



# National Crime Agency Annual Report and Accounts



# National Crime Agency

## Annual Report and Accounts

### 2018-19

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## Foreword by the Home Secretary

Serious and Organised Crime affects us all. It may seem far removed from some of our lives, yet it flourishes on the fringes of society.

It is the thief who clones your credit card or steals your identity. The abuser who grooms children online. The smuggler who brings weapons, or human beings, into this country. It is the drug trade that drives violence on our streets.

The National Crime Agency was established in 2013 with the aim of tackling the threat of serious and organised crime. Vitally, its remit extends across the United Kingdom and overseas, just like those criminal gangs that it seeks to root out.

It is clear that the threat from Serious and Organised Crime is increasing and evolving rapidly. In 2018, the NCA was aware of 4,542 organised crime groups operating in the UK, but by its nature, a large proportion of SOC activity remains hidden and unreported.

That is why, in May, the NCA published a National Strategic Assessment, which gives an authoritative, multi-agency view of the current state of the challenge. This will help the NCA and other agencies to develop a more flexible response. The threat from SOC comes in many forms, but these cannot be tackled piecemeal or in isolation. That is why a 'whole-system' approach – building capabilities across the whole of the NCA, partner law-enforcement agencies, and beyond – is a cornerstone of the 2018 SOC Strategy.

I am pleased to say that we are seeing significant successes as a result. This annual report is a snapshot of the last 12 months, and it records significant disruptions in priority areas such as Child Sexual Abuse and Exploitation, Modern

Slavery and Human Trafficking and Organised Immigration Crime, as well as those involved in the supply of illicit drugs and economic crime.

But there is a clear and reassuring ambition to do even better. Director General Lynne Owens has set out her determination to tackle those criminals who exploit the vulnerable, dominate communities, spread fear and violence, and undermine the economic integrity of the United Kingdom.

It is no small order. But in the NCA, the UK is lucky to have an agency that is an example to law enforcement in this country and across the world, with the authority, the capability, and the talent to successfully challenge serious and organised crime and protect our citizens.

**Rt Hon Sajid Javid MP**

# Part One

## Performance Report



**NCA**

National Crime Agency





## Statement by the Director General

Serious and organised crime is a chronic and corrosive threat. It affects every one of us in some way. The National Crime Agency leads the UK's fight to cut serious and organised crime and our Annual Report sets out a snapshot of the impressive activity we have undertaken this year, in conjunction with our partners at home and overseas.

Serious and organised crime affects more UK citizens, more often, than any other national security threat and leads to more deaths in the UK each year than all other national security threats combined. There are more than 4,500 organised criminal groups and over 181,000 people believed to be involved in serious and organised crime in the UK. The challenge we face is stark. We must work together, across the whole system to deliver a sustainably-funded, cohesive response at all levels, ensuring the right agencies have the right capabilities at the right time to deliver maximum impact.

The Serious and Organised Crime Strategy, published by the Government in November 2018, sets out how the UK will mobilise the full force of the state against this threat, aligning our collective efforts to target and disrupt serious and organised criminals. As an example, the multi-agency National Economic Crime Centre (NECC), established this year, is driving a whole-system response to illicit finance in the UK. Early operational successes are evident – the freezing of £3.6 million held in 95 bank accounts in a single case; and the uses of new powers such as Unexplained Wealth Orders are reported later in this document.

I remain immensely proud of the work of our officers in their determination to identify and disrupt high harm criminals and organised crime groups, diminishing their capability,

infrastructure and influence. In the five years since the start of 2014-15, NCA activity has led to: the safeguarding of over 10,000 children; the seizures of more than 2,700 firearms, 430 tonnes of cocaine and 19 tonnes of heroin; and £400m assets restrained.

As set out in this report, we continue to evolve and transform our Agency, to ensure we have the right capacity, structure and processes to tackle serious and organised crime. We are building new and advanced capabilities – for ourselves and for the whole system – that will meet the rapidly evolving serious and organised crime threats, deliver greater flexibility, and enhance operational effectiveness.

Last, but certainly not least, we are investing in our people – our most important asset – to provide them with the skills, careers and opportunities they deserve. We are recruiting at scale – over 500 people in 2018-19 – and putting in place measures to develop and retain the talent we need to tackle the threat – to pursue those offenders who pose the greatest risk and cause the greatest harm – now and in the future.

**Lynne Owens**



## Who we are and what we do

The National Crime Agency's mission is to protect the public by '*leading the UK's fight to cut serious and organised crime*'. It sits at the centre of the UK's response to this national security threat.

