



National Crime Agency Annual Report and Accounts 2016–17

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Contents

Foreword by the Home Secretary	3
Part One – Performance Report	4
Statement by the Director General	4
Performance Report – 2016-2017	5
Introduction	6
Statement of purpose	6
Going concern statement	7
Overview	8
Vulnerability	8
Commodity	9
Prosperity	10
Performance Analysis	14
1. Understanding the threats	14
2. The Effectiveness of our response	15
3. Working with partners	17
4. Managing resources	21
Scotland	24
Northern Ireland	25
NCA output data for 2016-17	26
Sustainability Report	27
Part Two – Accountability Report	33
Corporate Governance Report	33
Directors’ report	33
Statement of the Accounting Officer’s responsibilities	34
The Governance Statement	35
Remuneration and Staff Report	50
Parliamentary accountability and audit report	62
Statement of Parliamentary Supply	62
Notes to the Statement of Parliamentary Supply	63
Remote contingent liabilities, losses and special payments	65
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	66

Part Three – Financial statements	68
Statement of comprehensive net expenditure	68
Statement of financial position	69
Statement of cash flow	70
Statement of changes to taxpayers' equity	71
Notes to the accounts	72–89
Annex A – Core Tables	90

Foreword by the Home Secretary



Since the National Crime Agency (NCA) was created in 2013, the variety, scale and impact of the serious and organised crime threat has evolved. We have seen a rise in reports of child sexual exploitation and abuse; a number of cyber-attacks that defy borders and jurisdictions; and situations in the Mediterranean and Calais where organised criminal groups have exploited vulnerable humans.

Now more than ever, it is essential that the NCA is a powerful crime fighting body with the right capabilities, powers, structure and international reach to respond to this dynamic threat.

The NCA has made significant strategic advancements in the last year. The agency's collaboration with the new National Cyber Security Centre (NCSC), and cyber specialist officers across UK policing, has helped to prevent several cyber incidents. The Joint Financial Analysis Centre (JFAC), that was set up in response to the Panama Papers data leak, has established itself as a key part of the UK's anti-money laundering system. Last year also marked the International Corruption Unit's (ICU) first full year of operation, during which it conducted significant investigations and restrained around £170m. International cooperation is vital in securing a response to the threat of bribery and corruption.

In my time as Home Secretary, I have been pleased to see an increased collaboration between the NCA and its policing partners, in particular the agency's collaboration with counter-terrorism (CT) policing. The operational successes in this area have considerably enhanced the intelligence picture of the firearms threat and helped to keep the public safe. Operation Dragonroot alone, a month-long joint NCA and CT Policing operation, resulted in the seizure of 642 substantiated firearms and the arrest of 282 suspects.

Organised criminal groups are quick to modernise and the NCA must keep pace. The agency must respond to the impact of new technology – for example, encrypted communications, the dark web market place, and drones – whilst delivering operational results. It is vital that government and policing, led by the NCA, collectively raise our game and continue to develop a shared understanding of the threats we face, build shared capabilities, and act in concert against criminals. This is the only way we will succeed in making the UK a truly hostile environment for serious and organised crime.

A handwritten signature in black ink, appearing to read 'Amber Rudd'.

The Rt Hon Amber Rudd MP
Home Secretary

Part One – Performance Report

Statement by the Director General



There is no greater mission for a law enforcement officer than to protect the public and it is with great pride that I publish the National Crime Agency's annual report for 2016-17.

The dedication and commitment of our officers, and the many partners we work alongside, is reflected in our operational achievements, some of which are set out in this report. The public in the UK and abroad are safer as a result of our efforts.

We are not complacent, however; the nature of serious and organised crime evolves, as do the tactics deployed by criminals and we must keep pace. With the developments in technology, serious and organised crime is increasingly global with victims and offenders often not connected by proximity. Organised crime has the ability to reach into and impact all communities, often affecting the most vulnerable in our society. This requires the continuing evolution of the British policing model.

In this financial year we have organised the threats into three broad areas:

Prosperity – including cyber and financial crime;

Vulnerability – including child sexual exploitation and abuse, modern slavery and human trafficking and organised immigration crime; and

Commodity – including firearms and drugs.

This approach allows us to improve our understanding of the intelligence linkages and focus our response. The report details our progress in understanding the intelligence picture, ensuring relentless investigation and in building new capabilities to protect the public and bring offenders to justice.

Our transformation of the organisation, alongside partners, must continue and I have been delighted to welcome new members to our Board to assist in this focus. We have also established an Independent Reference Group, comprising members of the public who provide advice to the Board, assisting us in our consideration of public consent for the exercise of our powers and responsibilities.

We lead the fight to cut serious and organised crime with determination and focus and I commend the work of the National Crime Agency to you.

A handwritten signature in black ink, appearing to read 'Lynne Owens'.

Lynne Owens CBE QPM MA

Director General

Date: 7 July 2017

Performance Report – 2016-2017



95%
conviction rate
on NCA cases in UK courts

1738
disruptions
against groups,
individuals,
threats or
vulnerabilities



£28.3m
assets
recovered

£82.8m
assets denied
to criminals via restraint,
assets frozen and
cash seized



1441
arrests
in the UK

1176
arrests
overseas



as a result of NCA activity

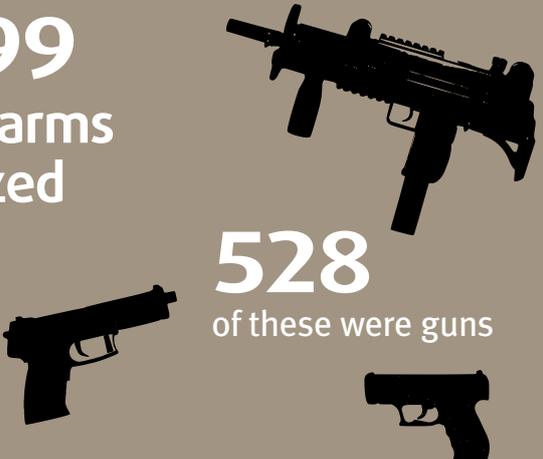
89.5
tonnes
of Class A drugs seized

a further
58 tonnes of Class B



599
firearms
seized

528
of these were guns



1896
children
safeguarded
or protected
as a result of
NCA activity



Introduction

The National Crime Agency (NCA) is responsible for protecting the UK's communities from the effects of serious and organised crime.

This is our fourth annual report, and it sets out how we have worked to keep the public safe over the past year.

Our highest priority, as set out by the Government's Serious and Organised Crime Strategy, is to identify and disrupt serious and organised crime by investigating and securing the prosecution of those responsible.

We tackle the criminal groups who exploit the vulnerable through modern slavery and human trafficking, organised immigration crime, or by making and distributing indecent images of children.

Our work to disrupt and seize money from organised criminals impacts on their ability to continue to undertake their illegal activity.

By ensuring that the most serious and dangerous offenders serve custodial sentences and seizing illicit commodities such as firearms, we help to remove those threats to society.

However, our work is not limited to securing criminal justice outcomes against those exploiting the most vulnerable in our society, disrupting their activities and seizing goods and profits from criminality; we lead and, where appropriate, support or co-ordinate work across law enforcement, locally, regionally and nationally, to reduce the impact of serious and organised crime on the UK's communities and deter people from becoming involved in such activity.

Internationally we work with partners to target networks of criminals having an impact on the UK. This work directly supports local communities, cutting off at source flows of illicit commodities including drugs and guns. Our overseas network enables us to take a joined up approach to

tackling those threats that require a global response, such as cyber crime, the security of borders, international corruption and use of the dark web.

Statement of purpose

The Director General has operational independence, and is accountable to the Home Secretary and through the Home Secretary to Parliament. The agency is also subject to scrutiny by the Scottish Parliament and the Northern Ireland Assembly.

The NCA is a non-ministerial department, funded directly by Parliament via the supply estimate. We also receive funding for ring-fenced projects from other government departments, and contributions from the Scottish Government and the Police Service of Northern Ireland.

The Home Secretary sets the NCA's strategic priorities. Within that framework, the Director General sets the NCA's operational priorities. These two sets of priorities inform the ways in which we lead, support and coordinate operational activity under the National Control Strategy aligned to the Government's Serious and Organised Crime Strategy. Our priorities can be found in the published NCA Annual Plan for 2016-17.

The Director General has direction and control over all NCA officers, and is responsible for the appointment of NCA officers and for designating officers with operational powers. The NCA assumed its statutory functions on 7 October 2013.

We work 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. These are normally exercised on a voluntary basis, but in the event that voluntary arrangements cannot be made, the Crime and Courts Act 2013 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. Similar reciprocal directed assistance arrangements apply between the NCA and a number of partners, subject to consent requirements.

To ensure we can successfully lead the fight to cut serious and organised crime and further develop the agency, our senior leadership was restructured this year to create a smaller board and new governance structure. This will make us more effective and agile in our decision making. We appointed two deputy directors general and three new non-executive directors bringing a wider range of experience and skills to the highest level of the agency. Further information on NCA Board membership can be found in the Accounts.

The Annual Report and Accounts have been prepared in accordance with the Crime and Courts Act 2013 and the Government Resources and Accounts Act 2000 (GRAA), section 5(2).

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 2017 shows a net liability of £710m (2015-16: net liability £580m). This is largely due to a pensions' liability of £848m.

The NCA is a non-ministerial department and as such is funded by Parliamentary Supply. 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.

Supply has been approved for 2017-18. It is therefore considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Overview

Serious and organised crime damages our communities and impacts on our national security. The NCA leads and coordinates the UK's response to serious and organised crime, and directs resources to tackle it in the most effective and efficient way. We have made good progress this year and achieved some impressive results that have disrupted criminals, protected the vulnerable, and enabled us to build confidence in the agency's operational response.

Tackling the breadth of serious and organised crime is beyond the capacity and capabilities of any one body and requires a national response. Our partnerships with others in law enforcement and in the public and private sectors are an integral part of how we work.

We have focused our efforts on three priorities: building the best possible intelligence picture of all serious and organised crime threats; using that knowledge to relentlessly pursue those who operate at the high end of high risk; and developing and delivering specialist capabilities on behalf of law enforcement and other partners.

Criminals exploit developing technologies and we need to keep pace. We are transforming the way we work operationally by integrating our intelligence and investigative capabilities to tackle specific threats; making enhancements to our IT, facilities and estates; ensuring we are able to attract, develop and retain officers with the skills we need; and developing new capabilities to tackle the threats for ourselves and partners.

Vulnerability

This year we have significantly increased activity tackling **modern slavery and human trafficking**, by focusing on two areas:

Through an ambitious programme of operational activity with a different focus each month. In February and March, joint activity with partners, including police forces, Border Force and Immigration Enforcement, led to the identification of over 60 potential victims of trafficking, 27 arrests and the initiation of four investigations.

We have developed a much better understanding of the threat, which means we can task law enforcement resources and effort effectively. At year end, the number of taskings against modern slavery and human trafficking has risen by 78% over the second quarter of 2016-17, with activity across the whole of the UK.

Also this year:

- *A UK-wide NCA-led operation targeting those involved in trafficking and exploitation led to the identification of more than a hundred potential victims.*
- *A woman extradited from Nigeria in January 2016 was convicted of conspiracy to traffic for sexual exploitation and assisting unlawful immigration and sentenced to 22 years' imprisonment, in an investigation by Immigration Enforcement, supported by the NCA.*

Online **child sexual exploitation and abuse** remains a pernicious problem. We have increased our response: targeting the most serious offenders who deliberately set out to contact offend, and putting extra resources into dealing with the volume of offences.

This year our child sexual exploitation (CSE) referrals bureau received on average over 4,000 individual referrals a month, compared with around 400 a month in 2010. This is in addition to significant bulk referrals from overseas law enforcement partners. Collaborative working with police forces at local, regional and national levels is really helping to make a difference; each month, around 400 people are arrested for online child sexual exploitation offences and more than 500 children are safeguarded.

This year:

- *A man who actively solicited the live streaming of child abuse from the Philippines was jailed for 13 years. Around 12,000 indecent images, including more than 2,000 classified as category A – the most serious – were found on his electronic devices.*
- *A case in March saw the first conviction under the Customs Consolidation Act 1876 for the importation of a child-like sex doll, with the CPS and the court recognising that such dolls were obscene articles.*
- *A British man who used his position as an English school teacher in Malaysia to groom families and gain access to their very young children was sentenced to life in prison in June after pleading guilty to 71 child abuse offences.*
- *A man who pleaded guilty to numerous CSEA-related offences was sentenced to more than 11 years' imprisonment at Teesside Crown Court. He was also given a Sexual Harm Prevention Order (SHPO) and will remain on the sex offender register indefinitely.*
- *A man who pleaded guilty to 45 offences in the UK and Thailand, including rape, sexual assault, inciting sexual activity with a child under 13 and making indecent images of children was told he would spend the rest of his life in prison. The former teacher and scouts volunteer was tracked down in Spain and returned to the UK under a European Arrest Warrant.*

We lead the UK's multi-agency response to **organised immigration crime** under Project Invigor, which seeks to stamp out immigration crime across source and transit countries, the near continent, and into the UK. Our investigations target those groups and criminals operating at the most serious level of criminality. Major disruptions under Project Invigor this year included:

- *The arrest of a Chinese man who, as part of a French-based organised crime group, facilitated the illegal entry into the UK of Chinese nationals from southern Europe. His arrest is thought to have led to a significant disruption of the group's activities.*
- *Key intelligence support to the Hellenic Police Aliens Division leading to the arrest of 24 suspected facilitators in northern Greece, including the heads of two organised crime groups and a police officer. These groups were responsible for smuggling at least 600 migrants from Turkey into Greece and on to the wider European Union in the past year.*
- *18 arrests as part of an international investigation into the smuggling of migrants from Greece to Italy in March following an operation involving the Hellenic Police, Hellenic Coastguard and the NCA.*

Commodity

The sourcing of **illegal firearms** is a threat where there is clearly the potential for overlap between terrorism and serious and organised crime threats. Collaboration with counter-terrorism policing is increasingly delivering operational success in this area, as well as considerably enhancing the intelligence picture of this threat. Exchange of intelligence, together with joint firearms investigations and a public campaign led to a significant increase in firearms seizures this year. As a result of the month-long joint operation Dragonroot, and following assessment by the National Ballistics Intelligence Service, 642 substantiated

firearms¹ were seized and 282 suspects arrested. Operational multi-agency teams also recovered 4,385 rounds of ammunition and over 100 additional weapons, such as knives. Among other confiscations were 80kgs of illegal drugs and more than £500,000 cash.

Other successes included:

- *A Royal Marine reservist who was arrested by the NCA following a joint operation with the Ministry of Defence, Hampshire Constabulary and Thames Valley Police and found to be in possession of weapons including an assault rifle, a shotgun and hand grenades. He was sentenced to 14 and a half years in prison.*
- *A registered firearms dealer who pleaded guilty to possessing ten prohibited firearms for sale or transfer and supplying a further three.*

Illicit drugs continued to be a high volume, high frequency threat, with national and local impact. As we increase our activity against priority threats such as modern slavery and human trafficking, our work tackling illicit drugs has become more targeted and focused overseas where we are able to use our international reach and specialist capabilities to intervene upstream, preventing harm in local communities in the UK.

- *In a joint NCA and Border Force operation, more than a tonne of cocaine with a street value of £80m was seized on board a vessel in UK territorial waters just south of Falmouth in Cornwall in August. The three crew members received sentences of 16, 14 and 12 years' imprisonment.*
- *Following a joint operation with Border Force at Manchester Airport, a Blackpool man received a custodial sentence of 24 years in October for conspiracy to import **heroin** worth an estimated £26 million into the UK.*

Prosperity

We continue to deliver a robust response to the growing **cyber-crime threat**, leading proactive investigations, responding to nationally-significant critical cyber incidents and using niche capabilities to support UK Policing and international partners in their cyber investigations. We have led proactive operations targeting and arresting: individuals intruding onto private business systems; money launderers; individuals carrying out 'denial of service' attacks; and criminal groups suspected of monetising compromised credentials.

We have worked in collaboration with the National Cyber Security Centre (NCSC) and cyber specialist officers across UK policing to protect victims and identify perpetrators in several critical cyber incidents – including attacks on financial institutions – resulting in arrests, disruption and consequent mitigation of threats to UK citizens and infrastructure.

Nevertheless the challenge remains significant: whilst the majority of cyber attacks are the work of a relatively small number of serious criminals, mainly based overseas, the cyber threat is also evolving to include low-sophistication actors able to access 'cyber crime for hire' tools and services, enabling a broader criminal base to target victims.

NCA operations to address the cyber threat have included:

- *Two men being sentenced to a total of 12 years in prison for laundering millions of pounds stolen using the malicious software 'Dridex' in a joint NCA and Metropolitan Police Service investigation.*
- *A week of action targeting individuals suspected of involvement in a stresser (DDoS-for-hire) service, which included providing Prevent influence messaging on an associated criminal forum.*

¹ A total of 832 potential weapons were seized as a result of this operational activity. This includes substantiated firearms and replica or deactivated weapons or component parts.

- *Using niche national capabilities to communicate with and then disrupt the website-based market place following implementation of the Psychoactive Substances Act. This initially identified 48 confirmed UK-based examples, 42 of which closed following NCA communication. The remainder were shut down by NOMINET, as a result of NCA activity.*

The Joint **Money Laundering** Intelligence Taskforce (JMLIT) continued to deliver the exchange of information and intelligence between law enforcement and the private sector. It has become a key part of the UK's anti-money laundering system. Cases of suspected money laundering have been developed covering the priority areas of: bribery and corruption; human trafficking and organised immigration crime; trade-based money laundering; and terrorist-financing.

JMLIT activity has led to the development of cases involving suspected money laundering, leading to new court orders, the restraint of funds and the arrest of individuals. Previously unknown bank accounts have been identified and closed, disrupting criminal activity and denying criminals the ability to launder the proceeds of their activity.

This year represented the **International Corruption Unit** (ICU)'s first full financial year of operation, building on the work of its pre-cursor units in the MPS, City of London Police and the NCA. During this year the ICU has conducted 25 investigations into: the laundering of the proceeds of foreign grand corruption in the UK; instances of UK entities paying bribes overseas; and breaches of HM Treasury financial sanctions. As part of its ongoing enquiries, the ICU made eight arrests and has under restraint in connection with its investigations assets worth about £170m. International co-operation is vital in securing a response to threats such as **bribery and corruption**.

In April, we opened the International Anti-Corruption Coordination Centre (IACCC) in London, the establishment of which was announced by the Prime Minister in May. Working with global partners, the IACCC

provides the infrastructure to tackle grand corruption, one of the most significant high end money laundering threats to the UK. The IACCC will collect and disseminate intelligence and will coordinate support for those countries most affected by grand corruption. Law enforcement partners from the USA, Australia, New Zealand, Canada, Singapore and Interpol have agreed to join the centre.

