

# National Crime Agency Main Estimate 2024-25

### **1.** Organisational Overview Status and Priorities

The National Crime Agency (NCA) is a non-ministerial department which has operational independence, and is accountable to the Home Secretary.

The NCA is 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 NCA sets the Agency's operational priorities. These inform how we lead, support and coordinate operational activity under the National Control Strategy aligned to the Government's Serious and Organised Crime Strategy.

The Director General's operational priorities provide the focus for the activity of the Agency; these are underpinned by enabling functions which we will deliver in line with our NCA Strategy 2023-28.

They are:

- Degrading the most harmful organised crime groups
- Leading the UK's operational response
- Transforming the Agency's capabilities
- Growing a highly skilled workforce

#### 2. Purpose

The Primary purpose of this Memorandum is to provide the Committee with an explanation of the underlying business drivers for the changes made between the NCA's 2024-25 Main Estimate and the 2023-24 Main Estimate and Supplementary Estimate.

# 3. Spending Controls

The NCA's net spend is analysed between several different spending totals, for which Parliament's approval is sought.

The spending totals on which Parliament votes are:

- Resource Departmental Expenditure Limit (RDEL) which is split into Administration and Programme and covers costs for the day-to-day running of the department less income, principally from other Government Departments for ring-fenced projects, various training courses and provision of information.
- Capital Departmental Expenditure Limit (CDEL) which is for investment in non-current assets.
- Annually Managed Expenditure (AME) which consists of estimates for movements in provisions, police pensions in-year charges and movements in reserves. This is a non-cash item.

In addition, Parliament votes a Net Cash Requirement, designed to cover the elements of the above budgets which require the Agency to pay out cash in the year and also provide working capital for externally funded projects.

This Memorandum is split into the following parts:

- Summary of the Resource Departmental Expenditure Limit (RDEL) requirements and changes to the prior year's estimates.
- Summary of the Capital Departmental Expenditure Limit (CDEL) requirements and changes to the prior year's estimates.
- Summary of the Net Cash Requirement (NCR) requirements and changes to the prior year's estimates.
- Summary of the Annually Managed Expenditure (AME) requirements and changes to the prior year's estimates.

Please see below for additional detail on each of these sections.

# Comparison of spending totals sought

Spending total	Amounts sought this year	Compared to final budget last year (Supplementary Estimate 2023-24)			Compared to original budget last year Main Estimate 2023-24		
	(Main Estimate 2024-25) £m						
		£m	£m change	% change	£m	£m change	% change
Departmental Expenditure Limit							
Resource							
o/w							
Admin	38.412	38.412	_	0.00%	35.700	2.712	7.60%
Programme	627.526	636.500	(8.974)	(1.41%)	597.900	29.626	4.96%
Capital	108.971	140.068	(31.097)	(22.20%)	105.871	3.100	2.93%
Less depreciation#	(111.365)	(108.721)	(2.644)	(2.43%)	(101.095)	(10.270)	(10.16%)
Total DEL	663.544	706.259	(42.715)	(6.05%)	638.376	25.17	3.94%
Annually Managed Expenditure							
Resource	50.000	50.000	-	0.00%	50.000	-	0.00%
Capital	0.500	1.583		(68.41%)	0.350	0.150	42.86%
Total AME	50.500	51.583	(1.083)	(68.41%)	50.350	0.150	42.86%
#Depreciation, v Total DEL since ( include deprecia counting. Deprec	Capital DEL ind tion of those a	cludes capita issets would	al spending a	nd to			

#### 4. Summary of the changes sought to the Resource Departmental Expenditure Limit (RDEL) Cash and Non Cash

The following net decreases, total £8.974m, have been made at the Main Estimate: (Total RDEL funding is £627.526m)

RDEL Programme net decrease of £7.105m, comprising:

- £5.000m decrease representing a non-pay 5% efficiency target.
- £19.799m programme uplift agreed at Spending Review.
- £0.194m decrease re IFRS16 agreed at Spending Review.
- Increase in pay uplift of £7.400m.
- Increase of £0.315m core funding from the National Cyber Security Programme to increase capability including for hostile state actors and special projects in an area of increasing criminality.
- Decrease of £24.778m Invigor Programme funding as funding will be allocated as part of the Supplementary Estimates process as per previous years.
- Decrease of £0.54m Crown Prosecution Service Programme funding is not continuing into 2024-25.
- Decrease of £0.921m of FCDO Reg Board funding with further funding to be allocated at Supplementary Estimates.
- Decrease of £3.186m from the Foreign, Commonwealth and Development Office (FCDO) from the Conflict, Stability and Security Programme Funding (CSSF). This is in relation to overseas work to build improved capability to tackle serious and organised crime in overseas countries prioritising those countries where these threats are either driven by UK demand or enabled by UK criminals; and to improve our intelligence. This is usually funded in two tranches, total funding for the year will be confirmed at the Supplementary Estimate.

#### Non-cash items decrease totalling £1.869m

- £2.690m increase in Depreciation agreed at Spending Review.
- £4.559m decrease in IFRS16 funding to be reviewed at Supplementary Estimates.

#### 5. Summary of the changes sought to the Capital Departmental Expenditure Limit (CDEL) Cash and Non Cash.

The following net decrease, total £31.097m, has been made at the Main Estimate: (Total CDEL funding is £108.971m)

CDEL Programme, decrease of £1.645m, comprising:

- Decrease of £0.700m of funding for DDaT and Estates.
- Decrease of £1.445m of funding for Invigor which has been reclassified as Commissioned Funding.
- Increase of £0.500m additional uplift for Estates.