Serious and organised crime affects more UK citizens, more often, than any other national security threat. It has a daily impact on citizens, public services, businesses, institutions, national reputation and infrastructure. It is estimated to cost the UK at least £37 billion annually and this is increasing year on year. This figure is likely to be a significant underestimate, particularly in relation to areas such as fraud.

The financial cost of serious and organised crime does not by itself capture the harm caused to those affected. Serious and organised crime has a devastating and insidious effect on individuals and communities across the UK. Child sexual abuse and exploitation (CSAE), modern slavery, fraud and drugs affect not only those directly targeted by criminals, many of those victims being vulnerable, but also the communities where the crime groups operate and where victims live.

The threat is growing in both volume and complexity, impacting a broader range of victims and communities. We operate against the criminals who pose the greatest risk. We conduct significant intelligence operations and criminal investigations, pursuing and prosecuting the most serious criminals: those who exploit the vulnerable through CSAE, trafficking, servitude, fraud and other forms of abuse; those who dominate communities and chase profits in the criminal market place, through criminal reputation and/or the use of violence in the supply of drugs and firearms; and those who undermine the UK's economy, integrity, infrastructure and institutions through their criminality.

This report sets out how we have tackled those threats over the past year. It describes how we are improving the intelligence picture so that we better understand the scale and nature of the threats. This enables us to identify and pursue the highest harm individuals and groups.

We work with law enforcement partners and across all sectors to deliver a whole system response to serious and organised crime. Internationally, we use our footprint, reach and established collaboration with partners to secure the most effective upstream activity and tackle the threats before they reach the UK.

In this report we also explain some of the new capabilities we are building, such as the National Economic Crime Centre, the National Data Exploitation Capability and the National Assessments Centre. These capabilities will help us and our partners across the whole system to fight the ever-changing threat.

## How we are funded

The NCA is funded by Parliamentary Supply and is accountable to the Home Secretary for its performance. In common with other government departments, the future financing of the Agency's liabilities is to be met by future grants of Parliamentary Supply and the application of future income, both to be approved by Parliament.

In addition to Parliamentary Supply, the Agency receives additional funding from other sources. These include, but are not limited to: funding from some government departments for specific projects; additional money to enhance our ability to tackle specific crime types; and funding from national programmes, such as the National Cyber Security Programme.

## Going concern statement

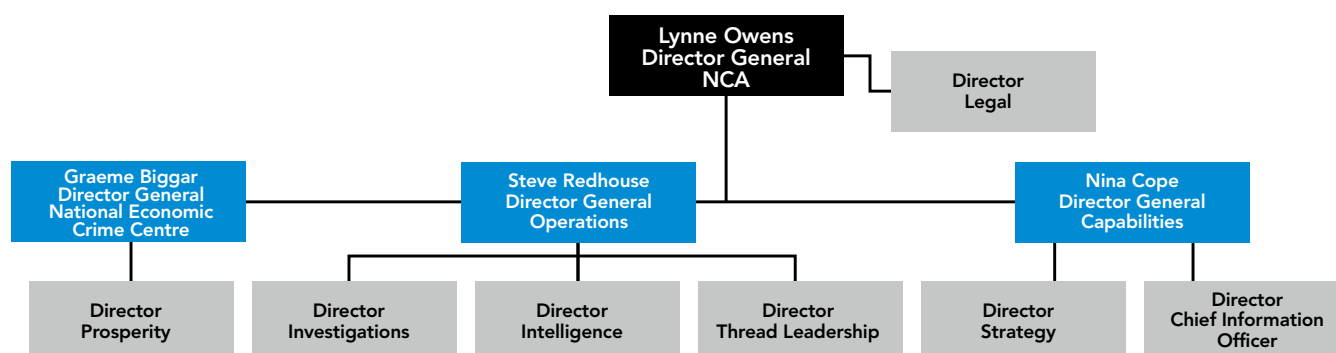
Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future.

The statement of financial position as at 31 March 2019 shows a net liability of £640m (2017-18: net liability £690m). This is largely due to a pensions' liability of £819m. This does not adversely impact the going concern status, as this liability is fully funded by Parliamentary Supply.

## Our structure

The Director General is the head of the NCA and the Agency's Accounting Officer. The Director General is accountable to the Home Secretary for Agency performance, and through the Home Secretary to Parliament. She is supported by the Director General, Operations; the Director General, Capabilities; and the Director General, National Economic Crime Centre. They in turn are supported by a team of Directors.