This year we focused on driving a more coordinated response to **professional enablers**, such as accountants and solicitors who facilitate criminal activity. We have developed the **Professional Enablers Dashboard**, which incorporates data of the risk from all members of the Criminal Finance Threat Group (Her Majesty's Revenue and Customs (HMRC), Serious Fraud Office (SFO), City of London Police (CoLP), Metropolitan Police Service (MPS), Regional Organised Crime Units (ROCs) and the Financial Conduct Authority (FCA)) including outcomes – both judicial and non-judicial. We have also led on the creation of a toolkit of legislative tools and investigative options, enhancing the effectiveness of the multi-agency response in this area.

As a result of this more focused approach, intelligence collection and operational activity against professional enablers increased this year with three significant operations underway at year end. Further work is in development, reflecting the stronger intelligence picture built during the year.

Also this year:

- *A couple who used their diamond trading business as a cover for **money laundering** were convicted and sentenced to 11 and 10 years' imprisonment in October after a joint NCA and City of London Police investigation.*
- *A **civil recovery and tax investigation** resulted in the recovery of a property portfolio, valued at over £1 million, belonging to a Merseyside man believed to have been involved in drug trafficking, money laundering and tax evasion.*

- *The partner and fugitive drug-dealer son of a deceased Liverpool drug trafficker were deprived of almost £2million of property and assets following an NCA investigation.*
- *Joint work with the US authorities against a global organised crime group which facilitated mass mail fraud by money laundering to a value of around £1.5bn per annum, resulted in millions of pounds of assets frozen across Europe, the Isle of Man and the Americas.*
- *Civil recovery of £900,000 from a suspected cyber criminal's estate.*
- *A civil recovery investigation with partners led to the recovery of a portfolio of 23 properties and a number of bank accounts belonging to members of a heroin trafficking group*
- *Sentences of 12½ years for two people who laundered the proceeds of a million pound fraud. Both were also disqualified as company directors for 18 years.*
- *£735,538.25 confiscated from two defendants in a joint drug trafficking and money laundering operation.*
- *Use of a European Arrest Warrant to enforce a confiscation order for £4,929,334 with 6 months' time to pay and 7.5 years default.*

Specialist Investigations

We continue to run major and complex investigations of national significance, including two into child sexual exploitation and abuse, where the impact on vulnerable victims and local communities has been significant and far-reaching.

As the single largest investigation into non-recent child sexual exploitation ever undertaken by UK law enforcement, the complexity of **operation Stovewood** is unparalleled. 15 people were arrested this year and the first charges in the investigation were brought against three men from Rotherham. The allegations against them date back to 1994.

Many vulnerable victims have been exploited or abused by different men in different communities over a number of years. The majority of suspects have offended against more than one victim and have been involved in the organised trafficking of victims within Rotherham or to other towns and cities in the UK.

The secondment of a significant number of police officers – agreed through the National Police Chiefs' Council – brings a wealth of experience and knowledge to the investigation. At year end, the Stovewood team was engaging with over 180 victims. Despite this substantial progress, the number is estimated to be only 13% of the suspected total number of potential victims.

The total number of people convicted under operation **Pallial**, the independent NCA investigation into allegations of abuse in the care system in north Wales, has reached nine. A former police superintendent was convicted of four sexual assaults, committed whilst he was a serving senior officer, and was imprisoned for 12 years.

Operation Pallial is currently investigating allegations of abuse of children, mainly boys, between 1953 and 1995.

Specialist Capabilities

We have continued to deploy our niche capabilities in our own investigations and in support of those of our partners. This year there were 91 **armed deployments**, 11 of which were in support of partners. We also dealt with 69 **threat to life** reports. Our Anti-Kidnap and Extortion Unit **handled** 598 reports of **kidnap**; 1590 referrals of **blackmail**; and 14 cases of **product contamination**.

- *For example: A British man, held hostage for 44 days in an extremely hostile environment in Nigeria, was released in July following intervention from our international liaison officer in Nigeria and the Anti-Kidnap and Extortion Unit. Ransom demands had been made to his family and friends for a substantial amount of money.*

Our **Serious Crime Analysis Section (SCAS)** dealt with **2357** new cases and saw the completion of **1632**.

- *SCAS analysis on behalf of West Midlands Police regarding a sexual assault against an elderly victim, identified a similar offence in the Thames Valley Police area. The two cases were linked, and three further offences identified. Additional open source work by SCAS identified the suspect who was subsequently arrested.*

Our **Crime Operational Support** and **Specialist Operations Centre** received 10,005 new inquiries, 960 in relation to murder and rape, and carried out 576 deployments.

Performance Analysis

1. Understanding the threats

An agreed, collective understanding of the scale and nature of serious and organised crime (SOC) threats is vital to the effective and efficient deployment of law enforcement resources to tackle each of them. We know that there are intelligence gaps in some threat areas. Our judgement is therefore that our overall understanding of serious and organised crime threats is fair, although we have a better understanding of some threats than for others.

This year we added the threat of modern slavery and human trafficking to the highest priority SOC threats. They are:

Vulnerability:

- modern slavery and human trafficking
- child sexual exploitation and abuse
- organised immigration crime

Prosperity:

- cyber-crime
- high end money laundering

Commodity:

- firearms

We published the **National Strategic Assessment** of Serious and Organised Crime threats to the UK (NSA) in June. The NSA draws together knowledge from across the whole law enforcement community. It provides a single picture of the threats from serious and organised crime, enabling UK law enforcement as a whole to prioritise, coordinate and target its response.

Key findings from the 2016 NSA indicated:

- A considerable increase in the use of encrypted communications by criminals across all threat areas;
- The emergence of younger and more technologically astute child sexual abuse offenders, using online services like the dark web to protect their anonymity;
- The likelihood that a move to paperless online processes in the financial sector and other public services will provide greater opportunities for criminals, and will push up the value of high quality false documents;
- The emergence of DDoS attacks for extortion, driven in part by wider criminal understanding of their potential for profit;
- Migrants are turning to people smugglers for all or part of their journeys as border controls become harder to circumvent without assistance; and
- The trafficking of adult victims into labour exploitation is surpassing trafficking for sexual exploitation.

Organised crime group mapping (OCGM) is the method for assessing serious and organised crime threats by scoring and banding Organised Crime Groups (OCGs) based on the seriousness of the criminal activity that they are known or suspected to be involved in. The score and the band are considered as part of a decision-making process which determines the most appropriate way of tackling each OCG.

At year end there were over 5,800 **mapped OCGs**. The NCA was leading activity against over 500 of them. There were approximately 39,000 mapped individuals.

This year Her Majesty's Inspectorate of Constabulary (HMIC) carried out a review of police effectiveness in tackling serious and organised crime. One of the recommendations made in their report relates to OCGM, where HMIC found that the approach requires review and recommended that *'the police service, the NCA and the Home Office should develop a new, nationally consistent approach to assessing the threat posed by serious and organised crime. This would produce a much clearer national picture of the effect of law enforcement on organised crime, and enable better targeting of local, regional and national resources on the most serious threats.'* This work is due to be completed by mid 2017-18.

Our National Assessments Centre published **74 reports** this year, ranging from short briefings highlighting an emerging issue, to detailed assessments on a specific area of crime. The reports covered a broad range of subjects from DDoS attacks used for extortion purposes to 'county lines'² gang violence, exploitation and drug supply. Our report on 'county lines' gang violence, exploitation and drug supply assessment was rated by a partner as *'excellent and added good insights and recommendations which could be used in disrupting county lines and safeguarding the vulnerable'*.

This year we issued **33 alerts**, warning partners, industry and the public of serious and organised crime threats, relating primarily to cyber and financial crime matters. JMLIT alerts are developed in collaboration with industry, to maximise their relevance and utility, and published on the British Bankers' Association portal which enables them to be accessed and acted upon quickly by a large number of banks and financial institutions in the UK, Europe and Worldwide.

2. The Effectiveness of our response

This year the agency has recorded 1,738 disruptions against serious and organised crime threats – a 31% increase on the figure for 2015-16. We believe that this is in part due to the development of our ability to better assess the impact of our activity across all our threat areas, as well as increasing our activity. Our conviction rate on cases taken to court remains high at 95%.

Under the three pillars of Vulnerability, Prosperity and Commodity, we have targeted our resources against the **six priority threats**, which resulted in an increase in the number of disruptions against five of them. Disruption activity against High End Money Laundering was not captured specifically during 2015-16, so comparison figures are not available, but 2016-17 includes the first major disruption against a high end money laundering operation.

Modern Slavery and Human Trafficking

Our understanding of **modern slavery and human trafficking (MSHT)** is improving. There are, however, still gaps in our understanding of offenders, the advertising of opportunities which lead to people being tricked into trafficking and slavery, and money flows. Our prioritised activity against this threat encompasses the pursuit of those involved in MSHT, both in the UK and overseas, as well as the identification and safeguarding of the vulnerable. National Referral Mechanism (NRM) data shows a continuing upward trend, with 3805 potential victims of MSHT in the UK in 2016. This represents a 17% increase on 2015. Recent NCA-led operations have identified potential victims of labour and sexual exploitation who are as young as 12 and 13 years old.

² A 'county line' describes a situation where an individual, or more frequently a group, establishes and operates a telephone number in an area outside of their normal locality in order to sell drugs directly to users at street level.

Child Sexual Exploitation And Abuse

We have continued in our relentless pursuit of **child sexual exploitation and abuse** (CSEA) offenders. CSEA affects all sections of society and in particular requires a response which incorporates protecting the potential victims of these crimes. This year we have further developed our education and engagement programme ThinkuKnow³ and the programme reached 3,175,094 primary and 2,772,374 secondary school children. 717 additional Thinkuknow ambassadors were trained.



Cyber Crime

Through the development of excellent working relationships across law enforcement and with industry partners we have continued to provide effective and quick-time responses to **cyber crime** impacting the UK. Partnership working has enabled us to ensure we each use our respective capabilities to maximum effect in tackling this threat. Despite increasing our reach with strategic international partners, significant challenges remain in bringing criminal justice outcomes to perpetrators in hard to reach jurisdictions. Our prioritisation of work against these crimes will ensure that we continue to focus on working together nationally and internationally to tackle this complex and ever evolving threat.



High End Money Laundering

The Panama Taskforce was established as a response to the Panama Papers data leaks. Its work has provided increased intelligence, investigative and asset denial opportunities to existing operations, as well as identifying new lines of enquiry. The Taskforce has also identified trends in relation to the use of complex structures to mask offshore tax evasion and economic crime, and has highlighted vulnerabilities in the UK, which are being used to inform our strategic assessments and adapt our response.

In July, the Taskforce launched the multi-agency Joint Financial Analysis Centre (JFAC). JFAC brings together officers, analytical capability, skills and intelligence from the four taskforce agencies – the NCA, HM Revenue and Customs, Financial Conduct Authority and the Serious Fraud Office. The proactive acquisition of data and use of cutting-edge software tools, alongside the launch of JFAC, has enabled the Taskforce to identify a number of areas for further investigation, including potential professional enablers of economic crime, and offshore companies whose beneficial ownership of UK property was previously concealed, and whose financial activity has been identified to the NCA as potentially suspicious.

We have also worked to secure an arrangement whereby all UK law enforcement will receive beneficial ownership information from all the Overseas Territories and Crown Dependencies within 24 hours of the request.

³ The ThinkUKnow programme is an educational resource which offers a wide range of information and support to enable young people to keep themselves safe both online and offline.

The information can be used for any lawful purpose – and most notably, it can be used evidentially. This will increase the ability to identify offenders within these areas.

Firearms

As part of our activity to tackle the priority threat of **illegal firearms**, we launched the national appeal **#GunsOffOurStreets** jointly with National Counter-Terrorism Police under operation Dragonroot. The purpose of the campaign was to increase awareness of operational activity and seek information to prevent criminals and terrorists gaining access to firearms. Firearms seized included those from registered firearms dealers who had their licenses revoked and weapons confiscated, usually for inadequate certification. Operation Dragonroot enhanced our shared understanding of the illegal firearms market, and learning from it is now being developed into an enduring model with a national and international focus.



Lifetime management of offenders

Our operational activity in response to serious and organised crime threats includes ensuring offenders continue to be monitored beyond their convictions, through **Lifetime Management**.

Over the past year we secured **17 Serious Crime Prevention Orders** (SCPOs) and 81 other ancillary orders, including **41 Sexual Harm Prevention Orders**. Ancillary orders continue to play an important role in our 'Prevent' approach. As a result of action in respect of SCPOs, there were arrests and recalls to prison of serious and organised criminals who would otherwise have been free to return to their criminal enterprises. These investigations also revealed previously

unknown associates who had also been preparing to carry out criminal activity.

3. Working with partners

The importance of partnership working in tackling serious and organised crime cannot be underestimated. Changes to the policing and law enforcement landscape in recent years have been significant. Alongside these changes, the nature and prevalence of crime is also evolving, forcing law enforcement to think beyond its traditional approach to policing and the use of criminal justice measures. The likelihood of offenders and their victims living in the same local community has diminished as the nature of crime has changed, making the connection between local and national policing vital.

Police and Crime Commissioners (PCCs)

Our relationship with PCCs is essential to securing an effective and efficient response to serious and organised crime, by building partnerships to tackle serious and organised crime at a local level. PCCs work with the National Police Chiefs' Council (NPCC) to transform the police service and to deliver the commitments set out in their joint 2025 Policing Vision, particularly in relation to the work to build specialist capabilities for law enforcement. PCCs hold chief officers to account for having, or having access to, those capabilities identified as critical to planning a response to national threats, including serious and organised crime. Some capabilities need to be provided nationally through collaboration arrangements. We recognise the role PCCs have in supporting this development of capabilities across law enforcement and have worked with them and Chief Constables to ensure a joined up approach so that niche capabilities can be delivered once nationally for all.

We are also committed to supporting PCCs through regular engagement, with NCA Directors attending regional PCC meetings and the provision of intelligence reporting on serious and organised crime threats. This year we held two engagement days with PCCs in order to improve mutual

understanding and develop common thinking on how to approach key challenges facing law enforcement, including how to develop, fund and deploy specialist capabilities to the benefit of all of law enforcement, and how to improve joint working with forces to tackle priority threats.

National Police Chiefs' Council

We constantly work in close partnership with the NPCC in discharging both our operational responsibilities to lead the fight to cut serious and organised crime and, at a strategic level, in developing capabilities to enhance the broader law enforcement landscape.

In November the NCA and the NPCC launched a campaign to give advice to those who have been, or are likely to be, victims of sextortion. This is a form of blackmail where criminals use fake identities to befriend victims online, persuade them to perform sexual acts in front of their webcam and then threaten to share the images with the victims' friends and family unless they are paid. At least four suicides in the UK have been linked to this form of blackmail.



Counter Terrorism (CT) Policing

The programme of collaboration between the NCA and CT policing continued to drive activity. Whilst engagement between those individuals who are involved in serious and organised crime and those who are of interest to CT policing is not believed to be significant, there are a range of enablers identified where collaboration is increasingly delivering operational and tactical outcomes, as well as enhancing the intelligence picture of those threats.

We are working to transform our shared capabilities to ensure that where strategic interests overlap, collaborative working will provide greater operational impact and resilience in the response to both terrorism and SOC, in areas such as the supply of illegal firearms, people and commodity smuggling, illegal activity in prisons, cyber activity including the use of the dark web and financial activity.

By connecting cross-agency intelligence, establishing shared platforms to tackle specific threats and sharing covert capabilities and niche skills, we are able to increase the ability of law enforcement agencies to protect the public from the threats posed by terrorism and serious and organised crime.

Activity this year included:

- the creation of the Joint Collaboration Coordination Office – a unit of officers from the NCA, CT Policing and ROCUs which has already made progress in enhancing the development of law enforcement capability and delivery between CT and SOC units;
- intensive and collaborative activity in February and March to tackle the movement of **cash transiting the UK border** led to the seizure of over £1m cash and an improved understanding of the threat; and
- an integrated and enhanced **prison intelligence network** to tackle illegal activity in prisons.

Cyber Crime

We welcome the creation of the National Cyber Security Centre (NCSC). We work side-by-side with the NCSC to respond to national cyber incidents, with both organisations having distinct, yet complementary missions. The NCSC leads incident response and mitigation efforts to understand how a cyber attack has taken place, prevent wider impact and advise on cyber security protection. The NCA's role is to lead the law enforcement response, working to identify criminals behind attacks, bring them to justice and coordinate the overall response to major cyber attacks.

Together, we responded to many incidents of network intrusions of financial institutions as well as commercial companies.

This year Chief Constables agreed to deploy regionally-based ROCU cyber teams as a 'nationally networked resource', deployed against the most significant threats and capable of rapid deployment to scenes. Coordinated by the NCCU's Triage, Incident Coordination and Tasking team, this national network arrested 150 individuals and responded to 319 incidents. Dedicated 'Cyber Protect' officers in each ROCU also work to ensure that individuals and businesses in their regions are aware of the latest cyber security and victim protection advice.

Our **Cyber Choices** campaign was relaunched this year. Additional material included testimony from a former hacker, now CEO of a private security company, of the benefits of a legitimate career in cyber, and information explaining what constitutes an offence under the Computer Misuse Act together with examples. On Facebook, the campaign had 40,000 separate views, and on twitter a potential reach of nearly five million people – almost twice as many as the campaign's previous iteration a year earlier.

Operational Support to Partners

During the reporting year we provided a range of operational support to partners to combat serious and organised crime.

Our **Organised Crime Partnership** with the Metropolitan Police continued to deliver results this year. Three members of an organised crime group received prison sentences totalling over 25 years for laundering over £2 million and conspiring to supply cocaine. They were found guilty of all counts after a five week trial at Blackfriars Crown Court.

Operational support was provided to the **Serious Fraud Office** in an investigation into a company suspected of committing large scale frauds using counterfeit documentation to obtain credit from financial institutions, with a fraud loss estimated at over £100 million. We arrested seven key persons of interest and executed five search warrants across London and the South East.

In August we supported the **Financial Conduct Authority (FCA)** by arresting four individuals on suspicion of committing offences of insider dealing. Search warrants at two premises in the north west were executed. The FCA's investigation focused on a crime group that had made significant profits by placing trades based on price-sensitive information.

International Partnership Activity

We work with partners internationally in priority countries, identifying fugitives and combating the full range of serious and organised crime threats. For example, a convicted rapist who went on the run for four years was arrested in Brazil in May after the NCA provided assistance to Staffordshire Police.

We supported the launch of the first police unit in Kenya dedicated to fighting **child exploitation and abuse**. The unit has been operational since April. Our International Liaison Officers and CEOP Command provided training, equipment and financial assistance to the Child Protection Unit. Kenya is one of many international sources of indecent images of children viewed and shared by UK offenders and a potential destination for UK nationals hoping to avoid detection.

The Anti-Corruption Summit in May secured commitment for partnerships with Tanzania, Nigeria and Kenya to build their capacity and capability in the fight against corruption. This initiative is funded by the Department for International Development and run by the NCA.

In support of the Rio 2016 Olympic Games, NCA officers were deployed behind the scenes to provide 24/7 support to the Brazilian authorities and to link up with law enforcement officers from 62 nations. This resulted in a smooth and efficient exchange of information and best practice which helped to facilitate a safe and successful Games.

