

# National Strategic Assessment

of Serious and Organised Crime

2017





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# Foreword

## from the Director General of the National Crime Agency



During the last year we have seen the threat to the UK from Serious and Organised Crime (SOC) develop. We understand more about the methods used to share Child Sexual Exploitation and Abuse (CSEA) material across the globe, and the increasing incidence of UK offenders travelling internationally to commit sexual offences against children. There have also been advances in our understanding of Modern Slavery and Human Trafficking (MSHT), often with its genesis overseas, but resulting in harm in communities in the UK.

We have seen the rise of off-the-shelf cyber crime products which have resulted in less technically proficient offenders being able to commit large scale, high impact offences. Likewise, the professional enabling of major economic crime and money laundering allows this type of offending to take place at scale.

The horrific terrorist atrocities experienced both here in the UK and overseas have underlined how vital it is for law enforcement and intelligence agencies to work in close partnership. The use of firearms in the attacks in Europe over the past two years emphasises the threat they also present to the UK, meaning we must recognise the imperative of suppressing the availability of such weapons. Similarly the attacks at home this year have reinforced the importance of close collaborative working with Counter Terrorism Policing, as well as striving to maintain and improve intelligence sharing and development with the UK's intelligence agencies.

As this spectrum of threats becomes ever more complex, we have amended our approach, responding to them under three broad headings:

- **Vulnerability:** including CSEA, MSHT and Organised Immigration Crime
- **Prosperity:** covering cyber crime, high end money laundering and other economic crime, including corruption and sanctions evasion
- **Commodity:** including (but not limited to) the illicit trade in firearms and drugs

Grouping the threats in this way allows us to respond more effectively and develop capabilities which impact across a range of offending behaviours. As this assessment demonstrates, serious and organised criminals do not restrict themselves to narrow offending categories, and nor should we restrict our thinking in that way.

In a world made smaller by the developments in technology, this assessment should encourage us to reflect on our local responses to victims and how those responses need to change for the globalised, digital world which is being exploited by criminals.

There will be further challenges ahead this year and I am confident, based on the outstanding operational and intelligence work that has taken place over the last 12 months, that the law enforcement community and our partners will respond assertively to the challenge.

A handwritten signature in black ink, which appears to read 'Lynne Owens'. The signature is fluid and cursive, with the first name 'Lynne' being more prominent than the last name 'Owens'.

**Lynne Owens CBE QPM MA**

# Introduction

The National Strategic Assessment (NSA) provides a single picture of the threat from serious and organised crime. It informs both the national response (what the priorities are and what action will be taken) and the expected results (how success will be measured).

On behalf of UK law enforcement, the NCA's National Intelligence Hub (NIH) has articulated the threat in this NSA. The preparation of this document involved wide consultation across the law enforcement community and its partners, including (but not limited to):

- National Crime Agency
- Police forces in England and Wales
- Police Service of Northern Ireland (PSNI)
- Police Scotland
- Regional Organised Crime Units (ROCUs)
- Border Force
- Immigration Enforcement
- Her Majesty's Revenue & Customs (HMRC)
- Her Majesty's Prisons & Probation Service (HMPPS)<sup>1</sup>
- Serious Fraud Office (SFO)
- Crown Prosecution Service (CPS)
- Cabinet Office
- Home Office
- Foreign & Commonwealth Office (FCO)
- MI5, SIS and GCHQ

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<sup>1</sup> Previously known as the National Offender Management Service (NOMS)

# Threat Pillars

In order to coordinate response to the twelve threats under its remit, the NCA has grouped the threats together into four sections: three 'pillars' of response (Vulnerabilities, Prosperity, Commodities), with those threats which are Cross-Cutting Vulnerabilities considered in their own group. The threat assessment sections later in this document have been similarly grouped, with summaries of those areas shown below.

## Vulnerabilities

Changes in the use of technology have transformed the **Child Sexual Exploitation and Abuse (CSEA)** threat. This enables global contact between offenders and victims, increasing grooming opportunities through the use of online social media platforms.

**Modern Slavery and Human Trafficking (MSHT)** offenders are most likely to recruit victims of trafficking online; the prevalence of these methods is highly likely to increase in the coming three years. Online advertising of victims is highly likely to be the most significant enabler of sexual exploitation over the same period.

The primary threat from **Organised Immigration Crime (OIC)** crime groups smuggling people to the UK from continental Europe remains Ro-Ro traffic at Dover. Other UK ports with direct links to Belgium, Germany, the Netherlands and Spain are also targeted but to a far lesser extent.

## Prosperity

Professional enablers are key to a wide range of **Economic Crimes** representing a significant risk in High-End **Money Laundering. Fraud** in the UK is increasing and UK residents are now more likely to be a victim of fraud than any other type of crime.

The UK is an attractive destination for politically exposed persons (PEPs) seeking to launder the proceeds of **Bribery and Corruption**. This poses a significant reputational risk to the UK.

**Cyber** criminals still rely on the exploitation of basic security vulnerabilities and human vulnerabilities through social engineering. The availability of as-a-service toolkits has further lowered the barrier to entry for cyber crime, as seen by the impact of DDoS attacks using Mirai in the latter half of 2016.

## Commodities

Albanian crime groups involved in **Drug Trafficking** have established a high profile influence within UK organised crime and have considerable control across the UK drug trafficking market. They are also expanding their influence upstream. Turkish and Pakistani groups continue to dominate heroin trafficking to the UK.

Handguns and shotguns remain the most commonly used criminal **Firearms** in the UK. Deactivated and blank firing weapons continue to present a risk. The 'dark web' provides an opportunity for individuals with no criminal connections to purchase firearms.

In **Organised Acquisitive Crime (OAC)**, the theft of motor vehicles is on an upward trend. There has been an increase across most modus operandi for ATM attacks with 'removal from premises' and gas attacks presenting particular risk to the public.

## Cross-Cutting Vulnerabilities

Corruption at the **UK Border** remains a key vulnerability. Crime groups use General Aviation to smuggle Class A Drugs, including cocaine, heroin and MDMA, into the UK. Criminal exploitation of General Maritime is comparatively low, but the quantities of illicit commodities able to be imported, as well as physical risk, can mean impact is high.

In **Prisons**, SOC offenders contribute to the illicit economy that exists both in prison and affecting the outside community, drawing other offenders into their activities in ways that negatively affect rehabilitation of all offenders.



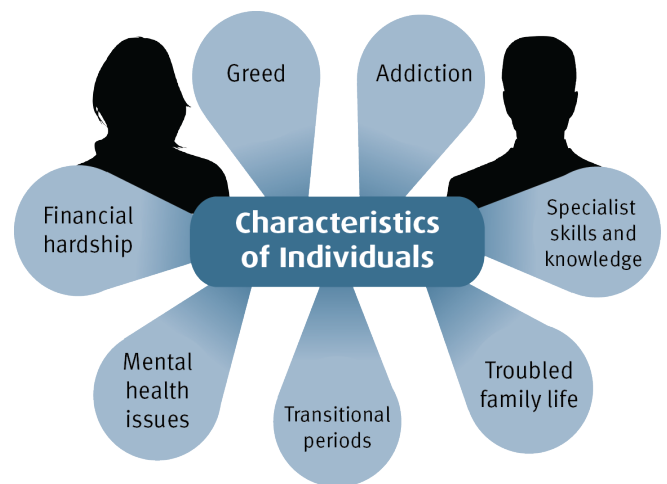
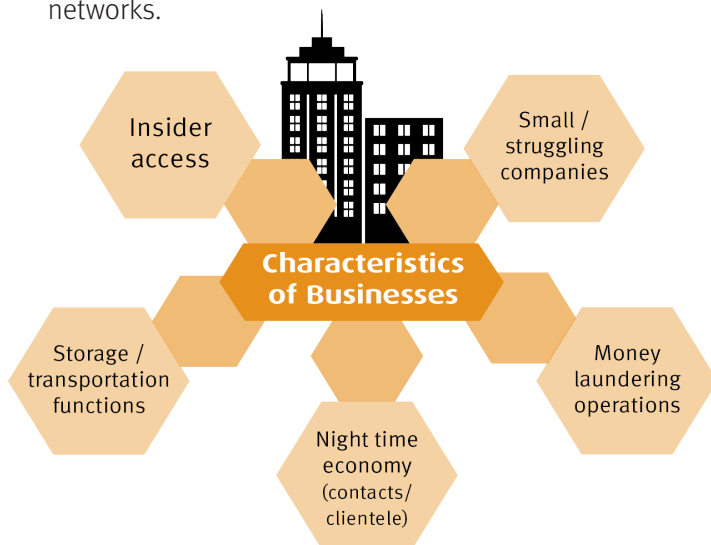
# Profile of Serious and Organised Crime

Whilst those involved in serious and organised crime can work alone or in formal hierarchies, they typically operate in loose networks based on trust, reputation and experience. Structured and hierarchical groups are usually based on family ties. Both loose and structured groups can cross ethnic boundaries and often have international links to facilitate criminality. Some groups that impact the UK, however, are located entirely abroad.