The diagram below shows our high-level organisational structure as at **31 March 2019**.<sup>1</sup>



## Our priorities

As set out in our Annual Plan for 2018-19, the Director General's operational priorities provide the focus for the activity of the Agency, underpinned by enabling functions which we deliver in line with our Five-Year Strategy. The Performance Analysis later in this document sets out how far we have achieved those priorities.

### Enhance the intelligence picture

1. To enhance the intelligence picture of existing and emerging serious and organised crime threats to the UK, using the intelligence to drive, lead and support the UK's response to serious and organised crime.

### Investigate and disrupt those serious and organised criminals who pose the greatest risk to the UK and communities

2. To operate proactively at the high end of high risk, undertaking significant investigations resulting in offenders being brought to justice through prosecution or, if that is not possible, disrupted using other means.
3. To lead, task, coordinate and support operational activity, proactively sharing intelligence, assets and capabilities with partners at local, regional, national and international levels. To prioritise the threats and allocate clear roles and responsibilities aligned with the 4Ps<sup>2</sup> of

the Serious and Organised Crime Strategy.

4. To tackle the highest risk criminal vulnerabilities and enablers that facilitate criminals' illegal activities which threaten our safety and security.

### Develop and deliver national specialist capabilities on behalf of UK law enforcement

5. To develop and maintain specialist serious and organised crime capabilities and services where this is best done nationally; enabling their availability where and when needed for the benefit of all UK law enforcement.

### Enhance our own capabilities

6. To equip our officers with the right skills, workplaces and technology to lead the UK's response to serious and organised crime. To have the trust and confidence of the public.

## Key issues and risks

### The scale and nature of the threat

The scale, severity and complexity of serious and organised crime are increasing at pace as set out in our National Strategic Assessment<sup>3</sup> of Serious and Organised Crime (NSA). Our assessment makes clear that the system in which we operate is evolving due to advances in technology, globalisation and changing demographics.

<sup>1</sup> Note that the structure presented above is as at the start of 2019-20 and does not therefore accord with the 'Description of Segments' in the Accounts, which were the basis for financial reporting over the course of 2018-19.

<sup>2</sup> Pursue, Prevent, Protect, Prepare.

<sup>3</sup> The NSA is produced by the NCA annually. It provides an overall assessment of the threats from serious and organised crime and is used by law enforcement to prioritise and target its response to those threats.

Serious and organised criminals are becoming more innovative and elusive. Advancing technology provides them with new and better ways to commit and conceal their crimes. Today's criminals can share indecent images of children, sell drugs, deliver lethal weapons, commit fraud or hack into national infrastructure from anywhere in the world. They communicate covertly with other criminals across the globe using encrypted services and they move their illicit finances online from one jurisdiction to another, including through the use of cryptocurrencies.<sup>4</sup>

We must invest to keep pace with criminals and invest even more to stay ahead. We are already investing heavily in transforming the Agency to ensure that we can fight serious and organised crime in the 21st century. Over the course of 2018-19 we have started to see some results of that investment. For example, we have introduced a new target operating model for the Agency. This sets out how we will work in the future and provides structural flexibility, so that we can adapt to evolving threats, prioritise action against the highest harm offenders, and capitalise on emerging opportunities.

Towards the end of 2018-19, work progressed with our law enforcement partners to better understand what capabilities we need across the whole system.

Not all capabilities can be shared however, and in order for us to function, we must invest in our own capabilities. Our largest investment this year – a short-term, additional settlement towards tackling Illicit Finance – will make a difference to our intelligence and investigation activities, but also to technology and tools transferrable to the other areas of serious and organised crime. Later in this report, we explain in more detail some of the changes we have made this year and the impact of these.

### Exit from the European Union

The UK's planned exit from the European Union (EU) on 31 March impacted on our planning, as we continued to prepare the Agency for all possible outcomes. The Agency's unit responsible for managing our relationships with Europol and INTERPOL, the UK International Crime Bureau (UKICB) has played a key role in leading the national law enforcement response. From

planning for our separation from European systems, tools and processes, to transitioning to an entirely new way of working, the UKICB took on responsibility for the conversion of records from EU systems to our planned contingencies. Over 13,000 EU INTERPOL notices, 33,000 EU INTERPOL diffusions<sup>5</sup> and 79,000 non-EU INTERPOL notices – all relating to wanted individuals – have been uploaded onto the Police National Computer ready to be actioned in the event of a no deal exit.

We refreshed guidance and established new procedures. We have contingencies in place to allow officers to run international investigations with European partners as smoothly as possible. The National Assessments Centre (NAC) has issued a number of intelligence requirements – with officers across our intelligence collection functions – providing reporting on EU exit impacts. Threat assessments, shared with UK and overseas partners, have helped us better understand the evolving threats and position ourselves appropriately, as well as informing Government planning.