Specialist services and bureau functions

We develop, deliver and maintain specialist services and bureau functions for policing, where economies of scale or other benefits such as enhanced knowledge or expertise are best served at a national level.

The UK Financial Intelligence Unit

received 423,304 Suspicious Activity Reports (SARs). 18,850 of these were requests for a defence submitted under the Terrorism Act (TACT) or the Proceeds of Crime Act (PoCA), formerly known as consent SARs⁴.

The **International Crime Bureau** handled **286,273** messages through INTERPOL channels and dealt with **40,688** new INTERPOL cases and **49,926** new SIRENE cases.

*In the tenth anniversary year of **operation CAPTURA**, ten more names of the UK's most wanted, believed to be living in Spain, were publicised. Within a week, two of them had been arrested, one a convicted rapist, the other a man wanted on suspicion of child sexual offences.*

The volume of referrals received this year by the **CSE Referrals Bureau** increased by 229% to 74,342. *Intelligence reports indicated a UK subject was uploading Category A images to the internet. The Referrals Bureau identified a known Violent and Sex Offender Register subject in Kent. Further bureau work on the images showed that they had been taken in a specific area of New York State. Close liaison with US law enforcement identified the originator as a father of two, whose daughter subsequently disclosed that he had sexually abused her. He is likely to receive two life sentences.*

The UK National Central Office for the Suppression of **Counterfeit Currency and Protected Coins** (UKNCO) processed and analysed 8286 submissions, and drafted 639 witness statements.

The NCA hosts the Central Bureau (CB) – the headquarters of the **UK Protected Persons Service** (UKPPS). The CB maintains its own operational capability, providing protection arrangements in complex cases, including those requiring bespoke overseas case management. The CB provided operational support on **979** occasions in the UK and **48** overseas. This included sourcing accommodation and providing identity changes. Witnesses included those who have given evidence in murder, kidnap, drugs, honour based violence, and firearms cases.

The **Proceeds of Crime Centre (PoCC)** has a statutory responsibility for the accreditation, monitoring and training of all Financial Investigators (FIs). Currently the NCA's Proceeds of Crime Act regulators are responsible for 3500 law enforcement officers across England, Wales and Northern Ireland. This year PoCC delivered training to 744 law enforcement officers.

⁴ The term 'consent' is no longer used. Often it was seen by reporters as seeking permission or, where requests were granted by the UKFIU, it was mistakenly understood to mean that the funds were clean or that there was no criminality involved.

4. Managing resources

Transforming the NCA will enable us to work at our fullest effect against the criminals that represent the highest risk to the UK. Our transformation programme gives us the opportunity to redesign our operating model, improve our technology, develop our workforce, rationalise estates and fleet, reduce running costs to release funds for reinvestment, and to secure the long term sustainability of the NCA as a whole.

Individual programme plans were drawn together this year into a single four-year, affordable, **Integrated Transformation Programme Plan** (ITPP), to combine the overall schedule, costs and resources required for the entire change programme. In Quarter 3 the Transformation Programme Strategic Outline Programme Business Case and the Information Technology Transformation Programme (ITTP) were approved by the Home Secretary and by the Treasury.

The Infrastructure and Projects Authority (IPA) Review Team carried out a Gateway Review of our **Transformation Programme** in June, giving it an overall Amber rating. The IPA report indicated that the programme has laid a strong foundation and delivered early capabilities, but that clarity is required on the programme's vision and on the single plan that will achieve the transformation ambition. Significant risk remains, particularly in respect of the highly complex IT component of the overall transformation.

A successful Demand, Risk, Resource (DRR) project was carried out this year to meet three agency aims: to develop a costed service catalogue for the NCA; to define cashable savings for 2017-18; and to identify future opportunities for change that would improve operational and corporate outcomes.

In 2016-17, the NCA operated within its Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) limit. See page 62 for details.



In addition, the work provides the basis from which to make the necessary further efficiencies in coming years, whilst also allowing the agency to more accurately articulate the resources required to meet particular demands.

Our 2016 **People Survey** results showed an improvement across every engagement measure with the exception of pay. Pay continues to be a risk to the delivery of the agency's mission, due to the increasing gap between agency pay and relevant employment markets, particularly for technical and specialist skills.

Draft proposals for a **fundamental pay reform** have the full support of the Director General and the NCA Board. The importance of securing a fair and sustainable pay structure for our officers is vital to our ability to fulfill our mission. We have made a strong case for change and will maintain the focus on a positive outcome. The Home Office recognises that NCA officers operate at the high end of high risk and that the agency's pay structure must be capable of attracting and retaining those with the specialist skills required for this work.

Our strategy is to develop a diverse workforce, where officers have a mix of skills, abilities and experience. We aim to recruit and retain officers at all levels and at different stages in their career, through the provision of opportunities for development and variety in role and to share these with

the public and private sector through mutually beneficial secondments.

There is a need to make continued investment to ensure we have strong leadership across the board and that both the agency and its officers are able to keep up to date with changes in management and leadership approaches. A **talent strategy** was approved by the Board this year and nominations for the 2017 Grade 1 and 2 talent cohort were developed, with plans to extend to Grades 3 and 4 during 2017-18. Corporate Pathways were defined, the focus has now moved to developing the Operational and Intelligence pathways, to inform recruitment and development planning.

The NCA is a law enforcement agency with a clear mission to protect the public by leading the fight to cut serious and organised crime. However, there is still work to be done to create a single culture for officers united in their mission, giving their support to transformation plans and improving operational effectiveness. The Board approved a two-year programme of **cultural transformation** – *Developing Our Identity* – which contained proposals to develop the culture of service to the public first.

We were pleased to be ranked 86 in the Stonewall ranking of the top 100 employers in 2017⁵. In addition our Sexual Orientation Network and Resource group was awarded the Highly Commended Network Group Award by Stonewall.

In December the NCA was confirmed as a **Disability Confident Leader** – part of the wider scheme run by the Department for Work and Pensions. This follows the success of the agency's Wounded, Injured and Sick initiative, which gives personnel who leave the armed forces on medical grounds the opportunity to undertake secondments with the NCA.

A particular highlight this year was receiving Royal Approval from Her Majesty The Queen to a Long Service and Good Conduct medal for the National Crime Agency. This is a real honour, recognising as it does, the role of NCA Officers in protecting the public by leading the fight to cut serious and organised crime.

Eligibility for the medal specifies:

It is ordained that the Medal shall be awarded only to those of Our Faithful Subjects and Others who have served in the National Crime Agency who shall have rendered such devotion to duty and exemplary service as shall have been of particular value and constituted an outstanding example to others."

The design is beautifully crafted, with the medal showing a griffin with eagle talons and lion claws to demonstrate valour, loyalty and fortitude, together with a leopard depicting a hardy warrior. Unusually, the leopard also has multi-coloured spots to represent an ability to adapt to changing circumstances, overcoming challenges in its path without fear or favour.



⁵ The Stonewall Top 100 Employers are the best performing employers on Stonewall's Workplace Equality Index, an annual audit of workplace culture for lesbian, gay, bisexual and transgender staff.

At a series of official ceremonies around the country, over 500 officers received their medals from the Director General on behalf of Her Majesty, in front of family and friends. The award honours the dedication, professionalism, and commitment of our officers who each have over two decades of law enforcement service in protecting the public.

The NCA now has a five-year strategy to inform the future direction and planning over the next five years. Achieved through a series of workshops across the agency and agreed by the Board in March, its content and structure were used to prepare both the published Annual Plan and a high-level internal delivery plan for 2017-18.

Recognising the role that independent challenge and scrutiny plays in improving public confidence, we created an Independent Reference Group (IRG) this year. Comprising a minimum of four externally recruited independent members and a non-executive director, IRG members have a vast range of knowledge and experience in the public sector, academia and the criminal justice arenas to challenge the NCA's decision making and to help build public confidence in the agency. The IRG members will support the NCA and its Board by providing independent advice and feedback on the agency's approach across a variety of areas.

Scotland

We respect the devolution of policing and criminal justice in Scotland and have 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 partnership with Police Scotland in the joint fight against serious organised crime in accordance with legislative obligations.

We conduct our own operations in Scotland, as well as complementing the investigations of Police Scotland and other Scottish law enforcement partners. The NCA collaborates with law enforcement agencies, and public, private and third sector partners, in order to contribute to the objectives of Scotland's Serious Organised Crime Strategy. Co-location with Police Scotland and other key law enforcement partners at the Scottish Crime Campus in Gartcosh continued to enhance the exchange of intelligence exchange and sharing of resources. We also contributed to the work of the Scottish Serious Organised Crime Taskforce and the production of the Scottish Multi-Agency Strategic Threat Assessment.

The captain and first officer of an ocean-going tug boat which was found to contain cocaine with an estimated potential street value of £512 million once adulterated, received sentences of 22 and 20 years in August. The drugs, believed to be the largest ever UK seizure of cocaine, were found hidden on board the Tanzanian flagged MV Hamal. The vessel had been intercepted by the Royal Navy destroyer HMS Somerset and Border Force cutter HMC Valiant in the North Sea approximately 100 miles off the coast of Aberdeenshire

In June, a Glasgow man received an 18-month custodial sentence after pleading guilty to attempting to import ten stun guns disguised as mobile phones by post from China.

An Edinburgh man received a 15-month custodial sentence in April after Border Force officers found over 1,000 ecstasy tablets in a package from Belgium. The subsequent NCA investigation showed that the man was involved in the sale and distribution of drugs.

Northern Ireland

In Northern Ireland, we continued to work in partnership with the Police Service of Northern Ireland (PSNI) and other law enforcement agencies to keep the people of Northern Ireland safe from serious and organised crime and achieve the objectives set out in the Northern Ireland Organised Crime Strategy and to engage with the Organised Crime Task Force Stakeholder Group.

We undertook the full range of activity in collaboration with, and in support of, law enforcement partners in Northern Ireland, recognising the specific legislation, operating context and regulations in place. This included undertaking operations within the PSNI force area, and operations centred outside Northern Ireland, where organised crime groups have an impact that spreads beyond national and international boundaries and into Northern Ireland. In addition, we also provide access to our specialist capabilities and national functions to law enforcement partners in Northern Ireland.

Our Director General attended the Northern Ireland Policing Board and provided quarterly performance reporting on the exercise of the NCA's functions in Northern Ireland.

We participated in the cross-jurisdictional Joint Agency Taskforce, which builds on existing policing efforts in Northern Ireland. In December, a joint bid was submitted by the UK government and the Northern Ireland Executive to the Department of Justice. The move is part of the Fresh Start Agreement, drawn up following talks between the Northern Ireland Executive and British and Irish governments. One of the key aims to emerge from the talks was to deal with the impact of criminality and paramilitary activity. Westminster and the Executive agreed a long-term £50 million package between them to tackle these threats. If successful, the bid will provide for a taskforce made up of the NCA, HMRC and PSNI to target both organised crime groups and paramilitaries in Northern Ireland.

In January, a primary school cleaner from County Down was the first to be sentenced for possessing guides on grooming and abusing children under legislation introduced in the Serious Crime Act of May 2015. The Judge in the case called the contents of the guides 'utterly shocking, vile and horrendous'. The man had over 28,000 indecent images of children classified from grades one to five, with five being the highest. He was also made subject to a ten-year Sexual Offenders Prevention Order which prohibits him from being around children and restricts his internet activity.

Anti-Kidnap and Extortion Unit (AKEU) officers and Border Force's Risk and Liaison Overseas Network (RALON) supported a PSNI kidnap investigation which helped to facilitate the release of a Somali child, who had been kidnapped in Libya. The child's mother, who reported the kidnap, was in Northern Ireland at the time.

NCA output data for 2016-17

NCA Casework		Passports seized	328
UK arrests	1,441	Drug interdiction	
UK convictions	657	(in tonnes, unless otherwise specified)	
International arrests	1,176	Cocaine	79.3
Disruptions		Heroin	5.6
Major impact	99	Opium	3.8
Moderate impact	289	Ecstasy (Kg)	65.7
Minor impact	1,350	Counterfeit currency seized	£101,999,206
Total	1,738	(purported face value)	
Firearms interdictions		Ancillary orders	
Firearms ⁶ (guns)	528	SCPOs obtained	17
Firearms (other)	71	Other ancillary orders ⁸	81
Ammunition recovered	11,618	(including 41 Sexual Harm Prevention Orders)	
Children safeguarded or protected	1,896	EAWs executed⁹	
ThinkUKnow Programme		Part 1 (wanted from the UK)	1,735
Primary school children reached	3,175,094	Part 3 (wanted by the UK)	207
Secondary school children reached	2,772,374	Threats to life reports	69
Asset Denial		Firearms deployments	91
Criminal		Reported kidnaps	598
Restraint	£36,015,822	Reported cases of blackmail	1,590
Confiscation Orders obtained	£14,538,372	Reported cases of product contamination	14
Confiscation Order payments	£15,775,023		
Compensation from Confiscation	£6,700		
Civil & Tax			
Assets frozen (Civil & Tax powers) Gross	£37,357,161		
Recovery Orders	£10,779,845		
Recovery Receipts	£7,153,306		
Cash			
Cash seizures	£9,432,826		
Cash forfeitures	£5,390,343		
Cash referrals ⁷	£12,337,000		

⁶ Firearms (guns): All types of guns including replica and imitation guns
Firearms (other): All other types of firearm as defined in the Firearms Act 1968, for example CS gas, tasers, stun guns.

⁷ Referrals to partners. A small proportion of these are to multi-agency units involving the NCA and so also appear in Cash Seizures above.

⁸ Includes compensation orders and being recommended for deportation.

⁹ An EAW executed is one where the individual has been arrested.

Sustainability Report

Introduction

This is the NCA's third full year sustainability report, detailing how the agency continues to manage its obligations towards a sustainable environment. The report includes a detailed breakdown of data required to meet HM Treasury sustainability reporting guidelines.

Overall Strategy For Sustainability

Energy efficiency and energy security, now and in the future, are critical to the agency's business and law enforcement capability. Greening Government Commitment (GGC) targets are now in place to ensure estate and infrastructure energy performance improves by 2020, based on the 2013-14 baseline year. In this reporting year, greenhouse gas emissions from energy reduced by 14% compared to 2015-16.

This report describes how continuous improvement in managing the NCA's sustainability obligations continues to be embedded within the agency's operations. The NCA works continually to protect the natural resources that its business and wider society depend on, not least by addressing climate change impacts, taking a sustainable approach to waste management and minimising its use of resources across all business streams.

The NCA's sustainability strategy is to cut greenhouse gas emissions from estate and

business travel, reduce waste, water and paper consumption in line with targets set within the GGC for sustainable operations to the year 2020. The data is verified externally by the environmental organisation BRE UK on a quarterly basis.

Greenhouse gas emissions

The NCA reports on greenhouse gas (GHG) emissions in terms of scope as follows:

- **Scope 1** Direct GHG emissions from sources owned or controlled by the NCA. For example emissions resulting from gas for heating and fuel used in NCA vehicles;
- **Scope 2** Indirect emissions from the usage of purchased electricity; and
- **Scope 3** Other indirect emissions as a consequence of NCA actions. This comprises emissions from business travel.

Performance takes into account the size of the NCA estate at the end of March 2017, data included is collated from 23 sites.

All tables below are for the reporting period 2016-17¹⁰. The NCA continues to move towards joint working with partner agencies. The NCA is not required to report on sites where NCA officers co-locate with partners. However, the NCA continues to report on sites where partner officers co-locate with the NCA.

Summary of performance

		2016-17 Consumption	2015-16 Consumption
Energy ¹	(GWh)	27.5	29.1
Waste	(tonnes)	409	494
Water	(m ³)	48,338	48,403
Travel	(million km)	66.1	49.1

¹ 1GWh = 1,000MWh = 1,000,000kWh

¹⁰ Note that the figures shown for 2015-16 may differ from the published 2015-16 report having been adjusted with data not available at the time of publication.

Carbon Footprint – Energy and Travel

Total Energy and Travel CO₂e Emissions

	2016-17 tonnes CO ₂ e	2015-16 ¹ tonnes CO ₂ e
Energy	10,705	12,495
Travel	8,178	6,890
Total	18,867	19,385

¹ Figures include data not available at the time of publishing the 2015-16 report.

Energy

The NCA continues to receive most of its electricity supply from fixed half-hourly accounts and all of these supplies deliver green energy from renewable sources as part of the continuous improvement in sustainability management.

Fixed half-hourly supplies account for around 87% of the NCA's energy consumption. The remainder is met through smaller non half-hourly accounts; the majority of which continue to be sourced from green renewable energy supplies.

Unoccupied NCA sites require continuous service maintenance using all utilities. Whilst this continues to impact on overall consumption figures, each unoccupied site is maintained at the absolute minimum and appropriately regulated settings.

During the year, a number of initiatives to improve energy efficiency across the estate have been rolled out. These include:

- A comprehensive estate review to identify areas where utility savings can be made.
- The implementation of prioritised works in co-operation with Estates. Recommendations are fed back into the strategic business case plans for 1, 3 and 5 year delivery.
- Energy saving projects, such as:
 - All new-build or refurbished areas are now fitted with LED lighting, saving approximately 80% of running costs.
 - Replacement of air conditioning systems with new efficient systems.
 - Desks bases being adapted for re-use rather than scrapped; storage cabinets being cleaned and recycled throughout the estate.
 - The installation of double or secondary glazing to occupied rooms following refurbishments.

	Energy consumption ¹		Emissions from buildings	
	2016-17 MWh	2015-16 MWh	2016-17 tonnes CO ₂ e	2015-16 tonnes CO ₂ e
Electricity	21,254	22,561	9,550	11,288
Gas	6,193	6,491	1,139	1,197
Oil ²	95	57	16	9

¹ Consumption data is reported for locations where NCA pays utilities directly.

² Oil data is estimated.

Travel: road, rail and air

The work that the organisation is involved in changes over the course of the year and this has an impact on the requirement to travel. The NCA continues to maintain robust policies to ensure that all official journeys are managed properly, to reduce both cost and carbon emissions. The travel authorisation process prompts staff to challenge the need

for travel and, when it is essential, to do so in the most efficient manner. Staff are encouraged to use alternatives to travel to face to face meetings, such as the use of telephone and video conferencing.

During the reporting year, NCA staff undertook 6,555 official domestic flights.

	Distance travelled		Emissions from travel	
	2016-17 km ('000)	2015-16 ¹ km ('000)	2016-17 tonnes CO ₂ e	2015-16 ¹ tonnes CO ₂ e
Road	26,940	27,738	5,033	5,155
Rail	11,019	7,097	535	316
Air ¹ (domestic)	2,218	1,443	327	227
All Air ¹ (incl. international)	28,099	14,257	2,609	1,419
Total	66,058	49,092	8,178	6,890

¹ Figures include data not available at the time of publishing the 2015-16 report.

Travel: fleet vehicles

The NCA's fleet carbon footprint in 2016-17 has seen a reduction as in previous years due to the continued purchase of fuel efficient vehicles. The average CO₂e of vehicles replaced in 2016-17 was 198 g/km compared to the replacement vehicle average CO₂e of 151 g/km.