The internet, particularly the dark web, has created an international marketplace where offenders can network and operate with a high degree of anonymity. While some organised criminals may specialise in a particular criminal trade, many are entrepreneurial and opportunistic by nature. Significant numbers of crime groups, especially the larger, more established ones, are involved in two or more profit-making criminal activities.

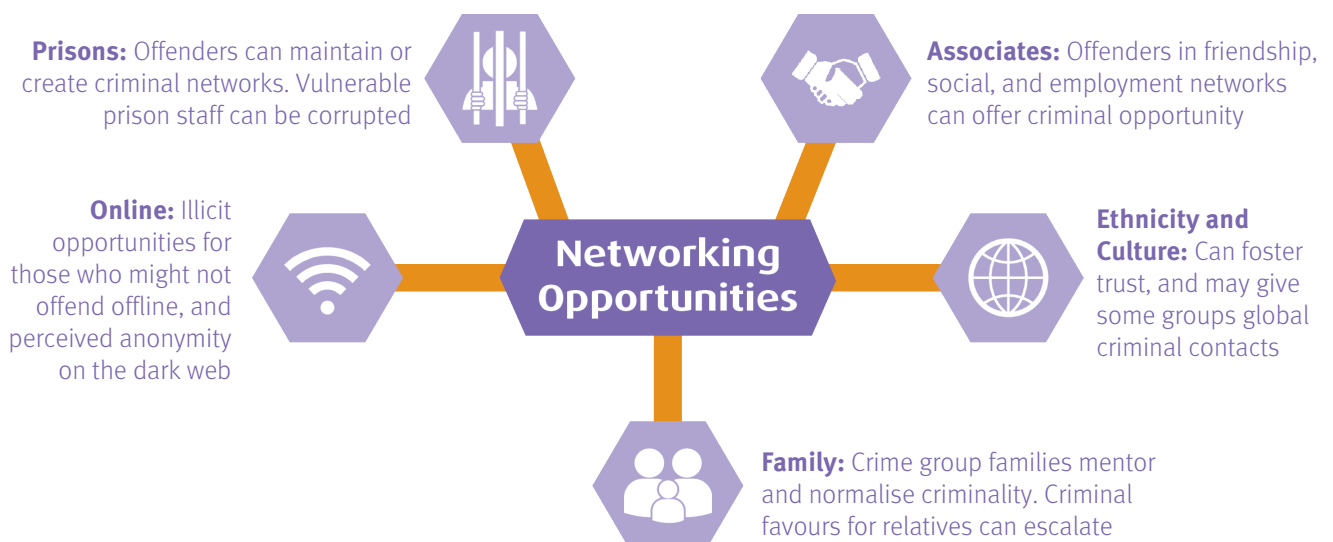
## Pathways into Serious and Organised Crime

Pathways into criminality are diverse, and differ between crime types. Individuals and businesses that commit or enable serious and organised crime often have particular characteristics and their risk of involvement increases when they belong to certain networks.



Financial gain is not always the principal motivation for involvement in serious and organised crime. For example, cyber criminals can be driven by ideology and CSEA offenders by a sexual interest.

Individuals can be coerced, corrupted, debt-bound, groomed and exploited, or even offend unwittingly.





# Mapped Serious and Organised Criminals

Organised Crime Group Mapping (OCGM) is a tool used by law enforcement in the UK to map characteristics of the individuals and groups that are known through intelligence and operational activity. The figures below are reflective of OCGM at the end of 2016.

**5,866**

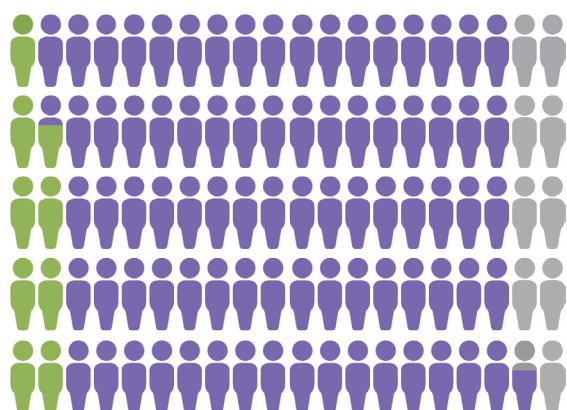
Active Groups

**39,414**

Individuals

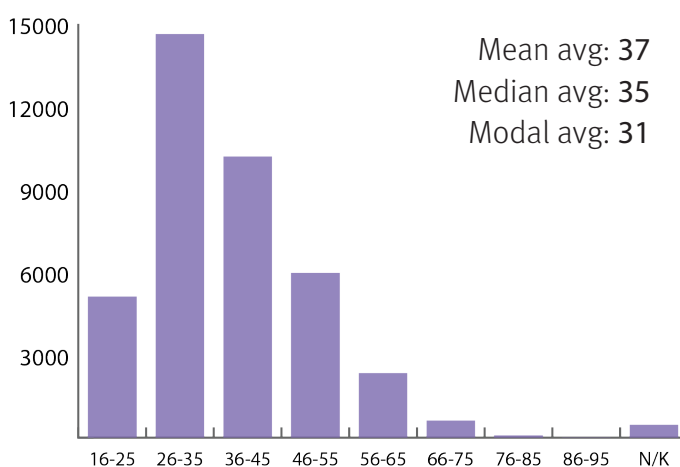
**8.6% female**

**82% male**



9.4% not recorded/known

**Gender** of individuals mapped



Mean avg: 37  
Median avg: 35  
Modal avg: 31

**Age distribution** of individuals mapped



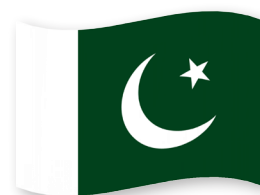
**British**  
**61.6%**



**Not known/recorded**  
**23.5%**



**Romanian**  
**1.5%**



**Pakistani**  
**1.2%**



**Polish**  
**0.9%**



**Albanian**  
**0.8%**



**Nigerian**  
**0.8%**

**128 other nationalities mapped at <0.8%**

**Nationality** of individuals mapped

# The International Perspective

For numerous illegal commodities, such as firearms, drugs and counterfeit documents, overseas countries are the beginning of the criminal supply chain. These commodities can follow many different routes to reach the UK with diverse criminal groups taking control of or facilitating their passage. International crime groups exploit vulnerabilities such as inadequate law enforcement and criminal justice structures, weaknesses in legislation, corruption, and vulnerable communities. Developing threats, such as cyber crime or online child sexual exploitation, are by definition international in a technologically interconnected world. Foreign criminals throughout the world impact on the UK. Some British criminals, whether fugitive or not, often feel safest outside the UK.

In many cases the response, through the National Control Strategy, is to tackle the problem at source. Overseas interdiction addresses the international threat with maximum effect focusing on high-priority targets, the seizure of illegal commodities, and the

disruption of the enabling activity that underpins serious and organised crime. Collaboration with international partners to influence and build capability in priority countries is essential. This ranges from developing new tools to tackle serious and organised crime, to sharing best practice, through both training and mentoring, to enable local law enforcement agencies to deliver their own successful operations.

UK law enforcement's overseas reach is considerable. Engagement through bilateral relationships, international forums and law enforcement institutions, such as Interpol and Europol, allows the UK to collaborate with partners and coordinate operations across the globe. Deploying liaison officers overseas enables UK agencies to leverage local intelligence and law enforcement assets to counter shared threats. This international presence also supports wider government objectives overseas; for example, contributing to UK efforts to foster good governance, stability and security which can influence UK prosperity.

## Horizon Scanning: Trends to 2022

Crime and law enforcement do not operate in a vacuum, and complex and overlapping trends will have both direct and indirect implications for both areas.

### Technological change

Technology trends identified out to 2021 in the 2016 NSA are still valid. It is unlikely that the pace of change will slow and it is possible that some developments will prove disruptive in the next five years.

Advances in information and communication technologies, artificial intelligence, the Internet of Things (IoT) and autonomous/semi-autonomous systems all have the potential to initiate significant disruptions in the medium term.

Some trends will be influenced by changing user behaviour rather than the technology itself, particularly in relation to communications. In recent years a key shift amongst both the general public and criminals has been the move from SMS text messaging and emailing to the use of instant messaging services, such as WhatsApp, photo/video messaging (MMS) and streaming, to communicate.

The use of technologies such as the dark web, encryption, virtual private networks (VPN) and virtual currencies amongst both criminals and the public will continue to increase. This trend will be driven by easier, potentially ubiquitous, access and potentially as a response to the introduction of legislation such as the Investigatory Powers Act 2016 and Digital

Economy Bill 2016-17. Whilst mitigations will be put in place by both law enforcement and private industry the widespread use of these technologies will continue to present a particular challenge.

## **Conflict**

2016 saw an increase in global uncertainty and instability and this has continued into 2017. Trends relating to polarisation and deepening societal and political divides in conjunction with slow economic growth and the impact of technological change are highly likely to continue in the short to medium term.

Conflicts in, but potentially not limited to, Libya, Syria and Ukraine are likely to continue to create opportunities for criminal activity. We expect that such areas of instability will continue to serve as source countries and transit routes for criminal exploitation.