We used our leadership role to explain to Government, the public and our European partners the impact of the loss of access to certain EU mechanisms, many of which we deliver on behalf of UK policing.

Our focus continues to be on ensuring continuity, for the Agency and law enforcement partners, of operations, both in NCA-led work and in the provision of non-EU contingency tools.

### The UK Border

The impending departure from the EU has continued to increase the focus on the security of the UK border. As a vital strategic asset, the UK border enables legitimate travellers and businesses to travel with minimal law enforcement interaction. But for individuals and goods that may cause harm to UK communities and our interests it is also a unique place for law enforcement to intervene.

As a result we work closely with Border Force and Immigration Enforcement to ensure a balance is struck between protecting the public and enhancing prosperity, whilst supporting ease of travel, and providing assurance that

<sup>4</sup> A cryptocurrency is a decentralised electronic digital cash system.

<sup>5</sup> Notices are circulated and available for action by all 194 INTERPOL member states. Diffusions allow member countries to target specific member countries or groups of member countries for circulation.

the UK border remains secure. To aid this work, we are working closely with the Future Borders Programme, a multi-agency cross-government approach looking to deliver a vision of an integrated, technology-enabled, secure and effective border for all its users. Within this report, there are examples of where we have safeguarded the UK and its communities and disrupted serious organised crime groups by seizing firearms, money (from the proceeds of crime) and drugs; safeguarded individuals from organised immigration crime and modern slavery and human trafficking and prevented corrupt officials and workers from facilitating criminal activity at the border. This covers all modes of transport across the border, including general aviation, general maritime, passengers, freight and fast parcels and post.

### **Establishment and skills**

We have worked hard to manage the in-year growth and attrition of our workforce. A comprehensive review of our end-to-end recruitment process has been undertaken to ensure that we are able to accelerate the on-boarding of as many new joiners as possible. Whilst there is more work to do, we have built up a sustainable momentum, meaning that we were able to bring in over 500 people in 2018-19. 230 of these joined in the last quarter – more than in any other quarter of the last two financial years. This has also meant we were able to exceed our target under the Government Apprenticeship Scheme by 215%.

### **Funding**

As we have consistently made clear, a sustained funding model for the system as a whole is essential if we are to keep pace with the fast changing nature of serious and organised crime. In view of current and future budget pressures, investment in enhanced capabilities at local, regional and national levels is essential. This will create consistency of approach, remove duplication and provide increased capacity across the whole system to respond to serious and organised crime threats. This report sets out some of the work we are doing to lead the Serious and Organised Crime Capability Strategy to deliver this.

The Government's investment of £42m in our capacity to tackle illicit finance in 2019-20 is welcome but, as a one-year budget settlement, can only be a start. Our National Capability Strategy co-authored with the Home Office and the National Police Chiefs' Council, is another building block, but will require further investment to ensure we and law enforcement partners can deliver on our combined ambition.

The 2019 Spending Review will provide us and our partners with a vital opportunity to build on the Government's investment in the serious and organised crime system – to enhance our ability to tackle serious and organised crime in all its forms.

## Overview

### Summary of 2018-19

The National Strategic Tasking and Coordination Group<sup>6</sup> (NSTCG) in March this year determined that based on the assessment of the threats over the course of 2018-19, there should be a more holistic approach to setting national priorities.

The NSTCG agreed that the focus should be on the identification and disruption of high harm or high impact criminals and organised crime groups, diminishing their capability, infrastructure and influence. In particular, those who:

- **Exploit the vulnerable** through CSAE, trafficking, servitude, fraud and other forms of abuse.
- **Dominate communities and chase profits in the criminal market place**, through criminal reputation and/or the use of violence in the supply of drugs and firearms.
- **Undermine the UK's economy, integrity, infrastructure and institutions** through their criminality.

**This Overview highlights some of our activity to tackle these three threat areas:**

#### **Those who Exploit the Vulnerable**

##### **Child Sexual Abuse and Exploitation (CSAE)**

Tackling CSAE is a priority for the NCA and UK law enforcement. There has been an increase in the scale, severity and complexity of online CSAE. In the year ending March 2018 there were nearly 114,000 UK-related industry referrals<sup>7</sup> of child sexual abuse material, compared with 82,000 in 2017. In a three-month period in 2018 UK law enforcement received around 1,900 reports of grooming across 12 online platforms. Our operational activity shows that high harm offenders are targeting younger children, including preverbal children and babies.