Phase 2 of the vehicle review was completed with the reduction in fleet of 56 vehicles. A reorganisation to a centrally managed general purpose fleet ensures greater utilisation of the fleet which may identify further vehicle reductions.

The business case for telematics is progressing. This will allow for greater monitoring of fleet utilisation and may identify further reductions in the organisation's carbon footprint.

With regard to future environmental issues concerning Nitrogen Dioxide (NO_x) and Particulate Matters (PM₁₀ & PM_{2.5}), the organisation is reviewing its fuel specification of future vehicle purchases with the plan for a reduction of diesel vehicle purchases and concentration on more Petrol, Petrol/Hybrid and Electric vehicles whilst still looking to reduce CO₂e emissions. This strategy seeks to comply with Ultra Low Emission Zones (ULEZ) that are being introduced in various locations in the UK.

Travel: air

The NCA has seen a greater deployment of staff overseas than in previous years, which includes providing support to project Invigor. The NCA has also realised improved reporting and cost benefits from implementing robust travel procedures which make best use of its travel provider.

Waste

	2016-17 tonnes	2015-16 tonnes
Landfill	34 ¹	153
Recycled ¹	170	225
Incinerated with energy recovery ²	205	98
Composted	1	2
Total	409	477

¹ April-June 2016 only.

² 2016-17 Q4 figures partially estimated.

A new facilities management contract was put in place in July 2016 and a closed cycle waste programme is now operated by the contractor. A major benefit of this is that since the start of this new contract the NCA has sent zero waste to landfill.

42% of NCA waste is recycled and 50% is incinerated for energy recovery. This is an increase of 22% from last year but there is still work to be done to increase the proportion of waste recycled.

In 2016-17 the NCA:

- Recycled 170 tonnes of waste;
- Incinerated with energy recovery 195 tonnes;
- Sent 34 tonnes to landfill; and
- Composted 1 tonne of waste.

Since 2010 no IT equipment has been disposed of through landfill or incineration. A specialist WEEE contractor recycles all electrical/electronic waste. Items are broken down on site and appropriately recycled.

All NCA assets are assigned to be reused or recycled through framework disposal contracts.

Where equipment and packaging is non-reusable, it is recycled in compliance with the Waste Management Regulations 2011.

Water

The NCA has 35 water meters over 22 sites; consumption figures for around half of these are estimated at year end as a result of invoices not being available at the time of reporting. Pro rata estimates are based on previous months' usage.

Following a comprehensive estate-wide sustainability audit, Estates and Sustainability have established a program to deliver initiatives which will ensure the agency makes progress towards its 2020 water reduction targets. An improved monitoring and targeting regime is intended, in collaboration with our Facilities Management partners, which will enable technical solutions to be implemented effectively.

The NCA will also be taking up the Crown Commercial Service's Framework for water supply and wastewater services. This means one supplier for the whole estate, bringing an enhanced service and cost benefits with opportunities to work with suppliers to improve performance.

	2016-17 m ³	2015-16 m ³
Water	48,338	48,403

Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES)

CRCEES 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. This is regulated by the Environment Agency in England and Wales. Charges are levied on the amount of carbon produced in the period reported.

During this reporting year, 12,350 tonnes of carbon emissions were reported under the scheme, based on NCA electricity usage from fixed half hourly meters in 2016.

Allowances were purchased from the Environment Agency to cover these emissions. This shows a reduction of 1013 tonnes compared to 2015. (Please note liability is calculated retrospectively.)

Climate change adaptation

The greatest risk posed by climate change to the work of the NCA remains the potential disruption caused by severe weather events on operational activities. Maintaining and reviewing robust business continuity arrangements remains the most effective way to ensure preparedness in this way.

Biodiversity

The NCA continues to be active on biodiversity throughout the estate. The bird boxes installed in previous years are still in use and the NCA continues to take steps to preserve the conservation habitat set aside at its site in Warrington.

The newt habitat at the Warrington site continues to be maintained; water levels in the pond are monitored and a supply remains on hand to add water as necessary in times of drought.

Bat boxes continue to be maintained in order to support breeding and evidence indicates these are being used.

Sustainable procurement

The NCA uses government contracts for utilities, travel and accommodation, car hire and stationery. These contracts include comprehensive controls for sustainable procurement.

NCA policy is 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 its buildings.

Cycle to work

The Bike2work scheme is a government-approved salary sacrifice initiative allowing eligible employees to hire a bicycle and accessories up to the value of £1,000 from their employer. The scheme encourages staff to cycle to work, thus improving their health and fitness levels, and save money spent on travel.

In July 2016, 72 applications were approved with a total value of £48,340. The average bicycle was valued at £671.

Summary of 2016-17 Activities

A number of energy efficiency projects have been completed:

Site refurbishment to BREEAM standard has taken place, incorporating the installation of LED lighting (on a rolling existing lighting end of life replacement cycle), achieving savings of 80% on running costs, for example:

- New energy efficient boilers were installed at two sites, replacing obsolete, inefficient boilers;
- The targeted monitoring of supply management information has enabled the tackling of high energy usage at some sites. A review of the maintenance regime has been targeted as part of the site survey's areas of attention; and

- More re-use of equipment between sites to minimise cost and waste.

A comprehensive estate-wide energy efficiency audit is complete, incorporating air conditioning systems inspection surveys. Collaboration with Estates has enabled subsequent business cases to reap benefit of savings in both financial and carbon emission terms.

Findings and recommendations are disseminated to all stakeholders assisting in future planning, budget calculation and decision making.

Progress made in 2016-17

The majority of emissions are from the use of electricity in buildings for lighting, air conditioning, computer equipment and other plug-in devices. This year the NCA has focused on embedding sustainability into facilities management arrangements. For example:

- BMS, plant and occupancy settings were revised for optimum energy efficiency;
- Where LED lights have been installed, savings of 80% on running costs have been achieved;
- Double or secondary glazing has been installed to occupied rooms;
- Thermographic leak detection carried out on buildings highlighted any issues with insulation for redress; and
- Zero waste to landfill from July 2016, exceeding government target ahead of the 2020 deadline.

Conclusion

The NCA continues to make improvements in reducing its impact on the environment through improved data collection, staff awareness and involvement of its facilities management suppliers.

Significant unusual events in year, such as the waste caused by upgrading IT hardware, may temporarily increase emissions or waste but the overall trend is to reduce environmentally damaging outputs.

A Sustainability Impact Assessment is embedded within all projects by ensuring the Sustainability team is consulted at the inception of new projects. Implementation of the energy saving projects throughout the business will have a significant impact in managing sustainability.

Reduction of the NCA fleet and the continued purchase of fuel efficient vehicles, combining use of telematics, will also identify further reductions in the organisation's carbon footprint.

Lynne Owens CBE QPM MA

Director General

Date: 7 July 2017

Part Two – Accountability Report

Corporate Governance Report

Directors' report

Composition of Management Board

	Date Appointed	Contract End Date
Director General		
Lynne Owens	4 January 2016	3 January 2021
Deputy Director General		
David Armond*	27 July 2015	–
Directors		
Johnny Gwynne#	9 December 2013	9 October 2016
Tim Symington	7 October 2013	–
Donald Toon	31 March 2014	–
Sue Steen~	1 April 2015	31 October 2016
Ian Cruxton	2 July 2014	–
Jamie Saunders^	1 July 2014	–
Gerry Cantwell	1 October 2015	–
Mark Webster\$	27 July 2015	15 January 2017
Chris Farrimond-	16 January 2017	–
Will Kerr&	16 January 2017	15 January 2018
Non-Executive Directors		
Jane Furniss	2 December 2013	–
Dr Stephen Page%	2 December 2013	31 March 2017
Justin Dowley@	2 December 2013	31 December 2016
Wendy Barnes	1 December 2016	–
Nick Alston	1 December 2016	–

* In July 2016 David Armond was appointed temporary Deputy Director General ex Director of the Intelligence and Operations Directorate (IOD) following the departure of Phil Gormley on retirement. On 30 January 2017 David Armond announced his intention to retire from the NCA on 31 May 2017.

Johnny Gwynne returned to Police Scotland following appointment as Deputy Chief Constable for Crime and Operational Support.

~ Sue Steen resigned from the NCA on 31 October 2016.

^ On 28 March 2017 Jamie Saunders tendered his resignation from the NCA effective on 16 August 2017.

\$ On 15 January 2017 Mark Webster ceased to be a Board Member.

- On 16 January 2017 Chris Farrimond was appointed Acting Director of Investigations after Mark Webster until 7 April 2017.

& Will Kerr was appointed as Director of CEOP (Vulnerabilities) on secondment from the PSNI until 15 January 2018.

% Stephen Page resigned as a non-executive board member on 31 March 2017.

@ Justin Dowley resigned as a non-executive board member on 31 December 2016.

Register of interests

Details of company directorships and other significant interests held by Board members during the accounting period are available on our website www.nationalcrimeagency.gov.uk.

Results and financial position

The Departmental Expenditure Limit (DEL) outturn to 31 March 2017 reports an underspend of £1.5m (2015-16: £1.0m) resource and £3.3m (2015-16: £0.4m) capital.

The resource outturn represents an underspend of 0.3% of budget. Capital represents an underspend of 6.9%. The agency monitored the in-year expenditure closely with regular forecasting for the operating and investment costs and depreciation. The provisional outturns delivered for 2016-17 are broadly consistent with the position forecast before the end of the year.

The Annually Managed Expenditure (AME) budget consisted of estimates for movements in provisions, and police pensions in-year charges and movements in reserves.

Remuneration of the External Auditors

The remuneration for the National Audit Office is disclosed in note 4 of the accounts totalling £0.12m (2015-16: £0.13m).

No remuneration has been paid to the National Audit Office for non-audit work (2015-16: nil).

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.

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 for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Directions. The accounts are prepared on 'an accruals' basis and must give a true and fair view of the state of affairs of the NCA and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is 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.

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

The Accounting Officer is required to confirm that, as far as she is aware, there is no relevant audit information of which the NCA's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the NCA's auditors are aware of that information.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

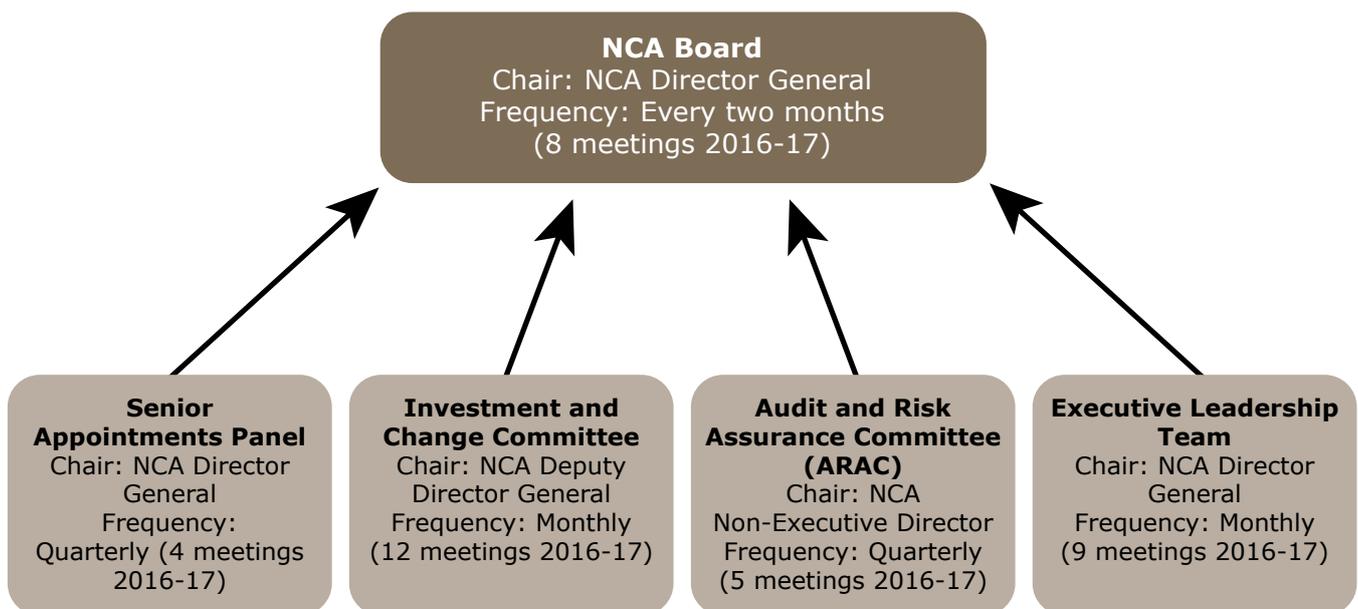
The Governance Statement

Introduction from the Director General of the NCA, Lynne Owens

This governance statement sets out the governance, risk management and internal control arrangements for the National Crime Agency (NCA). It applies to the financial year

1 April 2016 to 31 March 2017 and up to the date of approval of the Annual Report and Accounts.

The NCA's governance structures



The remit of the Board and each committee is set out in the *Board Operating Framework* [available on our website: www.nationalcrimeagency.gov.uk].

As Board members, we are responsible for sound financial management, setting the risk appetite and ensuring appropriate controls are in place within this framework. Members manage risk, scrutinise the performance of the agency and ensure that we have the capacity to deliver against current and anticipated needs. Board meetings are open to invited observers, representatives from trade unions and the internal communications team. The Home Office also regularly attends. Visibility and transparency

of all of the decisions we make as a Board is important, and by inviting a variety of observers along, we demonstrate not only how decisions are made, but are also committing to an open leadership approach.

During this period the agency was led by 10 senior operational leaders, including a Chief Information Officer, and up to four Non-Executive Directors. I have been Chair of the Board since January 2016 in my capacity as the Director General and Accounting Officer.

Due to senior management changes and end of tenure of Non-Executive Directors, the Board membership varied slightly during the year.

Biographies of current Board members are available on our website: www.nationalcrimeagency.gov.uk.

The Board, and its associated committees, monitor the performance of the agency using management information, such as data on performance, our financial position, major investments and contracts, human resources and updates on our transformation programme. We continually seek to improve the breadth and quality of our data, and use controls to ensure that the data used for making decisions is sound and reliable.

On a quarterly basis the NCA Board considers a performance report which assesses the agency's performance in cutting serious and organised crime. We have sought to continually improve performance reporting on National Strategic Assessment (NSA) threats using NCA, Regional Organised Crime Units and other agency data relating to serious and organised crime. National performance is scrutinised at National Tasking and Intelligence meetings and by the Home Office Serious and Organised Crime Strategy Board, which I attend as NCA Director General. Quarterly performance is also reported to the Northern Ireland Policing Board and the Scottish Serious Organised Crime Task Force in relation to these geographical areas.

Board appointments are based on merit and the skills and experience that the individual can contribute to the agency. However, improving diversity continues to be a priority, and we recognise the benefits that a diverse workforce brings to the whole agency, as well as to the Board.

Board members are required to declare any personal or business interests which might influence, or appear to influence, their judgement in performing their roles. These are recorded in a register of interests. Where a Board member declares a potential conflict at meetings, it is recorded in the minutes and the Board member is required to absent himself or herself from the meeting for the duration of that item.

We comply, where relevant, with the spirit and principles of the '*Corporate Governance in Central Government Departments: Code of Good Practice*' (Cabinet Office, July 2011)¹¹. As the NCA is a non-ministerial department, some of the Code is not applicable or appropriate to follow. We have diverged from adoption of the Code in certain aspects where its application was not practical to our agency as a non-ministerial department. One example of this is that, following discussion and agreement at the Senior Appointments Panel, a lead Non-Executive Director (NED) has not been appointed because all of our NEDs have distinct skills and knowledge and each of them take on a lead role where this lends itself to the agency's needs.

The NCA's specific governance and accountability arrangements are covered by the Crime and Courts Act 2013 and the NCA Framework Document.

¹¹ The Code states that its focus is on ministerial departments. Non-ministerial departments and arms length bodies are encouraged to adopt the practices set out in the Code wherever this is relevant and practical.

Board Performance

NCA Board	
<p>Role and Responsibilities: The Board’s functions are:</p> <p>Advisory: setting strategic and business direction for the agency within the scope of the Home Secretary’s Strategic Priorities; and</p> <p>Supervisory: scrutinising performance, ensuring strong corporate governance and challenging the agency on delivery. The Board sets the standards for how the NCA does its work and the culture it promotes.</p>	<p>Significant Issues Covered: People Strategy; Quarterly Performance Reports; NCA Annual Report and Accounts; Board Effectiveness/Governance Review; Strategic Risk and Compliance Report; Strategic Equality Forum Update; Finance Updates and approval of Budgets for 2017-18; IT Strategy; Transformation; and HMIC Inspection.</p>
<p><i>The NCA Board appoints committees and delegates specific and distinct functions and powers to those committees. Board committees are chaired by a Board member.</i></p>	
Committees of the NCA	
Senior Appointments Panel	
<p>Role and Responsibilities: The NCA’s Senior Appointments Panel is responsible for the appointment of the agency’s senior leaders.</p>	<p>Significant Issues Covered: Senior appointments at director and deputy director level, including succession planning; Future leadership schemes and nominations for senior talent programmes; Extension of NED contracts and NED recruitment; and SCS 360 feedback and performance management.</p>
Investment and Change Committee	
<p>Role and Responsibilities: The Investment and Change Committee monitors and reviews the NCA’s current and planned investment activity and spend. It ensures the NCA has a fit-for-purpose investment management process to control and monitors allocation of investment in accordance with government protocols.</p>	<p>Significant Issues Covered: Corporate strategy and investment priorities; Decisions and progress on the transformation programmes; The change programme’s expenditure and financial position; Issues and risks impacting investment decisions and the change programme; and Investments in vehicle replacement, modernisation, estates proposals and continued investment in key IT systems.</p>

Audit and Risk Assurance Committee (ARAC)		
Committees of the NCA	<p>Role and Responsibilities: The ARAC provides the Board with assurance on governance; risk management; the control environment; the integrity of financial statements; and the annual report. The ARAC acts in an advisory capacity and has no executive powers. It is attended by the Head of Internal Audit and representatives from the National Audit Office.</p>	<p>Significant Issues Covered: The NCA's Annual Reports and Accounts 2016-17; Financial updates; Updates from the agency's compliance function; Internal Audit's work against their audit programme; Strategic risks managed within the NCA's Corporate Risk Register; and Fraud, Health and Safety and Information Risk assurance.</p>
	Executive Leadership Team	
	<p>Role and Responsibilities: The Executive Leadership Team delivers against the strategic direction set by the Board, and considers matters relating to the management and leadership of the agency.</p>	<p>Significant Issues Covered: Panama Papers Joint Task Force; NCA Transformation; Modern Slavery Human Trafficking Unit (MSHTU), formerly the UK Human Trafficking Centre (UKHTC); NCA Culture; Pay Review Proposals; Talent Strategy and Management; People Survey Results; The Future Workforce; NCA Five Year Strategy; NCA Delivery Plan; and Talent Strategy.</p>

Board Effectiveness Review

Following an independent board effectiveness review¹², commissioned at the end of the reporting period 2015-16, a report was presented to the Board in May 2016. The recommendations included restructuring of the leadership and governance of the NCA. The Board has considered these proposals and their implications and agreed to the re-structure of the Board and its committees, in order to bring greater clarity and effectiveness to members' roles and agency decision making. These changes, including the establishment of two Deputy Director General roles will take effect over the next reporting period (2017-18).