It is probable that we will continue to see a growth in the number of international migrants, refugees, asylum seekers and other displaced people due to conflict and tensions. Similar displacements could also be instigated by an environmental disaster.

It is also likely that future conflict will be less confined to the traditional battlefield and will increasingly encroach on a cyber-environment, with the aim of disrupting societies, leading to a decreasing divide between cyber conflict and cyber crime.

The signing of a final peace agreement between the Colombian government and leaders of the FARC rebel group after 50 years of fighting has shown that the resolution of long term conflict is possible. But even such positive developments also have potential implications for future crime. The end of a conflict can lead to a power vacuum, easily filled by organised crime groups and other non-state actors.

## **Brexit**

The result of the EU referendum vote has had little impact on criminal activity or international

law enforcement cooperation so far, but it will be a key driver of uncertainty in the next five years.

Criminals are not constrained by geographical or jurisdictional boundaries and are inherently opportunistic. We expect that many will strive to take advantage of the opportunities that Brexit might present. However, some of the impacts of Brexit could work in favour of law enforcement. For example, post-Brexit restrictions on the freedom of movement from EU countries to the UK may hamper the ability of crime groups to use false and fraudulently-obtained documents to facilitate entry and leave to remain in the UK.

## **Conclusion**

Excluding those crimes defined by the introduction of new or changing legislation, it is highly unlikely that we will see any completely new types of serious and organised crime in 2022. It is highly likely, however, that we will see existing crime operating in new ways and in new places.

Global drivers and trends both causing and caused by global and regional uncertainty and instability will continue to shape public attitudes and behaviour, criminal activity and the associated law enforcement response. Both crime and law enforcement will need to operate in a more uncertain, more diverse and complex world.

Within this complex world, change will still be driven by technology and its exploitation. As society becomes increasingly technology-dependent, the implications of both intentional and inadvertent negative behaviour will increase. As technology becomes increasingly autonomous, issues of responsibility and blame will also likely grow in importance.

Whilst these developments will present a range of challenges, the same developments will equally provide opportunities for law enforcement in collaboration with government and industry to tackle serious and organised crime in 2022.

# Threat Assessment

## VULNERABILITIES

### **In this section:**

- Child Sexual Exploitation and Abuse
- Modern Slavery and Human Trafficking
- Organised Immigration Crime

# Child Sexual Exploitation & Abuse

## Key Judgements

- The highest proportion of contact CSEA continues to be intra-familial or committed by someone known to the victim. CSEA offenders differ in profile, although they tend to exploit common vulnerabilities in their victims.
- Whilst offenders groom children both on and offline as a precursor to committing a contact offence, the rise in social media - particularly those used by young people - has increased opportunities for offenders to cultivate meetings for the purpose of contact offending.
- The highest proportion of offenders - those who view and share indecent images of children (IIOC) - cross all ages and social backgrounds.
- The volume of CSEA visible to law enforcement continues to increase. The digital footprint of this activity continues to produce increased referrals to the US National Center for Missing & Exploited Children (NCMEC), commensurate with the growth of internet usage and engagement with industry.

## Assessment of Threat

1. Changes in the use of technology such as the use of cloud storage have transformed the nature of CSEA and enabled global contact between offenders and victims. The vast majority of CSEA offenders are online in some way, but not all offend online.
2. Social media is used in a variety of ways by offenders to entice victims, and with the social media landscape growing and constantly changing, we expect the tactics deployed by offenders to groom children online to adapt accordingly.
3. CSEA crosses all socio-economic, race and class barriers. CSEA offenders operating within the UK differ in profile, but all are targeting the same vulnerabilities within the victim profile. Poverty and social deprivation are risk markers for potential victims of CSEA, with concentrations of offences in deprived urban areas.
4. Recorded sexual offences against children in the UK increased in 2016 as law enforcement's knowledge of the threat increased. The Office of the Children's Commissioner concluded that approximately two thirds of all child sexual abuse occurs in the family. Furthermore they assessed that perpetrators in one quarter of interfamilial CSEA instances were under the age of 18. A US study found children accounted for 36.6% of all sex offences against minors and were more likely than adult offenders to offend in groups.
5. Research studies suggest that young people who are victims of interfamilial abuse are at increased risk of abuse from their peers and repeated re-victimisation. The feature of a victim turning into a perpetrator/facilitator has been noted across partner agencies and within the NCA to a limited degree. Long term victims can find the behaviour becomes normalised and some go on to offend themselves, while often remaining victims.
6. Offenders who deliberately seek to occupy positions of trust demonstrate an acute commitment to offending, particularly when

their chosen career is child-focused (such as teaching). There is evidence that some Travelling Child Sex Offenders (TCSOs) target specific positions (e.g. teaching/charity work overseas) to enable offending. These offenders present a serious risk.

7. We assess that the scale of IIOC and hosting URLs on the open web is considerable.
8. There is a decreasing amount of IIOC related activity on Peer to Peer (P2P) platforms. It is unclear to what extent there has been displacement from P2P on to other platforms. It is possible instead that the general use of P2P by general internet users has naturally declined.
9. We assess that the level of grooming to elicit IIOC and CSEA video is increasing, which is changing the balance between grooming for contact abuse purposes and grooming to elicit IIOC. This has the potential to increase the number of images in circulation.

## Forward Look

10. The Digital Economy Bill has been passed by The House of Commons which will restrict access to commercial pornography without age verification; however it will not be able to target platforms on which people upload images. This could increase the numbers downloading legitimate images via clandestine means (dark web, P2P) which could increase incidental contact with IIOC.

# Modern Slavery & Human Trafficking

## Key Judgements

- It is highly likely that the actual scale of modern slavery across victim and offender numbers, as well as incidence rates, has increased year-on-year. Analysis of drivers suggests this trend is likely to continue.
- British and Romanian are the most prevalent offender nationalities in the UK, with Eastern Europe the most cited wider region of origin.
- The most prolific countries of origin for modern slavery are unlikely to change dramatically in the next three years.
- Non-British offenders are highly likely to target victims with whom they share national, ethnic or linguistic ties. Though British offenders do target British nationals, they have a comparatively diverse victim base.
- The majority of MSHT crime groups in the UK are small with limited hierarchies, although larger, more structured groups exist.
- It is likely that the majority of groups pursue diverse criminal interests alongside MSHT, in order to maximise profits.
- Offenders are most likely to use online recruitment to identify victims of trafficking, and the prevalence of these methods is highly likely to increase in the coming three years.
- The online advertising of victims is highly likely to be the most significant enabler of sexual exploitation over the next three years.

## Assessment of Threat

11. The term 'modern slavery' subsumes the offences of human trafficking, slavery, servitude and forced or compulsory labour. We sub-divide the threat from MSHT into four sub-threats including the trafficking of minors into conditions of sexual, labour or criminal exploitation; the sexual exploitation of adults; the trafficking of adults into conditions of labour exploitation; the trafficking of adults into conditions of criminal exploitation; and other forms of exploitation.
12. The true scale of MSHT within the UK is unknown. In 2014, the Home Office estimated that there were between 10–13,000 victims of human trafficking in the UK and this remains the most robust quantitative assessment available.
13. We judge that the scale of MSHT in the UK in terms of victim and offender numbers, as well as incidence rate, is likely increasing steadily. Though we continue to see a yearly rise in NRM reporting figures, it remains impossible to disentangle increases in incidence rate from improved reporting. Consequently, we are unable to quantify the overall growth of modern slavery.
14. Intelligence indicates that Eastern European offenders are most prevalent within the UK. Where specific nationalities have been



identified, Romanian and British offenders are predominant. This is in line with wider Europol reporting, which indicates that the majority of those involved in the trafficking of human beings in Europe are EU nationals.

15. We continue to assess that offenders are highly likely to target individuals of their own nationality or ethnicity in the majority of cases. This is likely due to offenders making use of links in their country of origin when seeking to recruit victims. It is likely that linguistic, national or ethnic ties also facilitate recruitment and control.
16. British offenders target victims from a broad range of national origins. Rather than cultivating their own upstream recruitment networks, British offenders are likely to be supplied with victims by traffickers of other nationalities, or draw victims from pre-existing communities that are vulnerable in the UK.
17. We have seen crossovers into fraud, money laundering, theft, OAC, and, to a lesser extent, firearms supply, violent crime, provision of counterfeit goods, and CSEA. We assess that it is likely that – with a few notable exceptions – groups are not specialist, instead diversifying to maximise profits and capitalise on opportunities.
18. The level of MSHT crime group cohesion and structure varies. Groups are primarily likely to be small, with limited hierarchies and often predicated on familial or social links. These groups may have a broad domestic or international footprint, and can exploit seemingly disproportionate numbers of victims. Such groups can be highly sophisticated, adapting rapidly to law enforcement techniques. There is a realistic possibility that a smaller number of larger, more structured crime groups are also involved in MSHT in the UK.
19. We assess that the online recruitment of victims is likely to be the most prevalent method used by traffickers operating in the UK. It is highly likely that online recruitment of victims will increase in the coming year.
20. Sexual exploitation most commonly involves female victims. We judge that the use of formal brothels for sex trafficking is likely decreasing. Exploitation is moving to hotel rooms or clients' properties, though massage parlours continue to be used as fronts for brothels.
21. Whilst methods of advertising such as cards placed in public locations are still reported, the use of online marketing of sexual services is becoming increasingly prevalent. A large number of forces report victims being advertised online. We assess that this form of advertising is highly likely to represent the most significant enabler of sexual exploitation over the next three years.
22. Reporting indicates that irregular migrants transiting from unstable states and conflict zones are vulnerable to labour and sexual exploitation, as well as debt bondage, both during their journeys and when housed in migrant camps. We judge it likely that such conditions will remain unchanged in the next three years.