***A key member of one of Britain's worst ever CSAE gangs, which groomed a pregnant mother so they could attack her baby and film their abuse, was sentenced in December to 20 years' imprisonment.***

We have continued to highlight the presence of child sexual abuse material on industry platforms and systems. Industry should enforce and reinforce this at every level to raise the bar to potential offending.

***In December, a man was sentenced to eight years for running a child abuse forum and inciting children to livestream indecent images of themselves. He had targeted more than 100 children, promising money for 'private shows'.***

On average in the UK, through coordinated activity by the NCA and policing there are 400 arrests and 500 children safeguarded every month in connection with online CSAE offences. Our work underlines the need to ensure sentencing better reflects the scale and severity of offending especially online. We have persisted in making the case for a broader review of the consistency and parity of sentencing, particularly to ensure that more sexual offences against children are included within the scheme of offences whose sentences can be increased by the Court of Appeal following a referral from the Attorney General.<sup>8</sup>

<sup>6</sup> The NSTCG, chaired by the Director General of the NCA, provides strategic leadership to the national tasking and coordinating structure for serious and organised crime, drawing its membership from across law enforcement.

<sup>7</sup> Industry referrals are primarily received by the NCA when major US internet companies report the sharing of child exploitation material on their platforms/networks, as required under US federal law.

<sup>8</sup> Unduly Lenient Sentence reviews, at [www.gov.uk/ask-crown-court-sentence-review](http://www.gov.uk/ask-crown-court-sentence-review).



***A man who filmed himself raping a baby in a bid to join a private paedophile discussion group on an encrypted messaging platform was caught after the distinctive trainers he was wearing in one of the videos were found at his house. He was sentenced to 14 years' imprisonment. The judge commented that the 'breach of trust [had been in] the vilest possible manner'.***

Our focus on UK transnational child sex offenders (TCSO) continues, including through an overarching project that, in the last two years has resulted in 41 UK nationals being refused entry into countries assessed as high risk for the sexual abuse of children.



We continued to use specialist covert tactics to identify offenders and safeguard children, working with partners to target offending on the dark web.

***A man who filmed himself raping and abusing two toddlers was imprisoned for 22 years in March. He was identified after uploading a video to a dark web site. We used specialist victim identification skills to identify and arrest the offender and safeguard the victim.***

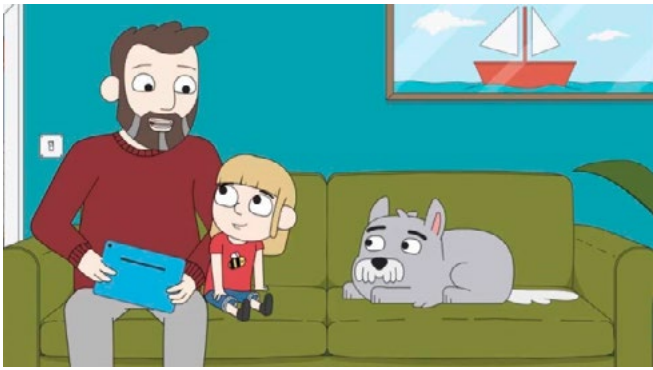
Our extra-territorial powers under the Sexual Offences Act 2003 have been used to pursue high harm offenders who pose the greatest risk to children wherever in the world they may be. British nationals and residents who travel abroad purposely to seek victims to sexually abuse and exploit, hoping that they will evade capture, have been brought to justice this year.

***A British man who used his power to rape and sexually abuse underage girls he met whilst on holiday in Kenya between January 2016 and February 2017 was sentenced to more than 18 years in prison in the UK in July<sup>9</sup> in an NCA investigation in collaboration with the Kenyan National Police. He had worked to achieve status and respect among local people by providing financial support to various families and helping the young girls with medical treatment and education.***

### Protecting children through education

19% of children aged three to four years and 43% aged five to seven have their own tablets, according to a recent Ofcom report. In March, we launched new education resources for parents, carers and teachers. *Jessie and Friends* is a fun, friendly and age-appropriate education resource based on a three-episode series of animations, to give very young children knowledge, skills and the confidence which will help them identify risk when they encounter it online and get help from a trusted adult when they need it.

<sup>9</sup> His arrest was reported in our 2017-18 Annual Report and Accounts.



In addition, we trained 587 NCA-CEOP (Child Exploitation and Online Protection Centre) ambassadors this year and 31,337 professionals were trained by our ambassadors in how to educate children to protect themselves against the threat of online CSAE.

### Organised Immigration Crime (OIC)

This year, through NCA-led investigations and joint working with partners, we continued to bring to justice people smugglers targeting the UK, whether they are operating in the UK or overseas.