In December 2016, members and attendees of the NCA Audit and Risk Assurance

Committee (ARAC) conducted a self-effectiveness review, in line with HM Treasury guidance. The responses were analysed and considered, and compared with the results of the previous year's review, to create recommendations for how the committee might improve. This was done in cooperation with a new ARAC Chair, who also offered recommendations.

Recommendations currently being progressed include:

- A review of the ARAC agenda to ensure it is fully reflective of the Terms of Reference, and follows a Three Lines of Defence structure;

¹² Carried out by the independent consultancy Independent Board Evaluation, who specialise in advising on board effectiveness.

- Continuing to improve the quality of reporting from the ARAC to the Board; and
- The development of an annual forward plan for the ARAC meeting cycle.

In addition, the NCA Board is currently progressing the following associated recommendation:

- The identification of a risk appetite against which new and existing risks can be measured.

Board and Committee Attendance

Board members' attendance at Board meetings and committee meetings of the Board, for the period 1 April 2016 to 31 March 2017 was as follows:

Board Members ¹³	Board	ELT	ARAC	ICC	SAP	Comments
Directors						
Lynne Owens	7/8	6/9	4/5		4/4	
David Armond	5/8	8/9	3/5	12/12	4/4	
Gerry Cantwell	8/8	8/9	5/5	9/12		
Ian Cruxton	7/8	6/9		9/12		
Chris Farrimond	2/2	2/2		1/2		Became Temporary Director on 9 January 2017
Johnny Gwynne	4/4	2/4		5/7		Left role on 7 October 2016
Will Kerr	2/2	1/2		1/2		Started role as Director on 16 January 2017
Jamie Saunders	7/8	8/9		11/12		
Sue Steen	3/4	4/5	2/3	7/8	2/2	Left role on 31 October 2016.
Tim Symington	8/8	8/9	5/5	12/12	2/2	Became Director Corporate Services on 1 November 2016
Donald Toon	7/8	8/9		10/12		
Mark Webster	5/7	6/8		7/10		Temporarily replaced by Chris Farrimond on 9 January 2017; Left role on 19 March 2017
Non-Executive Directors						
Nick Alston	3/3					Appointed as NED on 1 December 2016
Wendy Barnes	2/2		1/1			Appointed as NED on 1 December 2016
Justin Dowley	4/6		4/4	3/10		Left role on 31 December 2016
Jane Furniss	6/8		3/5		3/4	
Stephen Page	7/8		5/5	2/11		Left role on 31 March 2017

¹³ Figures relate to attendance when an individual was a Board member only.

Approach to Risk Management

Risk management remains at the core of NCA activity and is embedded across the agency. Our operational remit covers the most serious and complex areas of crime. With this comes inherent risk, which is managed on a day to day basis by NCA officers in line with legislation, codes of practice and internal policies and procedures. Though not recorded at the organisational level, effective management of these operational risks ensures we have upheld our mission of leading the UK’s fight to cut serious and organised crime.

The NCA’s organisational risk management framework, designed around management of risk best practice¹⁴, is subject to continuous improvement to ensure risks are managed at the most appropriate level. Our risk management policy, operating procedure and handbook support delivery of the framework by clearly defining risk management process and responsibilities within it. We operate within the principles of the National Decision Making Model¹⁵.

A central risk management team engages with officers across the agency to support

compliance with the risk framework. The NCA Risk Improvement Forum meets quarterly to share best practice and enable coordinated risk management activity across the agency. This includes supporting the transfer of risks resulting from changes to organisational structures.

In accordance with the risk management framework, organisational risks are subject to active review and management; they are recorded in a risk register and exposed to regular scrutiny at monthly Senior Leadership Team meetings. The NCA Risk Moderation Panel meets quarterly to manage the escalation and de-escalation of organisational risks into the NCA Corporate Risk Register. This forum additionally provides assurance that organisational risks are subject to management at the appropriate level across the agency. The Corporate Risk Register is subject to formal review at the NCA Strategic Risk and Compliance Meeting, which critically reviews progress against risk mitigation plans and directs risk mitigation activity.

Our risk management approach is summarised as follows:



¹⁴ Management of Risk Handbook and Management of Risk in Government Framework 2017.

¹⁵ A values based tool to provide a simple, logical and evidence based approach to making decisions, supported by the College of Policing.

The Compliance Team is a key element of the NCA's second line of defence¹⁶. It provides an independent assessment of compliance with legislation, codes of practice and internal policies and procedures, and also captures and promulgates best practice. Compliance activity supports our risk management approach by identifying risks and opportunities across the agency, and generating recommendations, designed to optimise the agency's delivery.

We have established a Recommendation Tracker, which provides oversight of, and supports the timely delivery against, recommendations generated by compliance activity. Progress against delivery of these recommendations is subject to regular scrutiny by the Strategic Risk and Compliance Meeting (SRC).

In addition to NCA Compliance processes, external inspection reports also provide an opinion on the adequacy of risk management processes and systems of controls in the agency. Legislation provides for various bodies to undertake inspections of our functions or activities, including but not limited to:

- The Office of the Surveillance Commissioner;
- The Office of the Interception Commissioner;
- The Office of the Information Commissioner;
- Her Majesty's Inspectorate of Constabulary (HMIC);
- The Independent Police Complaints Commission (IPCC);
- The Police Investigations and Review Commissioner (in Scotland); and
- The Police Ombudsman for Northern Ireland.

All recommendations generated by external inspections are subject to oversight through the Recommendation Tracker, and progress against delivery of recommendations is subject to regular scrutiny by the Strategic Risk and Compliance Meeting. All recommendations resulting from inspections completed in 2016-17 have been, or are in the process of being, addressed and we continue to work with internal and external stakeholders to ensure any outstanding activity is appropriately completed.

HMIC completed one inspection of the NCA during the reporting period: an inspection of the Specialist Operations Centre, Crime Operational Support and Serious Crime Analysis Section. The report will be published in due course.

The Head of Internal Audit has issued a **Moderate**¹⁷ assurance opinion on our risk control and governance arrangements for a second year running. This rating has been maintained by building on the significant improvements realised by the agency in 2015-16.

No new thematic areas for improvement were identified in 2016-17, and Internal Audit activity demonstrated the appetite to address known issues within the agency has been supported by appropriate mitigating actions. This is evidenced through a number of improvements achieved this year, including:

- The development and implementation of process improvements within the seven thematic areas for improvement identified in 2015-16;
- Establishing a sound three lines of defence compliance approach;
- Streamlining policy and operating procedures; and
- embedding a new approach to recommendation tracking.

¹⁶ Consistent with the 'Three lines of defence' Model.

¹⁷ The definition of 'moderate' is that 'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'.

Whilst the overall trajectory is one of improvement, Internal Audit reviews on Business Resilience, Handling of Seizures and Storage at Queens Warehouse and Evidence Management, achieved 'Limited' assurance ratings. The recommended actions to support enhancements in these areas are being actively managed, and are subject to oversight through the Recommendation Tracker. As with externally generated recommendations, progress against delivery of Internal Audit recommendations is subject to regular scrutiny by the Strategic Risk and Compliance Meeting.

Significant risks in 2016-17 and key mitigating factors

The highest category organisational risks to the agency are recorded on a Corporate Risk Register, which is updated and formally reviewed on a quarterly basis by members of the NCA Board at the Strategic Risk and Compliance Meeting, and the Audit and Risk Assurance Committee.

There were six significant risks in 2016-17.

Summary of Risk:	Key Mitigation Activity:
<p>Information and communications technology</p> <p>There continues to be a risk associated with our dependency on legacy business-critical, information systems. The costs associated with building new infrastructure are considerable, and are the subject of ongoing discussion with the Government as a way forward is sought.</p>	<ul style="list-style-type: none"> ■ The legacy IT estate has been refreshed with the rollout of Windows 7 and new hardware, which included replacing 50% of desktops with laptops to provide officers with a mobile and flexible working capability. ■ The convergence of legacy infrastructure has enabled officers to operate on a common IT platform, in addition all legacy applications have been migrated to a more robust infrastructure and this has improved Live Service performance. ■ An outline business case for the IT Transformation Programme has been endorsed by the NCA Board and, when it completes the Government approvals processes, it will enable investment in new IT capabilities. ■ A review of applications estate has resulted in the validation of the decommissioning of 20 applications; further applications have been identified and will go through the validation and decommissioning process.

Summary of Risk:**Key Mitigation Activity:****Information management**

The information risk is significant and remains the subject of active management. Activity throughout the year has focused on delivering tangible benefits to improve the agency's information management. Continued progress has been made although complex challenges remain to be overcome. We inherited some old, but business-critical information systems which need to be replaced if the agency is to meet its statutory and other obligations in the protection of the UK from the impact of serious and organised crime.

Activity was focused throughout the year on producing tangible results in the quest to improve information management:

- Supporting the Senior Information Risk Owner (SIRO) in enhancing the governance of information risk and associated management processes to ensure controls, escalation and assurance are more effective.
- Supporting IT transformation as it seeks to build infrastructure and tools to support a readily searchable, coherent corporate record for both digital and hard copy holdings. Information Management resources have supported the phase 1 deliverables in the IT Transformation Programme specifically in relation to policy and information management considerations for smart phones, use of WIFI on NCA sites and other quick wins.
- The risks associated with the management of hard copy records held in the Secure Store have been de-escalated to reflect the significant progress made on both compliance and the delivery of a single searchable register.
- Delivery of a recalibrated Information Asset Application Register to improve the identification and management of dependencies between information and application assets.
- Delivery of a lifecycle and value tool by which information assets can be assessed and decommissioned ready for implementation.
- Building a culture which delivers sustainable compliance with information management requirements.
- Continued engagement has taken place with the Information Commissioner's Office who provide valuable best practice in the management of both information and Subject Access Requests for information under the Data Protection Act.
- The SIRO has continued to monitor and review wider components, including cyber, insider threats and Data Protection Act compliance, to meet his mandatory responsibility to evaluate and report to the Board and ARAC on the aggregated information risk borne by the NCA.

Summary of Risk:	Key Mitigation Activity:
<p>Communications data</p> <p>There was a risk that the changes to the communications data legislation would impact on our ability to keep pace with a changing communications' environment and evolving threat.</p>	<ul style="list-style-type: none"> ■ We successfully supported the passage of the Investigatory Powers Bill through Parliament, which received Royal Assent in November 2016. ■ We continue to work with the Home Office and Law Enforcement partners to secure implementation and manage the impact of any associated legal challenges to the Act.
<p>Suspicious Activity Reporting (SARs)</p> <p>The NCA, as owner of the UK Financial Intelligence Unit, is responsible for the operation of the SARs regime as part of the UK response to the risk of money laundering. The IT supporting the SARs regime has significant operational and supportability issues and is at high risk of suffering a severe outage. The risk is that a system failure will result in significant loss of operational capability due to loss of law enforcement access to valuable financial intelligence, which would extend internationally to partners under Financial Action Task Force, Egmont and other protocols. It would also cause significant reputational damage through a failure to meet legal requirements, bringing criticism from reporting sectors, HMG and law enforcement partners. (Despite remedial work, SARs-system related ICT incidents continue to occur which have heightened the risk profile.)</p>	<ul style="list-style-type: none"> ■ We have successfully migrated the SARs applications to a more resilient modernised infrastructure during 2016-17 which is providing stability of service. ■ The applications will benefit from upgrading and we are planning to take this forward in 2017-18. This will bring elements of the application stack back into 'vendor support', which will support service restoration in the event of a significant failure. ■ We are working closely with the Home Office and others on SARs Reform, which includes technology replacement as a key priority.

Summary of Risk:**Key Mitigation Activity:****Referrals**

The NCA Child Sexual Exploitation Referrals Bureau now receives over 4,000 individual referrals a month, primarily from industry, compared with 400 in 2010. There continues to be pressure in translating intelligence leads about IP addresses into real people or suspect locations. There was a risk that this may result in delays impacting on operational activity.

The NCA continues to manage the National Referral Mechanism (NRM), acting as the single referrals gateway agency for all UK victims of modern slavery and human trafficking crime.

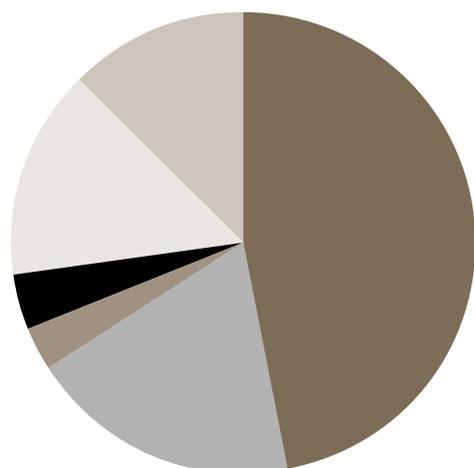
- We closely monitor demand into referrals mechanisms, and flexes resource to address fluctuations through deploying a combination of contingent labour, surge officers and overtime as appropriate.
- We identified an opportunity to expedite the dissemination of a proportion of CEOP referrals to local forces. Following a successful pilot in 2016, the approach was agreed by the National Police Chiefs Council in January 2017 and rolled out to all forces on 1 March 2017.
- The NCA continues to triage all referrals and actions to manage the higher risk or more complex cases.
- We are fully engaged with the Home Office to support the development of a revised National Referrals Mechanism model, which will optimise the process and improve opportunities to exploit data.

Workforce Agility

We were established as a proactive law enforcement agency, and calibrated to develop and conduct real-time operations targeted against serious and organised crime. In its capacity as an impartial national law enforcement entity, the agency is required to deal with rapidly evolving crime types and tasked historic enquiries. This has resulted in a risk to the demands on NCA resource, which require an agile response in order to ensure continuous delivery against both core objectives and extraordinary undertakings.

- Recruitment processes within the agency are being refined to improve the management of vacancies. In tandem, development programmes have been put in place to support the up-skilling of new recruits and the development of specialist skills.
- Work is on-going to develop training and development programmes which support delivery of the future operating model, in support of NCA transformation activity.
- A refreshed approach has been developed and is being implemented to manage the surge of operational resources. This process enables the agency to flex resource as required to meet organisational demand.

Security Incidents and Breaches



- Asset Losses
- Non Compliance Policy Procedure
- Compromise
- Failure or malfunction
- Damage Crime & Obstruction
- Near Miss

During this reporting period the number of, mostly minor, security incidents and breaches recorded across the agency (611) reflected an increase over the previous year of 158. We actively encourage reporting of security incidents, and 83 reports were the result of an audit into the use of an external software application plus retrieval of unused accessories associated with the authentication process, many of which had been lost in previous years. The increase in average FTE during this reporting year means that once the 83 anomalous examples described above are removed, the per-FTE rate of incidents is virtually identical (0.11 incidents per FTE in 2015-16 versus 0.12 in 2016-17). Of the 611, the majority were due to human error and recorded as low risk, with only one recorded as medium risk and none as high risk.

All incidents and breaches were responded to by the Standards and Security Department in proportion to the seriousness of the events and in liaison with the business areas concerned. Losses of assets (e.g. identity cards, mobile 'phones and other small items of equipment), although showing a drop on the previous year, continued to contribute substantially (41%) to the total.

There are two primary categories of incident to reflect activity by non-NCA people. In the year 2016-17, there were 53 Denial of Service attacks against our public facing website (www.nationalcrimeagency.gov.uk).

Many of these were carried out in retaliation for action taken by NCA operations, including those undertaken by the National Cyber Crime Unit against facilitators of cyber criminality. Although many of the attacks affected website availability for a short period of time, none adversely impacted website confidentiality or integrity.

There were also 44 reports of individuals – some based abroad – fraudulently purporting to be NCA officers for the purposes of committing economic crime against members of the public. Where enough information is provided by the victims, e.g. IP addresses, bank accounts and phone numbers, the details are 'packaged' and disseminated to the appropriate police force. On each occasion where an attempted fraud is reported by the public they are advised to report it to Action Fraud.

Senior Information Risk Owner (SIRO)

The SIRO, on behalf of the Director General, owns the risks to the NCA's business that may arise from the acquisition, storage, processing and release of information; oversees the response to losses and compromises and is responsible for ensuring that information management developments are compatible with wider government requirements.

Three personal data breaches were notified to the Information Commissioner in 2016-17, compared with four in the previous year. Two of the breaches arose mainly from human error comprising e-mails being sent, with attachments not intended for the addressee. The third breach arose again from human error and comprised a letter being sent to the wrong recipient. No enforcement action resulted, but recommendations for improved processes were taken forward, including a recommendation that the NCA considers implementing annual mandated refresher training for all staff who handle personal data.

Professional Standards

We have a confidential Professional Standards reporting line which gives officers the ability to report their concerns. This may be done anonymously. How to raise a concern is promoted to all officers during their mandatory NCA induction course.

We have drafted a formal NCA policy and operating procedure covering whistleblowing activities and processes. This will introduce a formal and clear procedure for dealing with potential whistleblowing matters, including:

- the difference between whistleblowing and a personal grievance;
- how an officer can report a whistleblowing concern, including anonymous reporting;
- how the concern will be taken forward and by whom;
- where an officer can go to for support during the process;
- what happens if an officer is not happy with the outcome of an investigation; and
- contacting the Civil Service Commission.

The operating procedure has been through a formal consultation process and is awaiting final publication, once the recommended changes have been made.

During the reporting period, six cases of whistleblowing were reported, four of which are still being investigated. In the two cases that have been investigated and concluded, no evidence of wrongdoing was found.

Financial Management

We implement effective financial management in accordance with HM Treasury (HMT) principles, ensuring regularity, propriety and value for money for our expenditure.

We secure our budget settlement from Parliament through the Supply Estimate process. The Main Estimate reflected priorities set by the Home Office and were

agreed with HMT alongside the 2015 Comprehensive Spending Review (CSR). The Main Estimate was approved in June 2016. This budget covered the financial year from 1 April 2016 to 31 March 2017.

We have delivered both capital and resource outturn spends close to budget in 2016-17. Capital was under spent by £3m (6.9%) compared to budget of £47m and Resource was under spent by £1.4m (0.3%) compared to budget of £464.0m.

The agency recorded and reviewed financial risks on a monthly basis, including a Board led mid-year review of the financial position and associated risks and opportunities. Significant areas included: financial control, system procurement, finance, payroll and payments, statutory financial reporting and internal fraud.

We monitored capital programmes closely, with regular forecasting of investment costs and depreciation. In addition to standard financial governance requirements (incorporated in '*Managing Public Money*' and the '*Financial Reporting Manual*'), our financial governance was controlled externally by HM Treasury through a delegation letter, and by the Home Office in line with the published framework document together with Cabinet Office additional controls. These documents detail the delegated limits for a range of financial approvals for both capital investments and resource expenditure.

The Accounting Officer oversees a relatively flat system of financial management where budgets are delegated to each NCA directorate. These budgets are managed within the frameworks provided by NCA Finance and Commercial departments. Additional funding is obtained by the Scottish Executive and the Police Service of Northern Ireland, as well as European Union funding and other donations.