## Forward Look

23. Modern slavery and human trafficking are underpinned by a number of drivers including victim vulnerabilities, economic imbalances, the demand for cheap labour in destination countries, ease of money movement, and cultural factors conducive to slavery.
24. Assuming that these drivers remain constant over the coming three years to 2020, it is likely that the threat from MSHT will grow. The UK will continue to be seen as a desirable destination by irregular migrants, numbers of whom will be driven largely by periodic displacement of vulnerable people and ongoing mass migration from Africa. On-going cross-government activity targeted against MSHT will likely mitigate some elements of the threat.

# Organised Immigration Crime

## Key Judgements

- Organised crime groups are involved at all stages of the journey from migrants' source countries to the UK. However, with the deployment of tighter border controls and fences in the Balkans and within the EU, increasing numbers of irregular migrants are seeking the assistance of people smugglers.
- The primary threat from crime groups smuggling people to the UK from continental Europe remains Roll-on/Roll-off (Ro-Ro) traffic at Dover. Other UK ports with direct links to Belgium, Germany, The Netherlands and Spain are also targeted but to a far lesser extent.
- Most people smuggling crime groups comprise loosely affiliated networks of independent facilitators of differing nationalities, but some are coordinated and relatively large. In France and the Near Continent, crime groups tend to be formed along ethnic lines.
- The supply and production of false documents is widespread and provides lucrative revenue streams for crime groups, as well as enabling other abuse such as air facilitation.
- Despite tightened border security across EU states, maltreatment of migrants by crime groups and continuing deaths at sea, we assess that for some migrants the perception of higher standards of living in Europe will outweigh the risks involved. It is highly likely that migrants will turn to organised criminals to help them cross frontiers. This may attract existing crime groups active in other areas to this criminal market.

## Assessment of Threat

25. Due to the deployment of tighter border controls and fences within the Balkans and the EU, more irregular migrants are seeking the assistance of crime groups. These strengthened border controls have presented new opportunities for crime groups, notably involving false documents and clandestine travel. Social media is used by facilitators to advertise their services, and by migrants to share information about routes and methodologies.
26. Crime groups are financed by cash payments from migrants, transfers via Money Service businesses (MSBs) or via Informal Value Transfer systems (IVTS) such as Hawala. Alternatively, the money may be held by a third party who will pay out to the crime group when the migrant's safe arrival at the end of a stage, or at the final destination is confirmed.
27. The EU-Turkey deal in March 2016 reduced, but did not stop, migrants crossing from Turkey to Greece. However, use of the Central Mediterranean route from Libya, and to a lesser degree from Egypt, Turkey, and parts of North Africa, towards Italy increased slightly from 153,852 in 2015 to 181,436 in 2016. There is little indication of displacement from the Eastern Mediterranean route to the Central Mediterranean route which is now mostly used by migrants from East and West Africa and controlled by people smugglers. The overall political and economic drivers influencing migrants' decisions to travel to Europe have not changed, with some migrants journeying to the UK because of family connections or established nationality communities; welfare benefits are rarely mentioned.

28. In northern France, opportunistic and unassisted attempts have significantly decreased following the Calais camp clearance, but the crime groups remain and continue to place migrants in UK-bound lorries. This means that migrant encounters at the UK border are now almost certain to be crime group-assisted. Crime groups tend to be formed along ethnic lines; UK-based group members are often naturalised UK citizens. Belgium is also a significant location for organised immigration crime and associated criminality.
29. Security at Calais, Coquelles and Dunkirk has improved, and migrants either with or without the assistance of crime groups attempt to gain access to lorries at locations further inland or at other French ports in Normandy and Brittany. Ports in Belgium, Denmark, the Netherlands and Spain have also experienced increased migrant activity. Crime groups continue to target UK east coast ports, but Dover continues to be the primary threat for crime groups smuggling migrants into the UK.
30. In 2016 there was an increase in both reporting and detection of General Maritime to smuggle migrants into the UK. The limited capacity of small boats means that the numbers of migrants smuggled in General Maritime is almost certain to remain low compared to the number who continue to attempt entry to the UK in Ro-Ro freight.
31. Forged identity documents (particularly EEA identity documents) and Fraudulently Obtained Genuine (FOG) documents remain a key enabler of immigration crime. The supply of false documents for facilitation of illegal entry is widespread and is likely to provide lucrative revenue streams for crime groups. The provision of false identity documents is not limited to crime groups with documents (ranging in price and quality) available from internet sites.
32. Nationality swapping is widespread, with many migrants purporting to be Syrian in order to claim asylum. Athens and Istanbul are key locations for false document factories. Many are advertised online and on the dark web. False documentation is a key enabler for illegal entry to the UK via all routes and methods.

## Forward Look

33. There will probably be greater coordination and concentration of maritime people smuggling networks on the Central Mediterranean route from Libya. A slight increase in annual numbers of migrants on this route, UNHCR suggests from 173,000 to 190,000, will provide a market for these networks. Irregular migration to Spain has been steadily increasing and UNHCR assess it will increase further to 22,000 in 2017.
34. As border security is tightened across EU states, including the construction of border fences, we assess that some migrants will regard the risks involved as outweighed by the benefits of European living standards. It is highly likely that migrants will turn to organised criminals to help them cross frontiers. This may attract existing crime groups active in other areas to this criminal market.
35. It is highly likely that crime groups based in near Europe will develop new tactics, probably co-ordinating their attempts and becoming more innovative. Any reduction in security at the juxtaposed controls is highly likely to be accompanied by an upsurge in migrant activity. The increased security has been effective and resulted in fewer breaches but has not deterred migrants from attempting to reach the UK.
36. Crime groups will continue to target North Sea and English Channel ports and other smaller UK ports with direct links to the EU. They will probably look further afield to German and Spanish ports and increasingly attempt to use General Maritime to reach the UK.

37. The clearance of the Calais camp will almost certainly cause more migrants to turn to crime groups to help them reach the UK (as they may find it more difficult to cross the channel without support). Some migrants will almost certainly try to establish smaller camps in the Pas de Calais region. There is also a risk that once removed to other French locations they will return to Calais and/or try Belgian or Dutch ports. It is likely that crime groups based in Belgium will have an increasing impact. Crime groups will increasingly target other modes including air and legitimate entry routes.

# Threat Assessment

## PROSPERITY

### **In this section:**

- Money Laundering
- Fraud and Other Economic Crime
- Bribery, Corruption and Sanctions Abuse
- Cyber Crime

# Money Laundering, Fraud, Other Economic Crime, Bribery, Corruption and Sanctions Abuse

## Key Judgements

- Professional enablers are key to a wide range of economic crime. The use of shell companies (and the professional enablers involved in their creation) represent a significant risk in high end money laundering.
- We assess it is likely that previous estimates of GBP 36 billion to GBP 90 billion for all money laundering impacting on the UK are a significant underestimate. Money launderers working for organised crime groups are likely to employ a number of techniques, ranging from cash based to high end methodologies.
- Fraud in the UK is increasing and it is estimated that losses could be as much as GBP 193 billion. UK residents are now more likely to be a victim of fraud than any other type of crime.
- The use of malware and phishing emails to obtain customers' details is a key driver of fraud. The data can be used to commit fraud directly, or to add authenticity to any fraudulent approach.
- The UK is an attractive destination for politically exposed persons (PEPs) seeking to launder the proceeds of corruption. This poses a significant reputational risk to the UK.
- Business individuals operating as high end intermediaries use their network of companies and access to financial markets to channel funds and commodities linked to sanction breaches.
- It is probable that new technology value transfer methods will increase in criminal use as their popularity for legitimate use increases.

## Assessment of Threat

### Common Enablers and Vulnerabilities

38. Corrupt professional enablers such as legal, accounting and trust and company services professionals facilitate a range of criminal activity. Shell companies are used extensively to provide anonymity to criminals engaged in money laundering through capital markets and some trade based methodologies.
39. Corrupt individuals working in banks are considered to be key enablers to fraud, market abuse and money laundering.
40. Bank accounts are a necessity across a range of criminality, with money mule networks widely used to launder funds. The EU Payment Account Directive was implemented in the UK on 18th September 2016 and enables the opening of accounts without UK residency. There is a realistic possibility that this will increase the number of mule accounts being set up.