The majority of clandestine attempts to enter the UK involve concealments in HGV and other motor vehicles from Calais, Zeebrugge or through the Eurotunnel. Migrants put themselves in the hands of criminals, who use different methods to transport them, often in difficult and dangerous conditions.

We have seen an increase in the numbers of criminals and migrants making attempts to cross the English Channel in small boats. These are high-risk smuggling methods, using vessels which are often not seaworthy, insufficient safety equipment and often piloted by unqualified sailors. Risk to life is high. Our response has been to prioritise the development of intelligence to target the criminals behind these extremely dangerous attempts. We continue actively to look for and pursue investigative leads in the UK and where there is evidence of UK-based criminality. Working with Immigration Enforcement, we have continued to investigate and arrest offenders, bringing them before UK courts. Co-operation with our French colleagues has led to the prevention of attempted crossings and the arrest and charge of suspected facilitators in France.

***A people smuggler was imprisoned in the UK for six years in July after he and eight migrants he brought across the Channel in a small open boat had to be rescued from stormy waters.***

Through Project INVIGOR, close partnerships with EU law enforcement agencies – and access to EU tools - have proved crucial in tackling high-risk people smuggling activity.

***Seven men, who were part of a crime group attempting to use small boats and a jet ski to smuggle migrants across the Channel, were sentenced to a total of 48 years and three months' imprisonment.***

INVIGOR is also engaged in capability building further upstream in source and transit countries across Eastern Europe, the Middle East and Africa to gather intelligence and target and disrupt organised crime groups operating along the whole route.



We also lead the People Smuggling Amplification Plans, designed to mobilise a whole of government response to the threat. We have also cultivated, trained and developed a growing network of law enforcement officers across European partner agencies to identify, investigate and disrupt the organised crime groups targeting potential clandestine migrants online.

### Modern Slavery and Human Trafficking (MSHT)

The number of referrals of potential victims of human trafficking to the Government's National Referral Mechanism increased again this year. In 2018 there were 6,993 cases – a 36% increase on 2017. UK nationals were the highest referred nationality for the second year in a row, the majority of whom were minors at the time of



referral. The total number of minors referred increased by 48% compared with 2017. This increase is assessed to be primarily as a result of referrals in respect of exploitation connected to county lines.

Deploying our full range of assets and niche capabilities, both in the UK and overseas, can deliver innovative and disruptive criminal justice outcomes. Using all the tools at our disposal, we are determined to pursue those who seek vulnerable victims to exploit for their own gain. This includes bringing cases against individuals based in the UK, but where the exploitation takes place overseas and where the victims have no UK connection.

***A British nurse headed up a criminal network that subjected vulnerable Nigerian women to voodoo rituals before trafficking them from Nigeria to Germany and forcing them into sex work. She was convicted of sex trafficking offences and imprisoned in June for 14 years. Five victims gave evidence via video link from Germany, explaining the horrendous conditions they endured. In September, the Court of Appeal increased her sentence to 18 years' imprisonment.***

Weeks of national intensification with partners under Project AIDANT this year targeted specific areas of MSHT. For example, a fortnight of activity in September, involving 37 police forces, Border Force and Immigration Enforcement targeted traffickers using adult services' websites to advertise victims of sexual exploitation. 91 potential victims were identified and safeguarded and 73 people were arrested by police and law enforcement across the UK.



***In July, we coordinated the UK element of a Europe-wide week of action against child trafficking, in which 64 potential victims, 30 of them children, were identified in the UK. 44 people were arrested in the UK, a further 41 elsewhere in Europe.***

***In November, members of a gang convicted of trafficking vulnerable people from Latvia received sentences totalling 33 years in an investigation by Derbyshire Constabulary, supported by the NCA. International co-operation was key to bringing them to justice. The NCA tactical advisor was instrumental in establishing a joint investigation team between Derbyshire Constabulary and the Latvian authorities. In an investigation of unparalleled size, nine Latvian nationals pleaded guilty to modern slavery offences in which 28 vulnerable men were recruited in Latvia to the UK on the promise of well-paid work and a better life. Working with our European partners is key to tackling the MSHT threat, safeguarding victims and improving the intelligence picture, in particular around trafficking routes to the UK.***

### ***Those who dominate communities and chase profits in the criminal market place***

We have targeted the most sophisticated and determined offenders who use the dark web to cover their tracks.