Onward grants by the NCA are provided to forces and other public sector bodies.

The NCA's main contracts relate to its leasehold buildings, information technology, communications services and facilities

management. The main outsourced services are for information technology.

In 2016-17 the Board approved a "Demand, Risk and Resource" project to deliver three clear outcomes: a fully costed service catalogue, detailing the full range of activity from across the agency; a range of efficiency options for 2017-18; and further opportunities for operational effectiveness improvements and cost reduction through Transformation.

Additionally, there is an on-going "Purchase to Pay" initiative to further improve our purchasing regime, which has in turn increased purchasing compliance awareness, responsibility and the financial planning capability within the NCA.

NCA is making progress on procuring from small businesses with the aspiration that 25% of contracts should be awarded to SMEs.

There was a formal review of Roles and Responsibilities in the Finance Department during 2016-17, which resulted in a reorganisation to enable it to more effectively deliver its internal and external obligations.

The 2015 Departmental Minute on Indemnities came into effect 1 April 2015. We worked with all parties to regulate, inform and report, as per agreed protocols, on any indemnities that may have given rise to potential liabilities incurred by the agency.

In line with the CEOP six principles set out in the NCA Framework Document, CEOP Command is the only command with a delegated pay budget. Its core budget therefore consists of a pay and non-pay element. Further to the £10 million funding received in 2015-16 which was announced at the 2014 WePROTECT summit, the Home Office announced that it would continue to provide a further £10 million funding to the NCA each year in 2016-17 and 2017-18 to dedicate to tackling CSEA. This formed part of CEOP's core budget for 2016-17. The Command has closely monitored both of these funding streams through robust Command led governance arrangements.

Regularity of Expenditure

The NCA have ensured that all expenditure incurred has been for the purposes intended by Parliament and that these financial transactions are within the NCA's remit.

Other Key Governance

Health and Safety

The NCA's Health and Safety Management system BS 18001 sets out the minimum requirements for occupational health and safety management best practice including policies, procedures and control measures. This comprehensive and internationally recognised framework for sensible risk management promotes Board level assurance.

Health and Safety performance is reported quarterly using an approved 'dashboard', which is monitored by the Health and Safety Steering Group, who provide assurance to the NCA Board; this promotes a strategic view of health and safety performance, assurance and monitoring, and forms part of the framework for organisational risk management.

Compliance checks during the year have identified areas of good practice along with areas for improvement. A moderate amount of non-compliance has been identified and this has resulted in action plans in order to promote compliance as part of a continuous improvement cycle. A three year Health and Safety Audit Plan remains in place and supports the monitoring of compliance in line with BS 18001. At Board level there is a Health and Safety Champion.

Accounting Officer's Annual Review

As Director General and Accounting Officer of the NCA I have reviewed the information on governance, internal control and risk management alongside independent advice and assurance provided by the Audit and Risk Assurance Committee. I am satisfied with the reasonable assurance of effectiveness regarding the internal control systems in place.

As outlined within the risk section, information management, along with workforce agility and retention, are ongoing concerns. Aligned to this, we have been working on a pay reform case, developing a business case to deliver a pay structure that allows us to retain and recruit the skills and officers needed to operate at the high end of high risk. This, together with the transformation work we are taking forward, will enable the NCA to respond to the complex, challenging and changing nature of serious and organised crime and deliver the specialist capabilities required on behalf of law enforcement and other partners. These are challenging targets, and we will need both government and law enforcement partner support, but I am clear that we need to be both ambitious and innovative in our fight against serious and organised crime and protecting the public.

Remuneration and Staff Report

Certain disclosures within this Remuneration and Staff Report are subject to audit. Audited sections are noted individually.

Remuneration Policy

Senior Management salaries were based on recommendations of the Review Body on Senior Salaries, 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; and,

- the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

The Review Body may make other recommendations as it sees fit:

- to ensure that, as appropriate, the remuneration of the remit groups relates coherently to that of their subordinates, encourages efficiency and effectiveness, and takes account of the different management and organisational structures that may be in place from time to time;
- to relate reward to performance where appropriate;
- to maintain the confidence of those covered by the Review Body's remit that its recommendations have been properly and fairly determined; and
- to ensure that the remuneration of those covered by the remit is consistent with the Government's equal opportunities policy.

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.

Changes to the Board of Directors of the NCA 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.

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 1 April 2016 – 31 March 2017

Single total figure of remuneration (audited)								
Officials Date appointed – appointment ended	Salary (£'000)		Benefits in kind (to nearest £100)		Pension benefits ¹⁸ (£'000)		Total (£'000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Director General								
Lynne Owens 4 Jan 16 – 3 Jan 21	215-220	50-55 (215-220)	-	-	730*	299	945-950	350-355 (515-520)
Deputy Director General								
David Armond 27 Jul 15	155-160	150-155 (155-160)	-	-	41	37	195-200	185-190 (190-195)
Directors								
Johnny Gwynne 9 Dec 13 – 9 Oct 16	70-75 (140-145)	135-140 (140-145)	2,300	3,600	~	~ [#]	75-80 (140-145)	140-145
Tim Symington 7 Oct 13	140-145	130-135 (135-140)	-	-	30	1,169 [^]	170-175	1,300-1,305 (1,305-1,310)
Donald Toon 31 Mar 14	140-145	140-145	-	-	31	40	170-175	180-185
Sue Steen 1 Apr 15 – 31 Oct 16	75-80 (130-135)	130-135	-	-	30	51	105-110 (160-165)	180-185
Ian Cruxton 2 Jul 14	105-110	105-110	-	-	17	41	120-125	145-150
Jamie Saunders 1 Jul 14	140-145	145-150 (140-145)	-	-	37	507 ^{\$}	175-180	660-665 (650-655)
Gerry Cantwell 1 Oct 15	140-145	65-70 (135-140)	-	-	115	223	255-260	290-295 (360-365)
Mark Webster 27 Jul 15 – 15 Jan 17	80-85 (100-105)	65-70 (100-105)	-	-	15	32	95-100 (115-120)	100-105 (130-135)
Chris Farrimond 16 Jan 17	20-25 (95-100)	N/A	-	N/A	27	N/A	45-50 (125-130)	N/A
Will Kerr 16 Jan 17 – 15 Jan 18	25-30 (130-135)	N/A	-	N/A	74	N/A	100-105 (205-209)	N/A
Non-Executive Directors								
Jane Furniss 2 Dec 13	10-15	10-15	-	-	-	-	10-15	10-15
Dr Stephen Page [~] 2 Dec 13 – 31 Mar 17	20-25	10-15	-	-	-	-	20-25	10-15
Justin Dowley 2 Dec 13 – 31 Dec 16	10-15	10-15	-	-	-	-	10-15	10-15
Wendy Barnes 1 Dec 16	5-10 (10-15)	N/A	-	-	-	-	5-10 (10-15)	N/A
Nick Alston 1 Dec 16	5-10 (10-15)	N/A	-	-	-	-	5-10 (10-15)	N/A

Details of changes to the composition of the Management Board are given at page 33.

- * The increase to Lynne Owens' value of pension benefits is due to the full year impact of the salary increase as Director General.
- ~ There was no pension increase over the year as Johnny Gwynne opted out of the scheme on 1 May 2016, having already accrued the maximum allowed pensionable service at 31 March 2016.
- # It was not 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 in the previous period.
- ^ The prior year value of pension benefits disclosure is revised for 2015-16 due to the transfer-in in 2016-17 to the PCSPS of all benefits from their analogous scheme.
- \$ The prior year value of pension benefits is revised for 2015-16 due to added pension and a change of service recalculation.
- ~ Stephen Page completed work for the Board on the ICT Strategy which resulted in an additional payment of £8,000 in year.

These figures represent the values for the full year.

¹⁸ 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.

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.

Notice periods for senior officers

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

Fair Pay Disclosure (audited)

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 £215–220k (2015-16: £215–220k). This was 6.2 times (2015-16: 6.2) the median remuneration of the workforce (excluding the highest paid director), which was £35,448 (2015-16: £35,589). The NCA's calculation of the median earnings of the work force (excluding the highest paid director) and the ratio between this and the highest paid director was based on full-time equivalent officers as at 31 March 2017 on an annualised basis.

Remuneration during the reporting period ranged from £15k to £220k (2015-16: £15k to £219k)

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 2016-17 including CETV (Audited)

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

	Real increase in pension 2016-17 £'000	Real increase in lump sum 2016-17 £'000	Total accrued pension at age 60 in 2016-17 £'000	Total lump sum at age 60 in 2016-17 £'000	Cash equiv transfer value 2016-17 £'000	Real increase in cash equiv transfer value 2016-17 £'000
David Armond	2.5-5	-	25-30	-	524	40
Tim Symington	0-2.5	5-7.5	50-55	160-165	1,053	24
Donald Toon	0-2.5	5-7.5	45-50	140-145	958	26
Sue Steen	0-2.5	-	5-10	-	89	13
Ian Cruxton	0-2.5	-	55-60	-	915	13
Chris Farrimond	0-2.5	2.5-5	30-35	95-100	636	23
Gerry Cantwell	5-7.5	10-12.5	50-55	155-160	1,031	83
Jamie Saunders	0-2.5	-	70-75	-	1,263	29

All figures in the table below are provided by the Agency's Police Pensions Administrator for those board members who are employees with Police Pension Scheme arrangements.

	Real increase in pension 2016-17 £'000	Real increase in lump sum 2016-17 £'000	Total accrued pension at age 60 in 2016-17 £'000	Total lump sum at age 60 in 2016-17 £'000	Cash equiv transfer value 2016-17 £'000	Real increase in cash equiv transfer value 2016-17 £'000
Lynne Owens	37.5-40	-	125-130	-	2,959	930
Mark Webster	0-2.5	-	50-55	-	775	88

The board members in the table below are seconded to the NCA and members of the police pension schemes managed by their home police force. All figures in the table below are provided by their respective home police force.

	Real increase in pension 2016-17 £'000	Real increase in lump sum 2016-17 £'000	Total accrued pension at age 60 in 2016-17 £'000	Total lump sum at age 60 in 2016-17 £'000	Cash equiv transfer value 2016-17 £'000	Real increase in cash equiv transfer value 2016-17 £'000
Johnny Gwynne*	-	-	90-95	-	2,153	(73)**
Will Kerr	5-7.5	-	65-70	-	1,549	137

* There is no pension increase over the year as the member opted out of the scheme on 1 May 2016, having already accrued the maximum allowed pensionable service at 31 March 2016.

** There is a real decrease in CETV over 2016-17 as the member has no further accrual over the year.

The Non-Executive Directors are non-pensionable appointments.

One former Director completed work for the Board on the ICT Strategy, which resulted in a payment of £8,000 in 2016-17.

Police Pension Scheme (PPS)

Directors with a police pension are either members of the Police Pension Scheme 1987, the Police Pension Scheme in Scotland or Police Pension Scheme of the Police Service of Northern Ireland which are analogous schemes.

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; and
- 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 the 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 2017. For further detail see Note 3 to the Accounts.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

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**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022.

All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary

sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3.8% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**.

Benefits in **classic** accrue at the rate of 1/80th 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 1/60th 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 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 uprated in line with Pensions Increase legislation.

Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% 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**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

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.

Reporting of Civil Service and other compensation schemes – exit packages (audited)

Two officers left under Voluntary Exit terms in September 2016 and January 2017 respectively. They received a compensation payment of £28k in total.

Officer Costs (Audited)

	Permanently Employed Staff	Others*	Total	Total
	2016-17 £'000	2016-17 £'000	2016-17 £'000	2015-16 £'000
Wages and Salaries	174,806	24,470	199,276	187,161
Social Security Costs	18,593	–	18,593	13,685
Other Pension Costs	32,491	–	32,491	30,601
Sub Total	225,890	24,470	250,360	231,447
Less recoveries in respect of outward secondments	(964)	–	(964)	(992)
Sub Total	224,926	24,470	249,396	230,455
Pension costs actuarial valuation	6,030	–	6,030	9,496
Total Net Costs	230,956	24,470	255,426	239,951

* The £24.5m cost incurred in the year comprises £0.5m agency officers, £13.5m contract officers, overseas officers £4.1m and £6.2m seconded officers (2015-16: £23.5m comprising £0.5m agency officers, £12.3m contract officers, overseas officers £3.1m and £7.5m seconded officers).

Pension benefits

Civil Service Pension Schemes

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Schemes (CSOPS) are unfunded multi-employer defined benefit schemes in which the NCA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2016-17, employers' contributions of £29.3m were payable to the CSOPS (2015-16 £26.6m) at one of four rates in the range 20.0 to 24.5 per cent (2014-15: 16.7 to 24.3 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Partnership and Stakeholder Schemes

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0.53m (2015-16 £0.28m) were paid to one or more of a panel of three

appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 to 14.75 per cent (2015-16: 8.0 to 14.75 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

Average number of persons employed (Audited)

The average number of full-time equivalent officers employed during the period was as follows:

	2016-17 Total	2015-16 Total
Permanently Employed	4,258	3,962
Other	254	254
Officers engaged on capital projects	4	2
Total Average number of officers	4,516	4,218

In addition to the above directly-employed officers, the NCA had 86 attached from other organisations as at 31 March 2017 (2015-16: 67) 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 2016-17 would have been £4.4m (2015-16: £3.1m).

Costs totalling £0.05m (2015-16: £0.3m) were capitalised during the period for work carried out on capital projects.

Gender Breakdown

At 31 March 2017, the breakdown of officers by gender was as follows:

	Male	Female	Total
Directors	12	3	15
Senior Managers	20	6	26
Other Employees	3,033	1,904	4,937
Total*	3,065	1,913	4,978

* This total represents the NCA headcount as at 31 March 2017, including agency officers, commercial contractors, seconded officers and officers on career break.

Numbers of Senior Civil Servants

NCA's senior staff grades are analogous to SCS equivalents. Numbers of Senior Civil Servants (or equivalent) by pay band:

SCS Grade	2016-17	
	NCA Equivalent	Total
SCS 3	DG	1
SCS 2	DDG and Directors	9
SCS 1/1A	Deputy Directors	25
Total*		35

* Disclosure also includes secondees where occupying a permanent position.

Officers Sickness Reporting

NCA officers were absent on sick leave for an average of 5.1 days per employee during the year to 31 March 2017 (2015-16: 4.6 days).

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.

Monitoring spending on consultancy and temporary staff

The NCA is required to report for the year spending on consultancy and the use of contingent labour (temporary staff). This expenditure includes, as separate line items, total consultancy expenditure and contingent labour expenditure incurred.

Temporary (non-payroll) Staff

The table below gives the cost of providing Contingent Labour to cover business-as-usual or service delivery activities with the agency.

Temporary staff are employed either through an agency or recruitment consultant and are engaged on an ad hoc or temporary basis to fulfil requirements within established posts which involves providing cover (e.g. for a vacancy, holiday or sickness) or additional resource (e.g. for a seasonal peak in workload) and can undertake operational or professional roles.

Temporary (non-payroll) Staff	2016-17 £'000	2015-16 £'000
Temporary Workers – Admin and Clerical*		
Admin & Clerical agency staff are normally lower grade contingent labour who are filling in for a role within the organisational structure	6,032	4,389
Interim Managers†		
Middle- to senior-grade staff working in an organisation, concerned with the fulfilment of particular professional functional or senior management positions within the organisational structure	7,974	8,836
Specialist Contractors/Services (Consultants)		
Specialists are normally middle to senior grades, used to provide expertise that is not available in-house, fulfilling functional or senior positions within the organisational structure	13,044	6,765
	27,050	19,990

* This total includes £3.89m (£1.28m 2015-2016) expenditure on temporary workers within externally funded special operations.

† This total includes £1.08m (£0.66m 2015-2016) expenditure on interim managers within externally funded special operations.

'Temporary workers' are interim staff at NCA junior grades. Whereas 'interim managers' are all staff at NCA middle management grades and above; this also includes senior interim staff at Director level where applicable.

Staff seconded to the NCA from within Government and related arms-length bodies are excluded from the disclosure as they are not included under 'non payroll'.

The increase in temporary staff was driven by the increase in externally funded special operations.

The increase in Specialist Contractors was driven by support to the change to the Technology Command principle contract and related strategy and portfolio management support for the NCA's transformation programme.

Consultancy

Consultancy expenditure covers the provision to management of objective advice relating to strategy, structure, management or operations of the NCA, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited.

Resource employed for the purpose of supporting the 'business-as-usual' environment when in-house skills are not available, but are not expressly Contingent Labour, are used exclusively for the delivery of services, providing further flexibility to fill unavoidable short term operating gaps.

For the purposes of disclosure, the NCA classifies such expenditure as Specialist Contractors; middle to senior grades, used to provide expertise that is not available in-house, fulfilling functional or senior positions within the organisational structure, engaged on a short term basis though not always provided through an agency.

Reporting of high paid off-payroll appointments (audited)

The Review of Tax Arrangements of Public Sector Appointees requires the NCA to publish information on the agency's highly paid and/or senior off-payroll engagements. The agency interprets these as staff who are paid more than £220 per day and contracted through an agency relationship.

Table 1 – All off payroll engagements as of 31 March 2017 for more than £220 per day and that last for longer than six months.

	NCA
Number of existing engagements as of 31 March 2017	53
Of which at time of reporting:	
Number that have existed for less than one year at time of reporting	13
Number that have existed for between one and two years at time of reporting	26
Number that have existed for between two and three years at time of reporting	9
Number that have existed for between three and four years at time of reporting	2
Number that have existed for four or more years at time of reporting	3

All existing off payroll engagements outlined above, have been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax. Following the risk based assessment no assurance was required from the agencies.

Table 2 – For all new off payroll engagements, or those that reached 6 months in duration between 1 April 2016 and 31 March 2017 for more than £220 per day and that last for longer than six months.

	NCA
Number of new engagements or those that reached 6 months in duration between 1 April 2016 and 31 March 2017	30
Number of above which include contractual clauses giving the NCA the right to request assurance in relation to income tax and national insurance obligations	30

The agency had no off payroll engagements for Board Members and/or senior officials with financial responsibility between 1 April 2016 and 31 March 2017.

Parliamentary accountability and audit report

Statement of Parliamentary Supply

This section is subject to audit.

Summary of Resource and Capital Outturn 2016-17

	SoPS Note	Estimate			Outturn			2016-17 £'000	2015-16 £'000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with estimate: saving/(excess)	Outturn
								Total	Total
Departmental Expenditure Limit									
-Resource	1.1	464,078	-	464,078	462,624	-	462,624	1,454	432,025
-Capital	1.2	46,971	-	46,971	43,715	-	43,715	3,256	41,444
Annually Managed Expenditure									
-Resource*	1.1	140,000	-	140,000	26,205	-	26,205	113,795	29,652
-Capital	1.2	-	-	-	-	-	-	-	-
Total Budget		651,049	0	651,049	532,544	0	532,544	118,505	503,121
Non-Budget									
-Resource	1.1	-	-	-	-	-	-	-	-
Total		651,049	-	651,049	532,544	0	532,544	118,505	503,121
Total Resource		604,078	-	604,078	488,829	-	488,829	115,249	461,677
Total Capital		46,971	-	46,971	43,715	-	43,715	3,256	41,444
Total		651,049	0	651,049	532,544	0	532,544	118,505	503,121

Net Cash Requirement 2016-17

SoPS Note	2016-17 £'000 Estimate	Outturn	2016-17 outturn compared with estimate saving/(excess)	2015-16 £'000 Outturn
3	525,000	499,108	25,892	437,219

Administration Costs 2016-17

SoPS Note	2016-17 £'000 Estimate	2016-17 £'000 Outturn	2015-16 £'000 Outturn
1.1	35,950	34,587	30,558

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between Estimates and outturn are given in SoPS Note 2 (Analysis of net outturn by section) and in the Results and Financial Position on page 34.