## Money Laundering

41. We assess it is likely that previous estimates of GBP 36 billion to GBP 90 billion for all money laundering impacting on the UK are a significant underestimate. We assess that methods of money laundering are being merged and blended, removing lines of demarcation between typologies. We are starting to see clear instances of a seamless progression from cash based laundering techniques into trade based and high end money laundering methodologies. This has been seen to be controlled by individuals overseas previously predominantly associated with cash movements and cash based laundering. The complexity of international controller networks makes it difficult to determine the volume of criminal proceeds laundered in the UK, but there have previously been a number of groups operating at the same time with each group handling in excess of GBP 100 million.
42. The purchase of property in the UK, in particular within the London property market, through offshore companies presents a significant money laundering risk. It is very probable that legal professionals are the key enablers of criminal finances entering the UK property market, amongst other criminality. It is likely that the services of an estate agent will also be used.
43. For individuals trying to circumvent anti-money laundering measures or hide tax liabilities, corporate vehicles are an attractive and easily accessible way to disguise beneficial ownership. It is highly likely that individuals or groups purposefully hiding beneficial ownership (in order to launder the proceeds of crime or criminally reduce tax liabilities etc.) use multiple corporate vehicles.
44. Opaque business structures are used in both the predicate criminality and Trade Based Money Laundering with significant usage of third party payments to businesses

as part of an alternative remittance system. This is linked to a range of trade sectors and destination countries. Social, ethnic and cultural links often play a role in the set-up of the networks involved.

45. Cash is a very frequently used tool in money laundering, offering anonymity and providing a break in the audit trail at any stage in the laundering process. It is almost certain that use of cash in money laundering is not restricted to any particular social, ethnic or age group. The anonymous nature of cash and prevalence of its use makes it almost impossible to assess the overall scale or trends of use in money laundering.

## Fraud and Other Economic Crime

46. It is highly likely that the loss from fraud in the UK is increasing. UK residents are more likely to be a victim of fraud than any other type of crime. The 2016 Annual Fraud Indicator, published by an academic/private sector partnership, estimated that annual UK fraud losses could be as much as GBP 193 billion. A significant proportion of this will require laundering within the UK or moving out of the UK.
47. HMRC's estimate of the total annual revenue losses across all tax regimes attributable to crime groups is lower than previous estimates. The landfill tax gap was estimated to be GBP 150 million for 2014/15 and the potential for considerable losses was demonstrated in 2015 following the arrest of individuals suspected of a GBP 78 million landfill tax fraud.
48. Business and high-net-worth customers have been increasingly targeted by fraudsters due to their larger financial transactions. Additionally, to avoid direct bank intervention, fraudsters are increasingly using social engineering tools, particularly vishing (obtaining information by phone) and smishing (obtaining information by SMS text message) to gain customer information that will enable them to commit fraud.



49. Banking & corporate fraud (such as mandate fraud, mortgage fraud and procurement fraud) are considered the biggest threats to the private sector, due to the increasing frequency of reports of high losses. Cases of CEO impersonation have increased in 2016 although the average loss per case has reduced. It is highly likely that social media is used to research targets.
50. Remote purchase, or card not present (CNP) fraud remains the highest fraud loss type. Losses increased by 31% in the first half of 2016 compared to the same period in 2015.
51. Technology is a key enabler of fraud, particularly against the individual, for example using the spoofing of phone numbers and email addresses to entice victims. Data obtained during security breaches continues to be a key enabler of fraud against the individual, and can be used to commit fraud directly, or add authenticity to a fraudulent approach. Offenders are known to use malware and phishing emails as a means to compromise customers' security and details, and once obtained will use these details to access customer accounts to commit fraud. Similarly, computer software service fraud (CSSF) uses remote access tools to access the victim's online banking platform and make a transfer.
52. Following changes to legislation and action taken by partners, pension liberation fraud is no longer considered a significant threat. However, this has resulted in its displacement to other types of investment fraud using pension funds. Binary options now represent the largest reported type of investment fraud, with repeat offenders particularly common in this area. Investment fraudsters are increasingly using social media to advertise their wealth and entice younger victims.
53. We assess that the move to polymer banknotes will make it harder for organised crime groups to counterfeit them in the medium to long term.

## **Bribery, Corruption & Sanctions Evasion**

54. Some individuals, companies and corporate structures based in the UK have been involved in the payment of bribes overseas. Bribes by those associated with the UK harms the UK's reputation as a place to do business and undermines its global anti-corruption position.
55. A new and potentially emerging modus operandi involves companies whose sole purpose is to facilitate the payment of bribes. The company provides third party layering to ensure that bribe payments are not paid directly to a recipient.
56. Corrupt PEPs continue to travel to the UK to evade law enforcement attention in their home country. The UK is appealing to PEPs due to the rule of law, judicial processes and adherence to human rights legislation. Relationship Managers in financial institutions have featured in investigations as being complicit with PEPs in the laundering of funds in the UK. This may be due to their public facing role making them more vulnerable, as well as their enhanced knowledge of regulations and procedures.
57. The UK performs well against most standard measures of corruption but there are certain sectors, such as borders and prisons, that are known to carry a higher risk.
58. Criminals, including organised crime groups, are the most significant corruption threat for UK law enforcement. The disclosure of information to criminals remains the most frequently reported corrupt practice. In recent years, the disclosure of information via the internet and social media has grown.
59. We assess that a very small number of financial or legal institutions are willing to breach financial sanctions. There is very little reporting on sanctions breaches from other business sectors.

60. We assess that alternative commodity currencies such as gold are a preferred method in evading sanctions, which can be purchased by brokers from other countries to assist sanctioned regimes or designated persons. The use of well-connected and long-established business individuals operating as high-end intermediaries has been seen in sanctions evasion. These individuals are able to evade sanctions on behalf of regimes and use networks of companies, accounts and access to financial markets to channel funds and commodities linked to sanction breaches.
64. The Criminal Finances Bill will strengthen the tools available to recover the proceeds of crime. Legislation will enable the seizure of money in bank accounts and Unexplained Wealth Orders will present more opportunities to recover assets, including those already owned when the legislation is passed. The information sharing provisions of the Criminal Finances Bill will impact on the use of the regulated sector by money launderers. The degree of this impact will probably depend on the risk appetite of the regulated sector institutions in each area of business and their interpretation of what information they can share with others.

## Forward Look

61. The continued emergence of Financial Technology (FINTECH) firms in 2016 has seen new, highly accessible and technologically focused services provided to consumers. These exploit new technologies and are increasingly featured in crime reports with a wide array of offences being facilitated by these services.
62. E-wallet technology is also growing in use for legitimate payments, and we assess there is an increasing risk of criminals using E-wallets to obscure the audit trail when moving finances.
63. We assess that decentralised virtual currencies (aka cryptocurrencies), especially the currently dominant Bitcoin, will remain an enabler for online criminality because of their accessibility, perceived anonymity, speed of cross-border payments and irreversible payment mechanism.
65. Fraudsters continue to take advantage of low dividends yielded from traditional savings accounts by promoting to potential investors on social media riskier investments through donation-based crowdfunding. This is unregulated.
66. In May 2016 the European Central Bank (ECB) decided to discontinue production and issuing of EUR 500 notes with effect from around the end of 2018. This was based on concerns that this note was facilitating criminal activity. Displacement to lower denomination EUR 200 and EUR 100 notes is therefore most likely.

# Cyber Crime

## Key Judgements

- The primary threat to the UK from cyber crime continues to stem from Russian-speaking nations, however there are indications that the threat is increasingly global.
- Under-reporting of cyber crime continues to obscure understanding of its true scale and cost.
- The most competent cyber crime actors are moving towards targeting businesses and payment systems drawn by the prospect of greater financial rewards.
- Cyber criminals still benefit from the exploitation of basic security vulnerabilities and human vulnerabilities through social engineering, as seen in the numerous data breaches that came to light over the past 12 months.
- Ransomware attacks are increasingly prevalent. Some businesses anticipate successful infections and the need to pay the ransom.
- The ready availability of as-a-service toolkits has further lowered the barrier to entry for committing cyber crime, as seen by the impact of DDoS attacks using Mirai in the latter half of 2016.

## Assessment of Threat

67. Under-reporting of cyber crime remains a key barrier to our understanding of its true scale and cost. The number of reports from individuals is higher than those received from businesses, but it is still lower than anticipated. Fears of reputational damage, not knowing to whom they should report, and being unaware that they have fallen victim to an attack often prevent businesses from making a report at the time of the incident.
68. Although cyber awareness is developing in the UK, there remains a lack of understanding as to what exactly constitutes a cyber crime and how to protect against it. This long-term challenge will improve with greater cyber education.
69. The majority of this year's cyber crime related critical incidents were reported in the 4th quarter of 2016. This increase in reporting coincides with the formation of the National Cyber Security Centre (NCSC), which established a clearer route for reporting and better coordination of incident management and response.
70. Reporting to Action Fraud between 1st November 2015 and 31st October 2016 represented 15,246 reports of cyber dependent crime from both individuals and businesses. Hacking of social media and email was the most commonly reported offence (28%) followed closely by reports of malware and spyware (also 28%). These figures fall far below the estimated scale of cyber crime compiled by the Office for National Statistics (ONS), which indicated that there were around 2 million victims of computer misuse offences in England and Wales in the past year. This disparity highlights the scale of under-reporting by both individuals and businesses.
71. Cyber threat actors continue to display agility to adjust their business models to target novel or less well defended targets

and chase greater returns. Crime groups have increasingly utilised advanced persistent threat (APT) malware to establish a long-term presence on targeted networks to identify information of value, such as payment platforms that can be compromised for financial gain.