***In an NCA investigation, following a referral from the FBI, a convicted arsonist and drug dealer who tried to buy hand grenades on the dark web was arrested in the UK and imprisoned for life in August after attempting to acquire three "indiscriminately lethal" fragmentation grenades from an undercover FBI agent.***

Our focus on insider threats and corruption at the border resulted in further convictions this year. In a joint investigation with the Metropolitan Police and the French police, a corrupt UK border official was imprisoned for 23 years in the UK as a result of a plot to smuggle a significant haul of guns and drugs into the country in a case described by the trial judge as “a shocking breach of trust”. He was arrested by the French police having travelled from the UK to collect ten handguns, ammunition, 6kg of heroin and 28kg of cocaine in October 2017. Two accomplices received sentences of 20 and ten years’ imprisonment respectively.

### Use of NCA tasking powers

This year, the Director General of the NCA used her specific directed tasking powers<sup>10</sup> to issue two separate taskings (directions) to Chief Officers of all police forces in England and Wales. These were:

1. to improve their contribution to the national intelligence requirement around firearms; and
2. to implement a more consistent and prioritised intelligence and operational response in relation to county lines<sup>11</sup> drugs supply.

In terms of firearms, this has enhanced the intelligence picture and, as a result, our ability to identify risk. For county lines, the intelligence picture has greatly improved and the directed tasking has driven a renewed focus on an operational response.

### Firearms



The availability of firearms in the UK is relatively low compared with other European countries. Nevertheless, the significant majority of criminally-used firearms in 2018 could not be connected to previous offending, indicating a relatively fluid supply. Handguns, such as pistols and revolvers make up the largest category. We have continued our efforts, with partners, to disrupt the upstream supply of firearms into the UK. Suppressing the availability of these firearms is a crucial pillar in our response to serious violence and reduces the likelihood of terrorist acquisition of such weapons.

These are often smuggled in from overseas, with ferry ports such as Dover being a popular entry point for organised crime groups. Some handguns are also shipped to the UK in fast parcels, having been purchased from online firearms dealers based in mainland Europe.

The vast majority of criminal firearms discharges involve either handguns or shotguns.

***Two men were in the process of making around 120 weapons when their illegal gun factory in East Sussex was raided in August. They were convicted shortly after year end and received sentences totalling 29 years and six months for conspiring to sell lethal handguns destined for the criminal marketplace.***

Joint activity with 25 Regional Organised Crime Units (ROCUs) and coordinated by the Agency in November resulted in the seizure of over 60 firearms - including 46 handguns, five revolvers, two stun guns and a sub-machine gun; £2,000 cash; a kilogram of cannabis; eight valuable watches and two crossbows. Ten people were arrested in the nationwide operation.

### County Lines

Tackling county lines is a national law enforcement priority, and as mentioned above, was the subject of specific tasking by the Director General this year. Our 2018 County Lines Assessment found that there were more than 2,000 active county lines in the UK. In September, the National County Lines Coordination Centre (NCLCC) opened. It allows police forces to

<sup>10</sup> Under the NCA Framework Document which sets out the roles of the Home Office and the NCA, we are required to disclose any use by the NCA or UK law enforcement partners of the directed tasking and assistance powers in Part 1 of the Crime and Courts Act 2013.

<sup>11</sup> County lines is a term used when drugs gangs from cities expand their operations to smaller towns, often using violence to drive out local dealers and exploiting children and vulnerable people to sell drugs.

share intelligence and target gangs operating over a wide area. Since the NCLCC's launch, the intelligence picture around county lines has improved, as has law enforcement's understanding of the threat. We responded jointly with the National Police Chiefs' Council and forces across the country in periods of intensified activity to tackle this growing vulnerability.

Criminal gangs engaged in county lines activity seek to exploit children and vulnerable people to maximise their profits. County lines groups use high levels of violence to intimidate and control members of the group and associated victims. Some vulnerable individuals are trafficked into remote markets to work, or falsely imprisoned in their own homes, which are then taken over.



Two periods of intensified national action in October and January overseen by the NCLCC resulted in:

- 226 county lines disrupted;
- 1,470 people engaged for safeguarding;
- 942 cuckoo<sup>12</sup> addresses visited;
- 1,241 arrests;
- 90 referrals to the National Referral Mechanism;
- 221 weapons seized; and
- a large quantity of county lines-related Class A drugs recovered.

## Drugs

In August, figures published by the Office for National Statistics (ONS) confirmed that deaths relating to drugs misuse remained high. The purity of both heroin and cocaine at UK street level is also high and there is a resilient demand

market for these drugs. Significant seizures of cocaine continue to be made at the UK border and in transit to the UK.

