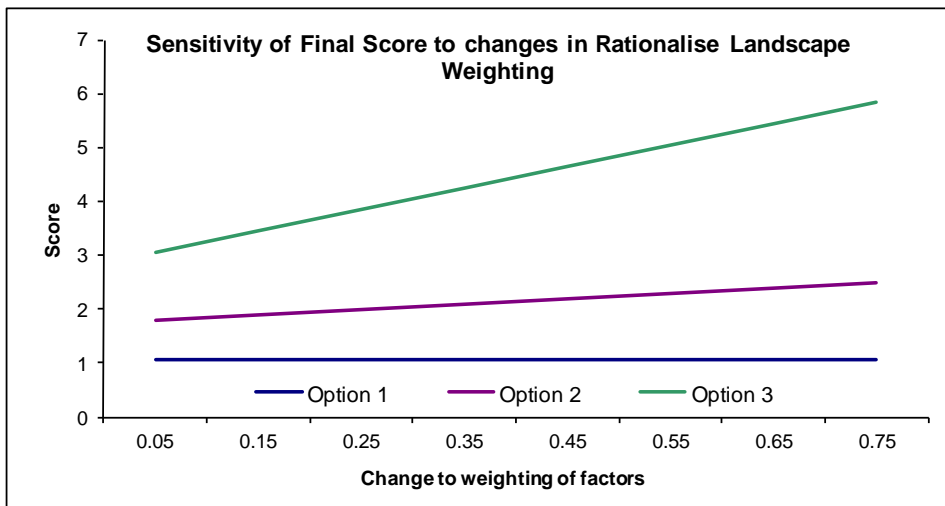
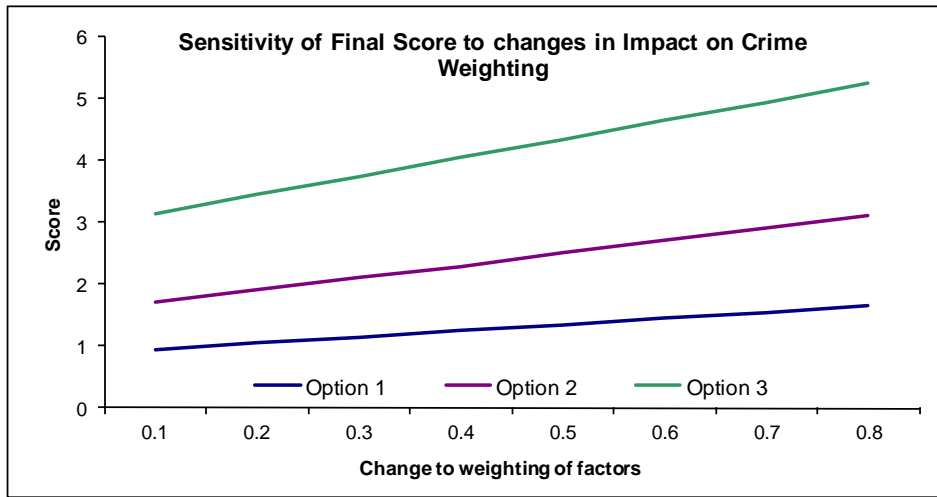
Critical Success Factors (CSF)	Weight	Options		
		Option 1 Do Nothing	Option 2 Strengthen existing arrangements	Option 3 NCA
Fits with HO Structural Reform	0.15	0	1	4
Improves Operational Efficiency	0.2	0	2	4
Impact on Serious and Organised Crime	0.2	1	2	3
Rationalise Landscape	0.15	0	1	4
Risk to delivery	0.15	5	4	3
Future Flexibility	0.1	1	2	4
Weighted Sum Score	1	1.05	1.9	3.45
Rank		1	2	3

Sensitivity analysis

The overall weighted sum scores in the table above depend on the weights for the critical success factors. These weights were agreed by the programme team in advance of the analysis presented. To test their sensitivity to different weights a sensitivity analysis was carried out to investigate how the scores and rankings might change for different weights. Weights were adjusted separately for the five most important critical success factors, namely; Fit with structural reform, improves operational efficiency, impact on serious and organised crime, rationalisation of the landscape and risk to delivery.

The results of this sensitivity analysis are presented graphically below:





We conclude that for any sensible range of weights for the critical success factors, the highest scoring option is Option 3, create a focussed National Crime Agency.

Quality

This assessment has been made by considering how the quality of the information and intelligence might compare in the new system with that of the existing system. This is important as it enables more effective targeting and prioritisation of resources. A centralised Intelligence Hub capability (Option 3) would provide the highest score as it enables a fully rationalised and national picture of relevant regional intelligence with the capability to search.

Time

Time is a critical factor. The recommended organisation needs to be in place by the end of 2013 to meet with public commitments and the wider police reform agenda. Clearly maintaining the status quo and strengthening existing arrangements score highly here, but do not deliver the full requirements.

Affordability

Option 2 and 3 is more costly than Option 1, because of the transition costs involved and the additional staff that may be required. However, the Government has committed to delivering the NCA within precursor budgets, reducing in line with the commitments of the Spending Review.

Risk

Detail provided in Section F of this IA.