72. The wider adoption of APT-style technologies by the most competent cyber criminal groups represents a change in their criminal business model and demonstrates the technological sophistication of these groups – historically APT-style attacks were the province of nation-state rather than criminal actors.
73. Cyber criminals continue to exploit vulnerabilities in human behaviour. Industry reporting of business email compromise (BEC) attacks continues to rise in prominence. In a BEC attack, criminals gain a presence on a corporate network and use social engineering techniques to identify and pose as a sufficiently high-ranking member of the victim organisation's hierarchy to trick colleagues into redirecting money transfers. A companion threat known as business email spoofing (BES) has also grown in prominence, where criminals seek to spoof the email account of a prominent member of an organisation, without compromising the victim organisation's networks. A growing number of businesses are being targeted by organised groups undertaking BEC and BES fraud. Smaller firms with a less complete cyber strategy are likely to be more vulnerable, as well as businesses with less stringent internal guidelines on money transfers.
74. Both BEC and BES requires a greater degree proficiency in language that provides an opportunity for native English-speaking criminals to collaborate in international criminal operations.
75. Attacks on adult dating and pornography websites in the past year have led to the loss of a large amount of sensitive personal and financial data, including historic information from inactive users, facilitating fraud, blackmail and extortion offences. In one breach, the exploited data included that of historic users no longer active on the site.
76. Mobile malware remains less of a threat when compared with conventional desktop malware, although the nature and complexity of mobile malware mirrors it ever more closely. Mobile malware is growing in sophistication, borrowing obfuscation and deployment techniques from traditional PC malware.
77. There has been an increase in the prevalence of mobile ransomware, but mobile malware in general has been affected by the shift away from low value individual targets to higher-value corporate targets. 2016 has therefore not seen the level of increase previously predicted. The major mobile ecosystems remain less targeted than Windows PCs and see smaller financial returns, particularly as PCs are more likely to be connected to larger business networks, so criminals are less incentivised to target mobile.
78. Criminal abuse of "Internet of Things" (IoT) devices has emerged as a more mature threat in 2016. From September 2016 onwards, industry and UK law enforcement reporting has noted several large scale DDoS attacks utilising the Mirai botnet comprised of compromised IoT devices targeting both UK and international organisations. The relatively poor security standards applied to many such IoT devices have made them relatively straight forward to compromise. Moreover, the release of the Mirai source code onto the open web in September 2016 has made it readily accessible to a broad base of criminals. Analysis of the data produced by the IoT will make identifying an individual from their unique 'lifestyle fingerprint', based on their preferences and habits, a possibility. This will offer new opportunities in data harvesting for use in phishing attacks.

79. A survey of security professionals by industry identified that some businesses are stockpiling bitcoins in anticipation of a ransomware attack. Ransomware has become one of the most profitable malware types in history. Its success is best illustrated by the sharp increase of varieties in the marketplace.
  80. The number of new ransomware variants grew tenfold between Q4 2015 and Q3 2016, according to industry. The market is therefore highly volatile with just a few market leading ransomware standing the test of time, likely those from groups already well-established in other forms of cyber crime. The ease with which ransomware can be developed and the strong financial incentive is likely to have encouraged developers of financial trojans to move to develop ransomware.
  81. A growing number of ransomware strains have been developed to be deployed by others, their use advertised on online forums and dark web marketplaces. The 'as-a-service' model continues to lower the skill threshold for distributing ransomware.
  82. Intelligence highlights that cyber criminals continue to take advantage of the efficient, reliable and relatively inexpensive IT infrastructure offered in western European countries (including the UK) and North America to facilitate their criminal attacks. Active collaboration through Europol with EU member states and the 5-EYES partners to disrupt this infrastructure remains a key strand in our response.
  83. Our assessment of the threat posed by UK-based cyber criminals has matured over the past 12 months. UK links to the elite level of cyber crime are stronger than previously thought. The as-a-service model continues to lower the skill level required to commit cyber crime, paving the way for more UK-based actors. These lower-skilled cyber criminals are more easily disrupted by law enforcement, owing to their less advanced operational security.
  84. Within criminal forums on both the open and closed web, potential insiders advertise their availability while criminals actively look for insiders to recruit.
  85. The widespread use of encryption amongst criminal groups presents a challenge for law enforcement. This problem is exacerbated by readily available and free to download applications which mean that secure communications are within reach of non-technically adept criminals.
- ## Forward Look
86. The new National Cyber Security Centre is focused on improving collaboration with industry, ease of reporting and strengthening relationships between government agencies and private industry. This will facilitate better communication and allow for better victim notification, remediation and more immediate and effective law enforcement activity.
  87. The leaked Mirai source code is highly likely to continue to be abused for many months, and the devices it targets are highly likely to be patched slowly, if at all. DDoS attacks of a similar scale and impact to the Dyn attacks are likely to be seen in the next 12 months, as attacks harnessing IoT devices become easier to launch.
  88. Social engineering is highly likely to continue to rise as an attack vector, originating most notably from West Africa. It is almost certain that the UK will be targeted with more romance scams and highly targeted BEC campaigns in the next 18 months.
  89. The back-end systems and associated services of larger institutions will almost certainly continue to be a target for financial trojans.
  90. The number of new ransomware strains is likely to plateau in 2017 as the market begins to mature. With such a saturated marketplace, any innovations in architecture are highly likely to be used as gimmicks in order to attract media attention.

# Threat Assessment

## COMMODITIES

### **In this section:**

- Firearms
- Drugs
- Organised Acquisitive Crime



# Firearms

## Key Judgements

- Handguns and shotguns remain the most commonly used criminal firearms in the UK. Although recoveries of automatic weapons are increasing, this is from a low level and related discharges are infrequent.
- Deactivated and blank firing weapons continue to present a risk, with over 20% of inferred firearms identified as converted, modified or reactivated, of which reactivated firearms makes up a very small percentage of the total.
- Most criminal firearm discharges involve weapons that have not previously been discharged, indicating there is a sufficient supply of weapons into the UK.
- The dark web provides an opportunity for individuals with no criminal connections to purchase firearms.
- Conflicts in Libya, Syria and Ukraine are likely to create opportunities for firearms traffickers.

## Assessment of Threat

91. UK gun crime continues to be relatively low in comparison with mainland Europe. However, firearms offences increased by 7% in 2016 and the National Ballistics Intelligence Service (NABIS) reports the highest number of firearm discharge incidents since 2012/13.

### Criminal Possession and Use

92. Handguns and shotguns remain the most prevalent types of criminal firearm in the UK. Whilst fully automatic weapons are much less commonly recovered, seizures have increased in recent years, albeit from a low level and not all recovered weapons have been viable.
93. Most shootings in the UK are targeted at property rather than people, suggesting firearms are used primarily as a means to threaten. Victims of discharges that result in death or injury are usually known to police, suggesting that criminals use firearms in feuds with other criminals, for punishment, or to protect or further their criminal

enterprises. 109 individuals were admitted to hospital with gunshot wounds in 2015/16, up from 86 the previous year.

### Lawful to Unlawful

94. Whilst every diversion of a firearm from lawful to criminal possession presents a risk, NABIS assesses that the threat to the public from lawfully held weapons being used in crime is low. However, there is concern regarding the number of licensed firearms that have been reported lost or stolen in the UK, with a proportion likely diverted for criminal use.
95. Firearms which have been converted, modified or reactivated in some manner constitute 22% of inferred firearms of which reactivated makes up a very small percentage. These have been obtained by criminals either in a blank firing or deactivated state and upgraded within the UK, or smuggled into the UK already upgraded.



## Domestic Criminal Supply

96. The vast majority of criminal firearm discharges involve weapons that have not previously been discharged in crime, suggesting a sufficient supply into the UK. We assess this is largely due to illicit firearms entering the UK from overseas, and previously legal weapons entering criminal hands after being stolen or modified within the UK. Significant UK stockpiling of unused criminal firearms is unlikely. However, seizures of several types of firearms (e.g. handguns, shotguns and submachine guns) within single premises do indicate the use of safe houses.
97. Firearms continue to be recovered from residential and commercial premises as well as open land, where they are stored for ease of access by those who control them. Firearms are also often stored and moved by criminal associates, friends and family members, including those with little known connection to crime groups, to avoid law enforcement detection.
98. Whilst firearms are traded like other commodities, for cash or in exchange for drugs, there is some suggestion that in regions of increased firearms use, criminals are retaining them for their own purposes, rather than selling or hiring them out.

## International Supply

99. Firearms supply through European channels is a key concern. Dominant routes from France, Belgium, and The Netherlands, using the Channel Tunnel and ferry ports, mean that these countries continue to act as key nexus points for the smuggling of illegal commodities, including firearms, into the UK. Importations tend to involve several firearms of the same model, as encountered in Ro-Ro traffic (private/tourist, semi-commercial and commercial vehicles).