Explanations of variances between Estimate and outturn are given in the Performance Summary within the Performance Report. Core Tables can be found in Annex A.

Notes to the Statement of Parliamentary Supply

SOPS 1 Net outturn

SOPS 1.1 Analysis of net resource outturn by section

							2016-17	2015-16	
Outturn							Estimate	Outturn	
Administration			Programme			Total £'000	Net Total £'000	Net total compared to Estimate £'000	Total £'000
Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000				
Spending in Departmental Expenditure limit									
Voted:									
A – National Crime Agency									
34,597	(10)	34,587	474,584	(46,547)	428,037	462,624	464,078	1,454	432,025
Annually Managed Expenditure									
Voted:									
B – National Crime Agency AME									
-	-	-	26,205	-	26,205	26,205	140,000	113,795	29,652
34,597	(10)	34,587	500,789	(46,547)	454,242	488,829	604,078	115,249	461,677

SOPS 1.2 Analysis of net capital outturn by section

					2015-16 £'000
Outturn			Estimate		Outturn
Administration			Net Total £'000	Net total compared to Estimate £'000	Total £'000
Gross £'000	Income £'000	Net £'000			
Spending in Departmental Expenditure limit					
Voted:					
A – National Crime Agency					
46,740	(3,025)	43,715	46,971	3,256	41,444
Annually Managed Expenditure					
Voted:					
B – National Crime Agency AME					
-	-	-	-	-	-
-	-	-	-	-	-
46,740	(3,025)	43,715	46,971	3,256	41,444

SOPS 2. Reconciliation of outturn to net operating expenditure

SOPS 2.1 Reconciliation of net resource outturn to net operating expenditure

	SoPS Note	2016-17 £000 Outturn	2015-16 £000 Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	488,829	461,677
Non-Budget	1.1	–	–
Less: Capital Grants		(2,506)	(1,947)
Net Operating Expenditure in Statement of Comprehensive Net Expenditure		486,323	459,730

SOPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate savings/ (excess) £000
Resource Outturn	1.1	604,078	488,829	115,249
Capital Outturn	1.2	46,971	43,715	3,256
Accruals to cash adjustment				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(43,700)	(43,456)	(244)
New provisions and adjustments to previous provisions		(142,853)	(7,242)	(135,611)
Departmental Unallocated Provision				
Other non-cash items		(120)	(62)	(58)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		10,000	14,600	(4,600)
Increase/(decrease) in payables		47,771	2,436	45,335
Use of provisions		2,853	288	2,565
		525,000	499,108	25,892
Removal of non-voted budget items				
Consolidated Fund Standing Services		–	–	–
Other adjustments		–	–	–
Net cash requirement		525,000	499,108	25,892

Remote contingent liabilities, losses and special payments

This section is subject to audit.

Indemnities

A Departmental Minute was laid before Parliament in March 2015 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 entered into 44 agreements with suppliers during the reporting period (2015-16: 17), with a maximum value at any one date of £36m (2015-16: £11m). At 31 March 2017, the NCA had no indemnities in place with firearms training establishments (2015-16: nil). Controls were in place to ensure that these did not exceed the £50m limit at any specific date. No individual indemnity held during the reporting period exceeded £5m in value.

NCA has the authority to enter into other indemnities for operational need of up to £1m in any particular case. The NCA entered into five new indemnities during the year for a value of £3.75m (2015-16: £1.46m).

A PF78 (solicitor's undertaking as to expenses) occurs in circumstances where a person, by dint of their age or capacity, is 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 would be requested by the court to provide an undertaking to indemnify the Official Solicitor's reasonable costs. No new PF78s were established in the year to 31 March 2017 (2015-16: nil).

The following indemnities are in place as at 31 March 2017:

- 5 indemnities (2015-16: 5) with banks relating to the recovery of criminal assets with an estimated value of £0.621m (2015-16: £0.569m). The change in value is due to Euro/Sterling exchange rate movements.
- 5 indemnities (2015-16: 5) with clearing banks with a maximum aggregated value of £1.5m (2015-16: £1.2m).
- 11 operational indemnities (2015-16: 6) with a combined maximum estimated value of £5.21m (2015-16: £2.46m).
- 5 PF78 solicitor's undertaking as to expenses (2015-16: 5). PF78s are to cover all "reasonable expenses" with a potential liability of less than £0.125m (2015-16: £0.125m).

No liabilities crystallised during the period. The NCA continually reviewed indemnities according to the quantum of risk and likelihood.

Losses and Special Payments

There were no losses during the year.

One payment above the NCA's reporting threshold was made during the year after approval was obtained from HM Treasury. Two further payments will be paid in 2017-18, with the costs recognised during 2016-17.

Lynne Owens CBE QPM MA

Director General

Date: 7 July 2017

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

I certify that I have audited the financial statements of the National Crime Agency (NCA) for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the 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 Department'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 them.

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 2017 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 Department's affairs as at 31 March 2017 and of the Department's net expenditure 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures 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 Performance Report and Accountability Report 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures 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
17 July 2017

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

Part Three – Financial Statements

Statement of comprehensive net expenditure

for the year ended 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
Operating income	5	(49,063)	(42,430)
Total operating income		(49,063)	(42,430)
Officer costs	3	255,426	239,951
Other costs	4	211,914	201,392
Depreciation and amortisation	6/7	43,456	37,047
Total operating expenditure		510,796	478,390
Net operating expenditure		461,733	435,960
Interest on pension liabilities	3b)	24,590	23,770
Net expenditure for the year		486,323	459,730
Other Comprehensive Expenditure			
	Note	2016-17 £'000	2015-16 £'000
Net (gain)/loss on revaluation of Property, Plant and Equipment	4/6	(5,722)	(1,968)
Actuarial (gain)/loss on pension reserve	3b)	149,050	5,860
Comprehensive net expenditure for the year		629,651	463,622

The notes on pages 72 to 89 form part of these accounts.

Statement of financial position

as at 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
Non-current assets			
Property, plant and equipment	6	140,631	136,418
Intangible non-current assets	7	38,031	33,700
Total non-current assets		178,662	170,118
Current assets			
Trade and other receivables	11	46,892	32,292
Cash and cash equivalents	10	20,891	15,642
Total current assets		67,783	47,934
Total assets		246,445	218,052
Current liabilities			
Trade and other payables	12	(94,556)	(93,024)
Provisions falling due within 1 year	13	(3,462)	(2,853)
Total current liabilities		(98,018)	(95,877)
Total assets less current liabilities		148,427	122,175
Non-current liabilities			
IAS 19 Pension Liability	3b)	(848,271)	(691,980)
Provisions	13	(7,057)	(7,954)
Other payables	12	(3,138)	(1,857)
Total non-current liabilities		(858,466)	(701,791)
Total assets less total liabilities		(710,039)	(579,616)
Taxpayers' equity and other reserves:			
General Fund		(51,705)	(67,281)
Pension Reserve		(671,110)	(522,060)
Revaluation Reserve		12,776	9,725
		(710,039)	(579,616)

The notes on pages 72 to 89 form part of these accounts.

Lynne Owens CBE QPM MA

Director General and Accounting Officer

Date: 7 July 2017

Statement of cash flow

for the year to 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
Cash flows from operating activities			
Net operating cost		(486,323)	(459,730)
Adjustments for non-cash transactions		43,577	37,177
Loss/(gain) on asset revaluation	4/6	(58)	(209)
(Surplus)/Loss on disposal of non-current assets	4	53	24
Pension costs	3b)	30,620	33,266
Employee contribution		1,880	2,180
(Increase)/Decrease in receivables	11	(14,600)	14,595
Increase/(Decrease) in trade and other payables	12	(2,436)	3,482
Increase/(Decrease) for use of provisions	13	(288)	(283)
Net cash outflow from operating activities		(427,575)	(369,498)
Police Pension Payment made		(25,259)	(24,326)
Cash Transfers in from other police pension schemes		0	20
Net cash outflow from police pension payments		(25,259)	(24,306)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(30,742)	(32,190)
Purchase of intangible assets	7	(15,998)	(11,683)
Proceeds of disposal of property, plant and equipment		466	458
Net cash outflow from investing activities		(46,274)	(43,415)
Cash flows from financing activities			
From the Consolidated Fund		504,357	441,729
Net financing		504,357	441,729
Net increase/(decrease) in cash and cash equivalents in the period		5,249	4,510
Cash and cash equivalents at the beginning of the period		15,642	11,132
Cash and cash equivalents at the end of the period		20,891	15,642

The notes on pages 72 to 89 form part of these accounts.

Statement of changes to taxpayers' equity

for the year ended 31 March 2017

	Note	General Fund £'000	Pension Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2015		(43,579)	(516,200)	6,437	(553,342)
Net gain on revaluation of property, plant & equipment	6	-	-	1,968	1,968
Actuarial gain/(loss) on pension reserve	3	-	(5,860)	-	(5,860)
Comprehensive net expenditure for the year		(459,730)	-	-	(459,730)
Non-cash charges – Auditor's Remuneration	4	130	-	-	130
Transfer between reserves		(1,321)	-	1,320	(1)
Net parliamentary funding		437,219	-	-	437,219
Balance at 31 March 2016		(67,281)	(522,060)	9,725	(579,616)
Net gain on revaluation of property, plant & equipment	6	-	-	5,722	5,722
Actuarial gain/(loss) on pension reserve	3	-	(149,050)	-	(149,050)
Comprehensive net expenditure for the year	4	(486,323)	-	-	(486,323)
Non-cash charges – Auditor's Remuneration		120	-	-	120
Transfer between reserves		2,671	-	(2,671)	0
Net parliamentary funding		499,108	-	-	499,108
Balance at 31 March 2017		(51,705)	(671,110)	12,776	(710,039)

The notes on pages 72 to 89 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the 2016-17 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.

The NCA is a non-ministerial department which is accountable to the Home Secretary for its performance. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1a 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.

1b Income recognition

In accordance with FReM, 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. Where income is expected but has not been received by the end of the year, the income is accrued and taken through the Statement of Comprehensive Net Expenditure.

1c 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.

1d 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.

The NCA does not hold any finance leases or PFI contracts.

1e 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.

1f Pension costs

Employer contributions to the Principal Civil Service 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 Actuary's 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.

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.

1g 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.

1h Donations received

The Child Exploitation and Online Protection (CEOP) Command receives cash donations, donated assets and donations in kind, including officers' time and use of assets, from various external sponsors and agencies.

Donations in kind are offset by notional expenditure such that there is a net nil effect on the accounts.

1i 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.

1j 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 ending 31st March 2017, and for amounts reported for income and expenses during the relevant period.

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.

1k 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 directly 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. Individual assets which cost less than £5,000 but are required to be grouped together to form one capital asset with a total value greater than £25,000 are capitalised. 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, but collectively cost greater than £25,000, 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.

1l Depreciation and amortisation

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.

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:

Asset type	Useful life
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 2017 to 2036 was 1 to 20 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.

1m 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. A full professional valuation was carried out by GVA during 2016-17. GVA assess the fair value of properties based on their comparative market value as at 31 March 2017 and in accordance with RICS Valuation – Professional Standards UK January 2014 (Revised April 2015), UK GAAP and FReM. The results of this are shown in Note 6.

Intangible assets are not revalued.

1n 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 0.24% that is applied to future years' cash flows with effect from 31 March 2017 (1.37% from 31 March 2016).

The Dilapidation provision assesses and values expected dilapidation costs due when the NCA vacates a leased building. 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 is for offices vacated by 31 March 2017 for which there is a lease obligation beyond this date. The provision takes into account known future lease breaks and lease end dates.

1o 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 1p).

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 16 to the accounts.

1p Assets Recovered Incentivisation Scheme (ARIS)

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 2015-16.

1q International Financial Reporting Standards (IFRSs) and other accounting changes that have been issued but are not yet effective

IFRS 16 – Leases were issued in January 2016 and will be effective from 1 January 2019. IFRS 16 has been developed by the IASB with the aim of improving the financial

reporting of leasing activities by eliminating the operating/finance lease distinction and imposing a single model geared towards the recognition of all but low-value or short term leases. Decisions remain for HM Treasury on if or how to interpret/adapt this Standard for FReM bodies, and what allowances to make for transitional relief. No adjustments are required in the 2016-17 Accounts.

2. Statement of Operating Costs by Operating Segment

	Change and Finance (including Externally Funded Projects)	Technology Command	DDG and Professional Standards	Intelligence and Operations	Corporate Services	Corporate Affairs and Central costs	CEOP	Economic Crime Command	Organised Crime Command	National Cyber Crime Unit	2016-17 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	65,244	47,188	10,551	198,286	72,588	87,033	14,845	18,910	15,006	5,735	535,386
Income	(32,647)	(241)	0	(130)	(831)	(13,362)	(889)	(893)	(70)	0	(49,063)
Net Expenditure	32,597	46,947	10,551	198,156	71,757	73,671	13,956	18,017	14,936	5,735	486,323

No segmental data is shown for assets or liabilities, as many of these costs, such as depreciation, are posted to a central cost centre within Corporate Affairs and Central Costs. Any analysis of assets and liabilities by cost centre would not provide any meaningful data and so has not been included in these accounts.

The 2015-16 comparatives are shown in the table below:

	Change and Finance (including Externally Funded Projects)	Technology Command	DDG and Professional Standards	Intelligence and Operations	Corporate Services	Corporate Affairs and Central costs	CEOP	Economic Crime Command	Organised Crime Command	National Cyber Crime Unit	2015-16 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	43,586	53,658	9,552	199,019	71,925	72,494	11,725	21,097	13,975	5,129	502,160
Income	(24,021)	(240)	-	(1,048)	(204)	(14,833)	(1,151)	(923)	(10)	-	(42,430)
Net Expenditure	19,565	53,418	9,552	197,971	71,721	57,661	10,574	20,174	13,965	5,129	459,730

Description of segments

The segmental analysis is consistent with how financial performance is reported to the NCA Board.

The underlying factors in identifying the reportable segments are driven by the budget allocations, departmental priorities and financial risks. This provides the board with decision making information based upon sound financial reporting. It enables the determination of resource spend by entity, departmental priority and operational activity.

Change and Finance

The Change Team is responsible for the design, delivery and change management of the agency's transformational change programme (the Novo programme). Finance takes the overall responsibility for organising the financial affairs of the organisation, providing statutory returns, paying suppliers and officers.

Technology Command

The Technology Command looks across the whole information continuum, from back-office to operations. It defines IT strategy, policy and architecture, considering how to meet the agency's future requirements for information systems (operational, infrastructure and corporate), managing the delivery of new technology driven capabilities and the supply chain, and then operating and defending the agency-wide IT estate.

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.

Intelligence and Operations Directorate (IOD)

IOD 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. The National Intelligence Hub provides a single picture of all threats from serious and organised crime. This information 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, allowing it to have maximum impact to combat crime. Border Policing leads, coordinates and supports border and overseas partners and conducts operations to respond to the threats both overseas and at the UK border. The NCA works with international partners and coordinate UK law enforcement overseas to gather intelligence, conduct operational activity (through partner agreement) and enhance international delivery, including capacity building, training and joint European and International taskforce.

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.

Economic Crime Command

The Economic Crime Command 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 Intelligence and Operations 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 Intelligence and Operations and Corporate Services.

National Cyber Crime Unit (NCCU)

The NCCU leads the UK's law enforcement response to serious organised cyber crime. This includes leading operations against the most significant and technically complex cyber criminals and groups, using specialist capabilities to support law enforcement partners across the UK and overseas and coordinating the UK's entire law enforcement response to cyber crime.

3. Officer Costs

	Total 2016-17 £'000	Total 2015-16 £'000
Wages and Salaries	199,276	187,161
Social Security Costs	18,593	13,685
Other Pension Costs	32,491	30,601
Sub Total	250,360	231,447
Less recoveries in respect of outward secondments	(964)	(992)
Sub Total	249,396	230,455
Current service cost net of employee contributions	6,030	9,496
Total Net Costs	255,426	239,951

3a 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 year ending

31 March 2017, £25.2m was paid to pensioners (2015-16: £23.9m).

The 2016-17 total included £0.06m paid to pensioners in respect of the Milne vs. GAD determination. Additional costs payable as a result of the determination are shown as a Past Service cost.

Officers in the 1987 pension scheme make contributions of 14.25% to 15.05% of salary (according to salary threshold), those joining the 2006 scheme pay 11.00% to 12.75% and those in the 2015 scheme pay 12.44% to 13.78%. The 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 21.3% of pensionable pay in the period totalling £2.8m (2015-16: £3.3m). 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 2017. Full provision for pension liabilities at 31 March 2017 of £848.27m (2015-16: £691.98m) includes liability of £0.04m in respect of the Milne determination, and is reflected in the Statement of Financial Position, and is based on the assumptions and information set out below.