Non-cash items decrease totalling £29.452m

• Decrease of £29.452m in relation to IFRS 16 Building Lease additions to be reviewed at Supplementary Estimates.

# 6. Summary of changes to the Net Cash Requirement (NCR).

The NCR has decreased by  $\pounds$ 42.720m at the Main Estimate 2024/25 to reflect the decrease in core funding giving a revised total of  $\pounds$ 797.280m. This reflects previous year cash draw-downs below the NCR.

# 7. Summary of changes to the Annually Managed Expenditure (AME).

There is no change to the Resource AME for the Agency of £50.000m. This reflects expected requirements for provisions, pensions and property revaluations.

The Capital AME requirement of £0.500m reflects the IFRS 16 budgetary guidance relating to dilapidations for new leases.

#### 8. Ambit changes

There are no changes to the ambit.

# 9. Spending and Income Trends

The charts below show the overall RDEL, AME and CDEL spending and income trends for the six years 2019-20 to 2024-25.

Years 2019-20 to 2022-23 are audited actual figures and 2023-24 and 2024-25 are budgeted.







### **10.** Administration Costs

The Agency has increased its Administration budget by  $\pounds 2.718m$  to  $\pounds 38.412m$  in the Main Estimate 2024-25. The increase realigns the National Insurance Contributions deduction attributed to programme costs in a previous year.

#### **11. Efficiency Plans**

The Agency obtains efficiency savings by delivering targeted savings as approved by the Board as part of annual business planning. Command delegated budgets include an embedded efficiency savings reduction.

Business planning now incorporates an approved efficiency strategy, improved process and data capture and training to Command leads. Efficiency savings continue to be a priority in the Agency to optimise resources in the face of funding pressures.

#### 12. Funding: Spending Review and Budgets

The Agency receives funding through the Spending Review and budget transfers from other departments (Budget Cash Transfers).

It also receives monies from other sources including funding from the devolved Administrations, the Asset Recovery Incentivisation Scheme (ARIS), and external funding from various sources primarily via Memoranda of Understanding. In most cases funding from other sources is subject to annual review and approval. External funding is provided on a cost recovery basis.

#### **13.** Funding changes in the Main Estimate

RDEL Programme net decrease of £7.105m, comprising:

- £5.000m decrease representing a non-pay 5% efficiency target.
- £19.799m programme uplift agreed at Spending Review.
- £0.194m decrease re IFRS16 agreed at Spending Review.
- Increase in pay uplift of £7.400m.
- Increase of £0.315m core funding from the National Cyber Security Programme to increase capability including for hostile state actors and special projects in an area of increasing criminality.
- Decrease of £24.778m Invigor Programme funding as funding will be allocated as part of the Supplementary Estimates process as per previous years.
- Decrease of £0.54m Crown Prosecution Service Programme funding is not continuing into 2024/25.
- Decrease of £0.921m of FCDO Reg Board funding with further funding to be allocated at Supplementary Estimates.

- Decrease of £3.186m from the Foreign, Commonwealth and Development Office (FCDO) from the Conflict, Stability and Security Programme Funding (CSSF). This is in relation to overseas work to build improved capability to tackle serious and organised crime in overseas countries prioritising those countries where these threats are either driven by UK demand or enabled by UK criminals; and to improve our intelligence. This is usually funded in two tranches, total funding for the year will be confirmed at the Supplementary Estimate.
- £2.690m increase in Depreciation top-up agreed at Spending Review.
- £4.559m decrease in IFRS16 funding to be reviewed at Supplementary Estimates.

CDEL Programme, decrease of £1.645m, comprising:

- Decrease of £0.700m of funding for DDaT and Estates.
- Decrease of £1.445m of funding for Invigor which has been reclassified as Commissioned Funding.
- Increase of £0.500m additional uplift for Estates.

Resource AME requirement to provide cover for provisions remains at  $\pm 50.000$ m.

Capital AME requirement remains at £0.500m to reflect the revised budgetary guidance for IFRS 16 relating to dilapidations for new leases.

The NCR has decreased by £42.720m at the Main Estimate 2024-25 to reflect the decrease in core funding giving a revised total of £797.280m.

#### **14. Ring-fenced Budgets**

The non cash depreciation budget is ring fenced.

#### **15.** Contingent Liabilities

There are no new contingent liabilities:

- We continue to hold contingent liabilities for potential litigation cases which have been assessed as having less than 50% change of success; and
- We retain remote contingent liabilities for firearms training indemnities, other operational indemnities.

#### **16.** How Spending Relates to Objectives

The Agency spending is under one subhead:

• Expenditure under Subheading A supports all of the objectives set out in the corporate plan and Section 1 above.

#### **17.** Measures of performance against each priority

• The Agency produces an Annual Plan detailing its priorities and objectives which can be found on the internet.

# **18.** Commentary on steps being taken to address financial performance issues.

- The Agency continuously reviews processes and procedures for improvement in its efficiency and performance. The implementation of the Agency's new efficiency strategy will help mitigate funding pressures. The Agency is developing, through business planning, more insight linking finances, headcount and performance in order to make effective decisions regarding strategic priorities and consideration of strategic trade-offs; and
- The accounts have not been subject to qualification by National Audit Office; however, audit recommendations are reviewed and implemented where appropriate.

# 19. Approval

The information in this Estimates Memorandum has been approved by myself as Chief Financial Officer of the Agency.

Jacqui Smillie