100. Baikal pistols (usually in 9x17mm calibre) remain common in UK criminality. The Baikal is a replica of the Makarov pistol, sharing many of the same component parts and production line. There has been an increase in the UK recovery and use of Makarov-calibre (9x18mm) firearms.
101. In 2015, Slovakian legislation prohibited the online sale of acoustic expansion weapons (AEWs), as well as requiring police registration of all such weapons. Companies that previously manufactured them have increasingly moved to the production of Flobert-calibre conversions; firearms originally chambered in larger calibres and minimally converted to fire standard bullets. Such companies also sell original Flobert-calibre firearms (e.g. Ekol and Zoraki Flobert models) and these have been identified as an emerging trend in the London area.
102. Firearms, components and indicative parts often seized in fast parcels and post are frequently acquired through the internet. While firearms make up a small proportion of commodities sold via the dark web (with drugs being the majority), there is increasing evidence that it is an avenue for individuals without previous criminal contacts to acquire them, using virtual currencies such as Bitcoin.
103. Some criminal groups appear to have a ready supply of ammunition where several rounds are discharged per incident, whereas others appear to have a more limited supply, necessitating fewer shots being fired.

## Forward Look

104. UK firearms legislation has recently been reviewed by the Law Commission. The review considered fundamental changes focussing on antiques, component parts, deactivated weapons, readily convertible imitation firearms and the subject of lethality. It did not cover the firearms

licensing regime and/or Registered Firearms Dealers. Law enforcement, including police, NCA, Border Force and NABIS, was consulted as well as other public bodies. Recommendations for amendments to the Firearms Acts are included within the Policing and Crime Act 2017 which has now been enacted.

105. Europol assesses that the conflicts in Libya, Syria and Ukraine are likely to create opportunities for firearms traffickers. While there have not yet been any reported EU seizures of firearms originating from these zones, experience from conflicts in the Western Balkans suggests that these areas may become significant sources in the future.

# Drugs

## Key Judgements

- Reported mortality rates from drugs misuse in the UK are at an all-time high. UK wholesale prices allow for significant profit margins, making our domestic market a highly attractive proposition for international traffickers.
- Albanian crime groups have established a high profile influence within UK organised crime, and have considerable control across the UK drug trafficking market, particularly cocaine. They are also expanding their influence upstream.
- Serbian and Turkish crime groups dominate high volume maritime cocaine logistics, with emerging intelligence regarding Mexican/Romanian collaborations to import cocaine from Europe within HGV transportation.
- Turkish and Pakistani crime groups continue to dominate heroin trafficking to the UK via land/ Balkans and Indian Ocean/East African maritime routes.
- Export-quality cocaine production in Colombia is increasing. There have been much higher volumes being shipped directly to the UK rather than via European hubs, indicating widespread market changes.

## Assessment of Threat

106. The demand for all common drug types remains high in the UK (topping European tables across commodities) and profit margins are substantial for those with upstream access. The further from the UK (and closer to source) drugs are acquired, the greater the profits. As heroin and cocaine are the most expensive and produced in long haul destinations, they are also the most profitable – even if acquired within a range of staging posts en route to the UK. New Psychoactive Substances (NPS) are the exception to this rule, as parcel post from source to market prevails.
107. Office for National Statistics figures released in September 2016 indicate that the mortality rate from drug misuse in 2015 was the highest ever recorded. 3,674 drug poisoning deaths were registered in England and Wales in 2015, of which 2,479 involved illegal drugs. Fatalities involving heroin and cocaine were at their highest level since records began in 1993. Deaths involving heroin and morphine have more than doubled since 2012, to 1,201 in 2015. There were 320 cocaine-related deaths in 2015 (including those linked to crack cocaine), up from 247 in 2014. In England, the North East had the highest mortality rate from drug misuse.
108. The number of people in treatment for opiate misuse has been steadily declining in recent years, from 170,032 in 2009/10 to 152,964 in 2014/15. This is particularly the case for younger people (under 25) where the number of people presenting for treatment for opiate misuse has declined by 60% between 2009/10 and 2014/15.
109. Albanian crime groups have established a high profile influence within UK organised crime, and have considerable control across the UK drug trafficking market, with particular impact and high level influence on the cocaine market.

110. Criminals from the Balkans are increasingly expanding their network of influence, forming direct relationships with cocaine suppliers in Latin America. The threat faced from Albanian crime groups is significant. London is their primary hub, but they are established across the UK.
111. Lithuanian crime groups are establishing more control across the UK regarding drug trafficking. This, combined with their capacity to smuggle cash on a substantial scale, ability to arrange large scale and bespoke premium OIC services, and ready access to firearms, makes them a growing influence within UK organised crime.
112. HM Prisons and Probation Service (HMPPS) report that synthetic cannabinoids - sometimes referred to by their trade names Spice and Black Mamba - have become an extensively used drug in prisons in England and Wales over the last five years. Spice is one variation of psychoactive substance, produced by spraying a synthetic cannabinoid solution onto inert plant materials. Though often advertised as an alternative form of natural cannabis, Spice is often significantly stronger with effects more similar to hallucinogens and sedatives than cannabis. Synthetic cannabinoids are commonly imported into the UK from China as a herbal substance but more recently are available as a liquid spray allowing the liquid to be sprayed onto paper which can then be concealed and taken into prisons in much the same way as LSD.
114. There are two primary features of county lines that stand out from typical retail drug supply: ordering through anonymised 'deal line' numbers, and the exploitation of young and vulnerable people. The former describes the use of an anonymous mobile phone number, branded to a gang or network and commonly held close to or within the urban hub, into which customers place orders which are then supplied locally. Most markets are now subject of multiple 'deal lines'.
115. The other key feature is the persistent and systematic exploitation of young and vulnerable persons. Children as young as 12 are being exploited by gangs to transport drugs into county markets, store and distribute them to customers. Young girls are also vulnerable to sexual exploitation. Debt bondage has become prevalent; by orchestrating an event where the children are robbed of the drugs they are holding, they are placed in debt for that loss and put under greater pressure to continue criminal conduct. Vulnerable adults are also exploited, particularly through a process referred to as cuckooing where the person has their home partially or entirely taken over to facilitate drug storage or supply.
116. Violence, incidents of kidnap, use of weapons (including firearms), and ruthless customer debt control prevail as consequences of 'county line' markets. Gangs also resort to violence against each other, when supply saturates demand and competition increases. Knife crime is a significant feature of these markets in addition to incidents of threats of and use of firearms. Increases in violent and weapons based crime have been reported in many 'county line' market towns.

## County Lines

113. The concept of county lines is the supply of drugs from urban hubs to county towns - usually associated with urban street gangs - and is a key driver for other criminality. The supply of drugs most commonly features street deals and occurs on a high frequency basis. Class A drugs, particularly heroin and crack cocaine, continue to be a widespread feature of county lines activity.

## Cocaine

117. Colombia, Peru and Bolivia remain the key sources of cocaine for the European and UK markets, with shipments moving via key

transit regions of South America, Caribbean and West Africa as well as direct to Europe and the UK.

- 118. Turkish crime groups are increasingly involved in trafficking cocaine from South America to Europe and pose a threat to the UK.
- 119. Crime associated with cocaine is very often violent and exploitative; it has direct links to duress, corruption and violence throughout the journey to the UK and is domestically linked to the criminal use of firearms, knife crime within criminal gang culture and the exploitation of young and vulnerable people.

## Heroin

- 120. Afghanistan produces 90% of the world supply of heroin. Routes to Europe direct by air from Pakistan continue to be utilised. The Indian Ocean via East Africa remains significant with South Africa providing a key staging post to Europe and UK.
- 121. Turkish crime groups are known to use land routes through the Balkans with drugs trafficked via The Netherlands before importation to the UK. Onward trafficking to the UK is undertaken by HGV, private vehicles and recent examples via General Aviation.

## Forward Look

- 122. The total volume of cocaine seized worldwide during 2016 is at an all-time high. Between 2013 and 2015, Colombia experienced the two largest single year coca cultivation increases ever recorded. These almost doubled the country's coca cultivation to the highest levels since 2007. It is estimated that 560 metric tonnes of cocaine is available for international distribution. Colombia has now regained its place as the world's largest coca producer, and produces more than second-placed Peru and third-placed Bolivia combined.

- 123. The UK is seeing higher volumes of cocaine being shipped direct, in addition to via European hubs, indicating more widespread market changes. The increased volume of higher purity cocaine is also being seen at street level, with seizures at 80-90% purity being sighted across the UK; often sold at premium prices per gram.
- 124. We assess that increased coca production is likely to reduce the wholesale value of cocaine both at source and in the UK. There is far less margin for price reduction at source, but the price differential will continue to provide high profit returns for traffickers shipping to Europe.
- 125. Heroin purities at all four levels of the drugs market have continued to rise over the last year, most markedly at 10z level. The user-level trend line rising steadily over the last two years is a good indicator of the rising heroin purities available at street level.