Pension liabilities	2016-17 £'000	2015-16 £'000
Present value of liabilities	848,271	691,980
Net pension liabilities	848,271	691,980

The main assumptions used by the Government Actuary's Department were as follows:

	2016-17 %	2015-16 %
Rate of CPI	2.55	2.20
Rate of discounting scheme liabilities	2.80	3.60
Rate of increase in pensions	2.55	2.20
Rate of CARE (Career Averaged Revalued Earnings) revaluation	3.80	3.45
Long term rate of increase in salaries	4.55	4.20
Short term rate of increase in salaries up to 31 March 2020	1.00	1.00

Remeasurements of net defined (liability)/asset for year Direct Recruits Scheme	2016-17 £'000	2015-16 £'000
Experience gains/(losses)	2,500	(41,656)
Effect of changes in demographic and financial assumptions	(151,550)	34,830
Remeasurements of net defined (liability)/asset	(149,050)	(6,826)

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 2017 of changes to the main actuarial assumptions are set out below:

Sensitivity of change in assumptions	Approximate effect on total liability	
	%	£'000
Rate of Return		
i. Rate of discounting scheme liabilities: +0.5% a year	-9.1	(78,200)
ii. Long Term rate of increase in salaries: +0.5% a year	0.3	2,400
iii. Rate of increase in pensions/deferred revaluation: +0.5% a year	9.6	82,500
Pensioner Mortality		
iv. Life expectancy: Pensioners living (on average) one year longer	2.2	19,100
v. Early Retirement: member to retire 1 year later	-0.2	(2,100)

3b Changes in pension assets and liabilities for the year

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 remeasurement 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:

	2016-17 Total £'000	2015-16 Total £'000
Operating cost:		
Current service cost net of employee contributions	6,020	9,496
Past Service cost	10	
Finance cost:		
Interest on pension liabilities	24,590	23,770
Net Return recognised in the Statement of Comprehensive Net Expenditure	30,620	33,266
Actuarial gain/(loss):		
Experience gain/(loss) on pension liabilities	2,500	(40,690)
Changes in demographic & financial assumptions	(151,550)	34,830
Total Actuarial Gain/(Loss) charged to Pension Reserve	(149,050)	(5,860)
Movement in Pension Liabilities during the year		
	2016-17 Total £'000	2015-16 Total £'000
Net liabilities at start of year	691,980	674,980
Current and past service cost	7,910	11,676
Pensions paid in the year	(25,259)	(24,326)
Pension transfers-in	-	20
Net finance charge	24,590	23,770
Actuarial (gain)/loss	149,050	5,860
Net (assets)/liabilities at end of year	848,271	691,980

4. Expenditure

	2016-17 £'000	Restated* 2015-16 £'000
IT and Communications	53,195	50,766
Estates	47,619	50,555
Other Operational Costs	35,928	36,834
Supplies and Services	32,299	25,366
Travel and Subsistence	20,657	17,847
Training and Recruitment	6,711	7,246
Transport	6,855	7,199
Legal Costs	4,627	2,167
Grants	2,010	1,473
Conferences and Hospitality	1,245	1,149
(Surplus)/loss on disposal of non-current assets	53	24
	211,199	200,626
Non-Cash items:		
Revaluation loss on non-current assets	(58)	(209)
External auditors, remuneration and expenses	120	130
Provision expenses	132	190
Notional expenditure covered by donations	521	655
	211,914	201,392

* To provide better comparison with other external reports the headings of this note have been amended. There has been no change to expenditure in 2015-16 and comparative amounts are included in the restated figures above.

5. Income

	2016-17 £'000	2015-16 £'000
Funding received:		
Scottish Executive contributions	5,212	5,212
Police Service of Northern Ireland contributions	1,391	1,391
Asset Recovered Incentivisation Scheme (ARIS)	6,670	7,383
EU Funding	59	125
Civil recoveries applied to receivers' fees	0	679
Specific operational funding*	23,317	19,715
	36,649	34,505
Donation of goods and services (excl cash):		
Donations over £250k	-	-
Donations under £250k	474	655
	474	655
Other operating income:		
Cash Donations	47	-
Others	3,114	2,629
	3,161	2,629
Recovery of costs	8,049	4,513
Rents and service charges	730	128
	8,779	4,641
Total Income	49,063	42,430

* Specific operational funding relates to funding received to undertake a number of discrete projects.

6. Property, plant and equipment

At 31 March 2017

	Buildings	Land	Improvements to leasehold buildings	Motor vehicles	IT Assets	Plant & Machinery	Furniture & Fitting	Payments on account & assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2016	23,339	3,172	123,549	37,426	93,380	37,160	7,627	12,991	338,644
Additions	682	-	6,930	2,799	9,859	3,579	278	6,615	30,742
Disposals	-	-	-	(4,579)	-	-	-	-	(4,579)
Reclassifications	-	-	400	3,724	8,810	-	57	(12,991)	0
Revaluations	6,835	804	(580)	527	4,629	3	(4)	-	12,214
At 31 March 2017	30,856	3,976	130,299	39,897	116,678	40,742	7,958	6,615	377,021
Depreciation									
At 1 April 2016	(13,401)	-	(78,949)	(25,087)	(50,971)	(28,237)	(5,581)	-	(202,226)
Charge in year	(1,367)	-	(8,946)	(3,906)	(14,520)	(2,740)	(310)	-	(31,789)
Disposals	-	-	-	4,060	-	-	-	-	4,060
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	(4,225)	-	315	(265)	(2,263)	-	3	-	(6,435)
At 31 March 2017	(18,993)	0	(87,580)	(25,198)	(67,754)	(30,977)	(5,888)	0	(236,390)
Carrying amount at 31 March 2016	9,938	3,172	44,600	12,339	42,409	8,923	2,046	12,991	136,418
Carrying amount at 31 March 2017	11,863	3,976	42,719	14,699	48,924	9,765	2,070	6,615	140,631

All assets were owned by the NCA.

At 31 March 2016

	Buildings	Land	Improvements to leasehold buildings	Motor vehicles	IT Assets	Plant & Machinery	Furniture & Fitting	Payments on account & assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2015	22,458	3,172	120,690	40,294	81,125	34,070	7,211	11,489	320,509
Additions	510	-	3,587	222	11,890	2,476	507	12,998	32,190
Disposals	-	-	(3,888)	(4,047)	(9,963)	(325)	(118)	-	(18,341)
Reclassifications	371	-	(194)	901	9,438	942	38	(11,496)	-
Revaluations	-	-	3,354	56	890	(3)	(11)	-	4,286
At 31 March 2016	23,339	3,172	123,549	37,426	93,380	37,160	7,627	12,991	338,644
Depreciation									
At 1 April 2015	(12,113)	-	(70,443)	(25,210)	(52,452)	(25,897)	(5,485)	-	(191,600)
Charge in year	(1,288)	-	(10,688)	(3,435)	(8,096)	(2,647)	(221)	-	(26,375)
Disposals	-	-	3,888	3,582	9,964	307	118	-	17,859
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	-	(1,706)	(24)	(387)	-	7	-	(2,110)
At 31 March 2016	(13,401)	-	(78,949)	(25,087)	(50,971)	(28,237)	(5,581)	-	(202,226)
Carrying amount at 31 March 2015	10,345	3,172	50,247	15,084	28,673	8,173	1,726	11,489	128,909
Carrying amount at 31 March 2016	9,938	3,172	44,600	12,339	42,409	8,923	2,046	12,991	136,418

All assets were owned by the NCA.

7. Intangible assets

At 31 March 2017

	Purchased software £'000	Payments on account & assets under construction £'000	Total £'000
Cost or valuation			
At 1 April 2016	78,814	4,680	83,494
Additions	10,971	5,027	15,998
Disposals	–	–	–
Reclassifications	4,680	(4,680)	–
At 31 March 2017	94,465	5,027	99,492
Amortisation			
At 1 April 2016	(49,794)	–	(49,794)
Charge in year	(11,667)	–	(11,667)
Disposals	–	–	–
Reclassifications	–	–	–
At 31 March 2017	(61,461)	0	(61,461)
Carrying amount at 31 March 2016	29,020	4,680	33,700
Carrying amount at 31 March 2017	33,004	5,027	38,031

All intangible assets were owned by the NCA.

At 31 March 2016

	Purchased software £'000	Payments on account & assets under construction £'000	Total £'000
Cost or valuation			
At 1 April 2015	82,434	742	83,176
Additions	7,003	4,680	11,683
Disposals	(11,365)	–	(11,365)
Reclassifications	742	(742)	–
At 31 March 2016	78,814	4,680	83,494
Amortisation			
At 1 April 2015	(50,487)	–	(50,487)
Charge in year	(10,672)	–	(10,672)
Disposals	11,365	–	11,365
Reclassifications	–	–	–
At 31 March 2016	(49,794)	–	(49,794)
Carrying amount at 31 March 2015	31,947	742	32,689
Carrying amount at 31 March 2016	29,020	4,680	33,700

All intangible assets were owned by the NCA.

8. Capital and other commitments

8a Contracted capital commitments for 31 March 2017 for which no provision has been made:

Commitments include contractual obligations for the provision of information technology and communications services.

	2016-17 £'000	2015-16 £'000
Not later than one year*	6,260	8,848
Later than one year and not later than five years	–	2,114
Later than five years	–	–
Total	6,260	10,962

* Capital commitments are reduced substantially from previous years due to the early termination of a large IT contract in January 2018.

8b Commitments under leases

The NCA was committed to pay for the following operating lease rentals in future financial years:

	2016-17 £'000	2015-16 £'000
Obligations under operating leases comprise:		
Not later than one year	18,096	17,462
Later than one year and not later than five years	63,467	58,380
Later than five years	74,270	80,207
Total	155,833	156,049

8c Other financial commitments

Other commitments include contracts for the provision of information technology, communication services and facilities management.

	2016-17 £'000	2015-16 £'000
Other financial commitments:		
Not later than one year*	26,090	28,494
Later than one year and not later than five years	2,289	85,042
Later than 5 years	–	–
Total	28,379	113,536

* Capital commitments are reduced substantially from previous years due to the early termination of a large IT contract in January 2018.

9. Financial instruments

As the cash requirements of the department 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 majority of financial instruments relate to contracts for non-financial items in line with the agency's expected purchase and usage requirements and the agency is therefore exposed to little credit, liquidity or market risk.

10. Cash and cash equivalents

	31 March 2017 £'000	31 March 2016 £'000
Opening balance	15,642	11,132
Net change in cash and cash equivalents balances	5,249	4,510
Closing balance	20,891	15,642
The following balances at 31 March were held at:		
Commercial banks and cash in hand	4,898	3,533
Balance held with Government Banking Service	15,993	12,109
Balance at 31 March	20,891	15,642

The NCA operated a number of bank accounts and cash imprest accounts during the year. The NCA does not draw down funds from Treasury in advance of need.

The UK accounts operated some commercial accounts 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. Cash and cash equivalent balances held at 31 March 2017 were converted to sterling at the prevailing spot rate.

Interest of £2k was received during the year on bank balances (2015-16: £11k).

11. Trade receivables, financial and other assets

	31 March 2017 £'000	31 March 2016 £'000
Amounts falling due within one year:		
Trade receivables	9,817	1,757
Accrued income	23,311	15,141
Other receivables	3,128	6,770
Prepayments	10,636	8,624
	46,892	32,292

12. Trade payables and other current liabilities

	31 March 2017 £'000	31 March 2016 £'000
(a) Amounts falling due within one year:		
Other Tax and Social Security	10,191	10,699
Trade Payables	9,882	27,771
Other Payables	1,042	2,144
Amounts issued from the Consolidated Fund for supply but not spent at year end	20,891	15,642
Accruals and deferred income	52,550	36,768
	94,556	93,024
(b) Amounts falling due after more than one year:		
Other payables*	3,138	1,857
	3,138	1,857

* Other payables relates to the elements of the rent discount that fall due after more than one year.

13. Provisions for liabilities and charges

	Legal Provision £'000	Retirement Provision £'000	Dilapidation Provision £'000	Onerous Lease Provision £'000	2016-17 Total Provision £'000	2015-16 Total Provision £'000
Balance at 1 April 2016	3,612	2,405	2,512	2,278	10,807	11,090
Provided in year	618	–	4,478	–	5,096	3,552
Provisions not required written back*	(2,414)	–	(292)	–	(2,706)	(1,605)
Provisions utilised in the year**	(767)	(617)	(1,558)	(442)	(3,384)	(2,878)
Cost of borrowing (Unwinding of discount)	–	195	103	408	706	648
Balance at 31 March 2017	1,049	1,983	5,243	2,244	10,519	10,807

* 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 provisions are anticipated to crystallise in the NCA as follows:

	Legal Provision £'000	Retirement Provision £'000	Dilapidation Provision £'000	Onerous Lease Provision £'000	2016-17 Total Provision £'000	2015-16 Total Provision £'000
Within 1 year	1,049	515	1,459	439	3,462	2,853
2–5 years	–	619	2,280	1,254	4,153	6,299
Over 5 years	–	849	1,504	551	2,904	1,655
Balance at 31 March 2017	1,049	1,983	5,243	2,244	10,519	10,807

The legal provision of £1m relates 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 £1.99m was created to provide for expected future pension obligations in accordance with the HM Treasury approved exit scheme SOCA adopted in October 2010 for 48 officers until they reached 60 years of age. There are currently 20 members left on this scheme. The valuation, as advised by HM Treasury, included a discount factor of 0.24% (2015-16: 1.37%) that is applied to future years' cash flows.

The Dilapidation provision assesses and values expected dilapidation costs when the NCA vacate a leased building. An amount was provided for in the accounts based on an estimated 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. During 2016-17, the calculated amounts per building for the provision were re-assessed. The basis for valuation remains a charge per square foot by a value determined by industry standards. A percentage is then applied to better reflect the realistic value that the NCA will be required to pay when the lease is completed. It was also considered appropriate to transfer 14 leases that were previously recognised as Contingent Liabilities to Provisions (Note 14a). This resulted in an increase provision balance provided in 2016-17 compared to 2015-16.

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 2017. 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.

14. Contingent liabilities

14a 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.

During 2016-17, the NCA assessed the properties shown as contingent liabilities and transferred 14 leases to Provisions (Note 13). Two properties remain as contingent liabilities as the likelihood of the NCA vacating and requiring to pay dilapidations is only a possibility and cannot be reliably estimated.

The costs to the NCA on vacation of leased premises were estimated as 2016-17: £3.4m (2015-16: £5.2m). 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 2017 was estimated to fall due as follows:

	2016-17 £'000	2015-16 £'000
Not later than one year	–	309
Later than one year and not later than five years	–	2,604
Later than 5 years	3,363	2,332
	3,363	5,245

14b 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. The probability of the NCA being successful in litigation was less than 50% and claims were at an early stage of action, making the determination of costs impossible.

15. Related party transactions

The NCA undertook a significant number of material transactions with Government Departments and other Government bodies.

No Minister, Board Member, key manager or other related parties has undertaken any material transactions with the NCA during the year.

16. Third-party assets

Seized property is that which is appropriated by NCA and other law enforcement bodies but which may still be liable to be returned. Seized property held by NCA as at 31 March 2017 consisted of £14.02m (2015-16: £11.6m) 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.

	2016-17 £'000	2015-16 £'000
Third party assets:		
Monies	12,298	9,449
Physical assets	1,906	2,140
Total	14,204	11,589

17. Recovered assets

NCA currently 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. Prior to 2016-17, direct costs were deducted from Civil receipts. However, these costs are no longer material.

	2016-17 £'000	2015-16 £'000
Recovered assets receipts for the year to 31 March 2017		
– Civil	5,564	5,962
– Criminal	84	598
– Tax	1,398	1,950
	7,046	8,510
Recovered assets receipts for the year to 31 March 2017		
Asset recoveries applied against receivers' fees (see below)	–	(42)
Net recovered receipts	7,046	8,468
Receipts paid to the Home Office for the year to 31 March 2017	(4,872)	(6,998)
Recovered asset proceeds held at 31 March 2017	2,174	1,470

NCA pays to the Home office, quarterly in arrears, recovered asset receipts net of estimated receivership and enforcement costs. A final payment for £2.2m is due from monies held in separately identified third party bank accounts which will be paid to the Home office by June 2017.

The civil and tax figures quoted above differ from 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 NCA's on going responsibility to enforce payment against criminal confiscation orders obtained in previous years by ARA or where 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 NCA and new confiscation orders unconnected with ARA obtained since the merger continue to be enforced by the courts. This figure has no relationship to the value of new confiscation orders obtained by NCA 1 April 2016 to 31 March 2017; nor to the value of receipts banked by the courts in fulfilment of confiscation orders obtained by NCA from 1 April 2016 to 31 March 2017 and previous years.

18. 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 2016 to 31 March 2017 and previous years 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 will not correspond precisely to the stated value of new cash forfeiture orders obtained over the same period.

	2016-17 £'000	2015-16 £'000
Forfeiture and confiscation monies paid over	4,602	7,356

19. Events after the reporting period

In accordance with the requirements of IAS 10 Events After the Reporting Period, post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

Annex A – Core Tables

The following tables have been produced to support the NCA Annual Report and Accounts. They are designed to allow the users to review financial performance over previous periods. These tables are consistent in their presentation across Government Departments and allow users to make comparisons.

Table 1: Total Departmental Spending

	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn
	£'000	£'000	£'000	£'000
Resource DEL				
NCA	427,983	414,017	432,025	462,624
Total Resource DEL	427,983	414,017	432,025	462,624
<i>Of which:</i>				
Pay	275,729	260,182	209,948	233,248
Depreciation	37,802	38,172	37,047	43,456
Resource AME				
NCA	95,497	49,220	29,652	26,205
Total Resource AMEⁱ	95,497	49,220	29,652	26,205
Total Resource Outturn	523,480	463,237	461,677	488,829
<i>of which:</i>				
Depreciation ⁱⁱ	37,802	38,172	37,047	43,456
Capital DEL				
NCA	34,288	35,875	41,444	43,715
Total Capital DEL	34,288	35,875	41,444	43,715
<i>Of which:</i>				
Capital expenditure on fixed assets net of sales (note 2)	39,480	40,391	43,873	46,740
Income from sales of assets	(5,192)	(4,516)	(2,429)	(3,025)
Total Capital Outturn	34,288	35,875	41,444	43,715
Total Departmental Spendingⁱⁱⁱ	519,966	460,940	466,074	489,088
<i>Of which:</i>				
Total DEL	424,469	411,720	436,422	462,883
Total AME	95,497	49,220	29,652	26,205

ⁱ Pension Schemes report under IAS 19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

ⁱⁱ Includes Impairments

ⁱⁱⁱ Total Departmental Spending is the sum of the resource outturn and the capital outturn less depreciation. Similarly, total DEL is the sum of the resource outturn DEL and capital outturn DEL less depreciation in DEL, and total AME is the sum of the resource outturn AME and capital outturn AME less depreciation in AME.

Total Resource DEL has remained fairly consistent from 2013-14 to 2015-16. In 2016-17 Resource DEL has increased to reflect in-year activity to plan the Agency's Transformation Programme. Also a significant review of assets in 2015-16 led to a number of disposals and a reduced depreciation figure. 2016-17 depreciation was as expected, therefore there is a £6m increase from prior year.

Total Resource AME fluctuates since 2013-14 mainly due to the Pension provisions. In 2013-14 there were higher staff numbers but a large number of staff left under VES reducing the Resource AME in 2014-15. A further VES reduction led to a similar decline in Resource AME in 2015-16. The Resource AME figure for 2016-17 has remained fairly constant as no VES occurred in 2015-16.

Capital DEL expenditure has increased slightly year on year since 2013-14, with a £2.3m increase from 2015-16. This is mainly due to a £2.9m increase in additions due to a IT Transformation Programme in 2016-17 and increased IT investment. This was offset by an increase in Capital Grants of £0.5m which reduced the Capital DEL requirements.

Table 2: Administration Costs for NCA

	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn
	£'000	£'000	£'000	£'000
Resource DEL				
NCA	26,718	27,958	30,558	34,587
Total Admin Outturn	26,718	27,958	30,558	34,587
<i>Of which:</i>				
Expenditure	26,853	28,341	30,743	34,597
Income	(135)	(383)	(185)	(10)
Total Admin Outturn	26,718	27,958	30,558	34,587

Administration expenditure has increased in 2016-17 by £4.0m mainly due to increased expenditure of £7.8m in relation to the Transformation Programme. This has been offset by savings in relation to service contract changes which came into effect in July 2016 (£3.7m) and a reduction in training expenditure (£0.5m).

Administration income has decreased in 2016-17 by £175k mainly due to income being received from other Law Enforcement Agencies in line with operational requirements.

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