# Organised Acquisitive Crime

## Key Judgements

- The theft of motor vehicles (TOMV), an organised vehicle crime threat as well as an enabler for broad OAC and other criminal activity, is on an upward trend. This is reflected across all regions (England and Wales) and vehicle types. Some vehicles, including those of high value, are stolen for export.
- An assessment of the national nature and scale of vehicle theft indicated that 1 in 4 cars and vans are highly likely to be stolen by electronic compromise, where theft occurs by various technical means without the use of the original key (also known as keyless theft).
- There have been increases across the majority of ATM attack methodologies. Removal from premises and gas attacks present particular risks to the public.
- A slight decrease in cash and valuables in transit (CViT) incidents continues the downward trend in offending of recent years, however the enabling use of weapons featured in just over half of all incidents in 2016, with some regions seeing particularly high rates.
- A reduction in the rate of 'smash and grab' and armed robbery offences targeting high value gold, jewellery and watches has been identified.
- The illegal International Wildlife Trade is a global problem impacting on source, transit and market countries. UK criminal activity continues to service the illicit trade as identified through online trade and border seizures of products covered by the Convention on International Trade in Endangered Species (CITES), including ivory.

## Assessment of Threat

126. OAC covers the broad threats of organised vehicle crime, commercial robbery, commodity crime and wildlife crime. Heritage and cultural property crime (H&CPC) remains an emerging threat. FNOs and traveller crime groups have strong footprints across the OAC threat area.
127. Although the rise in theft of motor vehicles is reflected across all regions and vehicle types, the most significant increase was in theft of motorcycles and scooters, which in some cases are used to enable various acquisitive crimes.
128. An assessment of the national nature and scale of theft of motor vehicles indicated that 1 in 4 cars and vans nationally are stolen without the keeper's keys, highly likely via electronic compromise. London was identified as being most impacted by this theft methodology. The threat posed by electronic compromise is not confined to high value prestige vehicles, with a broad range of vehicle types targeted.
129. Some vehicles, including those of high value, are stolen for export to international markets. An increasingly identified theft methodology is via abuse of vehicle finance processes.
130. Whilst there were slight increases in plant theft, improved machinery security has made it harder to steal.
131. The upward trend in ATM attacks since 2014 continues. This is reflected in the majority



of methodologies, with 2016 seeing the highest number of gas attacks since they were first identified in the UK in 2013.

132. A slight decrease in CViT attacks reflects a continued downward trend of recent years. The enabling use of weapons is common, featuring in just over half of all incidents in 2016. Some regions experienced particularly high levels. Reported firearms use remained relatively low and stable.
133. The reduction in 'smash and grab' and armed robbery offences is attributable to a number of factors, including law enforcement response and enhanced industry security measures. Co-ordinated law enforcement activity also resulted in disruption of a FNO crime group employing a violent and dangerous distraction methodology to target jewellery stores across the UK.
134. Available data indicates that metal theft continues to decline. However increases in lead prices and potential increases in copper may impact on theft levels. In 2016 particular vulnerabilities were noted in relation to ecclesiastical premises, including lead frequently stripped from church roofs.
135. The illegal International Wildlife Trade is serviced by UK criminal activity, with online traders commonly facilitating the illicit CITES trade in/via the UK. The UK is committed to a variety of international initiatives on wildlife trafficking, including funding and training provisions under the Hanoi Statement. The UK government has also announced a proposed ban on the sale of modern day ivory (i.e. worked ivory produced after 1947).
136. H&CPC is an emerging threat. Whilst the scale of organised crime involvement in H&CPC requires greater understanding, convictions of crime group nominals engaged in theft of rhino horn and jade from museums in the UK (valued between GBP 18 and 57 million) indicate that it is a lucrative enterprise.

## Forward Look

137. UK law enforcement has responses in train to manage the broad OAC threat area and are continuing to work with domestic and international partners, including industry, to mitigate these threats.
138. It is likely that the upward trend in theft of motor vehicles will continue in 2017 and that vehicles will continue to be stolen for use as enablers of other criminal activity. It is also likely that electronic compromise methods will continue to be exploited, fuelled by the availability of related technology.
139. In line with the upward trend in ATM attacks, it is a realistic possibility that there will be increased levels in 2017, with gas attacks and 'removal from premises' methodologies continuing to pose risk to the public. Whilst levels of CViT offending are expected to further decline in line with current trends, it is likely that the enabling use of weapons will remain common.
140. Although metal theft continues to decline, it is a realistic possibility that price rises in lead and copper will lead to increased targeting of these metals in 2017.
141. Co-ordinated law enforcement and cross-government efforts will be required to meet commitments made by the UK in 2016, including through the Hanoi Statement and other initiatives.





# Threat Assessment CROSS-CUTTING VULNERABILITIES

## **In this section:**

- Borders
- Prisons and Lifetime Management

# Borders

## Key Judgements

- Corruption at the UK border remains a key vulnerability.
- Relative to other modes, the frequency of criminal exploitation of General Maritime (GM) is almost certainly low. However, the quantities of drugs and firearms able to be imported and the potential risk to life for individuals attempting to cross the channel in Rigid Hull Inflatable Boats (RHIBs), means that the impact is likely to be high.
- Crime groups use General Aviation (GA) to smuggle Class A drugs, including cocaine, heroin and MDMA, into the UK.

## Assessment of Threat

### Border Corruption

142. Corruption in source and transit countries increases the likelihood and volume of illicit goods and people reaching the UK and circumventing border controls. Containers and air passengers are the modes most susceptible to the facilitation of Class A drugs by corrupt workers.

### General Maritime

143. Relative to other modes, the frequency of criminal exploitation of GM is almost certainly low. However, the quantities of commodities, including drugs and firearms, able to be imported and the risk to life that can exist during people smuggling ventures mean that the impact is likely to be high.
144. Whilst the major GM-facilitated drugs threat to the UK is posed by yachts and commercial vessels, RHIBs and other inflatable craft have been used in the attempted smuggling of people into the UK from the near continent, almost certainly because they are inexpensive, relatively simple to use and do not require formal qualifications.

### General Aviation

145. Criminals do not limit their activity to specific types of aircraft when abusing general aviation. Pilots may use foreign-registered aircraft (outside the jurisdiction of the Civil Aviation Authority) or aircraft registered to trust companies or to third-party addresses that provide a level of anonymity.

### Document Abuse at the Border

146. Impersonation remains the most frequently encountered method of abuse on arrival. The second most detected method is the use of counterfeit documents.

## Forward Look

147. It is highly likely that the majority of small vessels used to smuggle people into the UK will continue to originate in France and land, or intend to land, in the south of England, specifically Sussex or Kent.
148. Irregular migrants and facilitators will continue to attempt entry from the near continent to the UK and it is highly likely that groups will begin to diversify and target

routes where they perceive law enforcement and immigration control scrutiny to be lower.

149. There is a realistic possibility that GA is being used by criminals to facilitate a number of other serious and organised crimes, including OIC, on a regular basis.
150. Crime groups will continue to use GM in an attempt to smuggle drugs into the UK, both from the near continent and from the Caribbean and South America.

# Prisons and Lifetime Management

## Key Judgements

- SOC offenders are significant contributors to the illicit economy that exists both in prison and affects the outside community. They draw other offenders into their activities in multiple ways that negatively affect the rehabilitation chances of all offenders.

## Assessment of Threat

151. The majority of SOC offenders have diverse crime portfolios that are not always taken into consideration during the charging and court processes and therefore not fully understand when they are in custody and/or while in the community on licence.
152. Principal or significant members of crime groups in particular are highly unlikely to be dissuaded from their intent to continue committing crime. SOC offenders who intend to continue offending mainly do so to protect and expand their criminal finances. We assess it is likely that a proportion are involved in the illicit economy in prisons to gain further profit. Other motivations for continued offending are less well understood. It is a realistic possibility that alternatives to SOC are less attractive when compared with the amount of money and excitement generated by their criminal lifestyle.
153. Child sexual exploitation and abuse (CSEA) offenders, part of a growing cohort of prisoners as a result of concentrated law enforcement action, are generally housed across the estate in both specialist establishments and wings. A key risk is the intention of those to continue to offend by expanding their network of co-offenders.
154. The manipulation and conditioning of staff and other prisoners is a key enabler for SOC offenders, including CSEA offenders. While the majority of prison staff are hardworking and honest a minority are targeted by offenders. Specific corrupt activities that continue to be seen include inappropriate relationships and smuggling of drugs and mobile phones.

## Forward Look

155. The Prison Safety and Reform white paper (November 2016) set out an extensive reform agenda. The primary purpose of this is to address the high rate of reoffending. Three key changes which will directly affect the capability of SOC offenders to continue to offend whilst in prison are the enhancement of the national and regional intelligence capability; implementation of a strategy to address staff corruption; and construction of new, and refurbishment of old prisons.
156. Proposed changes to prisons will include technical solutions to a range of vulnerabilities exploited by SOC offenders, for example blocking the use of mobile phones. These reforms are likely to disrupt the capability of SOC offenders to continue to offend. We assess it is a realistic possibility that these reforms will increasingly prevent non-SOC offenders from developing into SOC offenders. This is a complex area with multiple variables meaning that relatively minor changes can have significant impact on success and need considerable ongoing commitment to measure and address.