***In an NCA-led case, our intelligence and investigative functions worked with Border Force and Devon and Cornwall police to bring to justice five men in March. They were involved in a plot to bring cocaine with an estimated street value of £112m to the UK from South America in a catamaran. They were sentenced to a total of 120 years. Cocaine weighing 1.4 tonnes was found in storage lockers in the vessel, apprehended off the Cornish coast by Border Force and escorted into the fishing port of Newlyn. Trial Judge Martin Picton said if the drugs had reached the UK streets they could have resulted in 'appalling social harm'.***



***A British petty criminal who became an international drugs kingpin was imprisoned for 22 years in January. The man, from Nottinghamshire, was arrested in Spain in 2015 for trafficking 1.3 tonnes of cocaine into Europe. We worked with the French and other international law enforcement agencies to identify the crime group and UK suspect. A judge-only trial in Paris heard he used corrupt officials in Venezuela and supplied several criminal gangs. The drugs - packed into 30 suitcases - were seized on a flight from South America to Paris in 2013.***

<sup>12</sup> To 'cuckoo' an address is to take over the property of a vulnerable individual.



Our ability to quickly share intelligence resulted in two significant class A seizures amounting to over three tonnes in the same month and allowed us to stop those drugs reaching the streets of the UK and mainland Europe, and prevent drugs money being returned to the organised crime group responsible for it. In the first of these we worked with the Spanish National Police, Air Force and Customs services to intercept a British flagged yacht carrying 1.85 tonnes of cocaine, around 200 miles off the Canary Islands on 20 June. The following day we worked with the Portuguese Judicial Police, Navy and Air Force to intercept a British Virgin Island yacht south of the Azores en route from the Caribbean. A deep search located around 1.4 tonnes of cocaine hidden in the structure of the vessel.

### **Those who undermine the UK's economy, integrity, infrastructure and institutions**

#### **Illicit Finance**

A priority for the Agency is to ensure we explore every opportunity to deny assets to those linked to illicit finance. By focusing on all aspects of illicit finance, we can impact on serious and organised criminals' ability to profit from their offending.

Our aim is to prevent misuse of the UK's financial structures which undermines the integrity of the UK's economy and institutions. New powers, such as unexplained wealth orders (UWO) and asset freezing orders (AFO) are valuable tools in the investigation of illicit finance flowing into the UK.

This year, using the new powers available under the Criminal Finances Act, we have frozen £29.5m using the account freezing powers and £2.6m using the listed asset powers. These figures are included in the data on page 24.

The National Economic Crime Centre (NECC) achieved initial operating capability in October 2018. The NECC is a collaborative, multi-agency centre that has been established to deliver a step change in the response to tackling economic crime. For the first time, the NECC brings together law enforcement agencies, government departments, regulatory bodies and the private sector with a shared objective of driving down serious and organised economic crime in the UK.

Working across partners, the NECC accesses the best intelligence and data, it provides specialist operational tools and capabilities drawn from all partner agencies. We are also expanding our

proactive use of intelligence and relationships within the private sector.

**Early activity coordinated by the NECC saw police and law enforcement agencies across the United Kingdom undertake a national day of action during which AFOs relating to 95 bank accounts were successfully applied for. The accounts, holding in excess of £3.6 million, were mainly held by overseas students studying in the UK. The accounts were identified by members of the financial sector as part of their anti-money laundering processes. One bank took a ground-breaking stance to cooperate on a wholesale, evidential basis from the outset, highlighting the power of the partnership between public and private sectors.**



Traditional asset denial routes are reactive, whereas the civil route, in particular the new powers in the Criminal Finances Act, enable us to take a threat-based, proactive disruptive route, targeting the assets directly either in parallel to, or in the absence of, a criminal investigation. This is of significant value when looking to disrupt the illicit finances associated with international corrupt elites as well as UK-based serious and organised criminals.

***In October, we used the new 'listed assets' provisions, introduced by the Criminal Finances Act 2017, to seize 40 items of jewellery with an estimated value in excess of £400,000. These items were seized in connection with an asset investigation in which the UK's first UWOs were obtained. In January, as part of the same investigation, these provisions were used to seize an 8.9 carat diamond ring with a retail value of £1.1 million. The complex investigation into the source of the funding used to purchase these assets is still ongoing.***

Our activity also includes a range of non-conviction based asset recovery interventions. Civil recovery investigators, working in close collaboration with law enforcement partners and financial institutions, recovered £2.25 million from a bank account used to launder the proceeds of a number of different types of fraud against members of the public.

In July, a civil recovery order was obtained under the Proceeds of Crime Act 2002 (PoCA) which recovered the funds and a claims' scheme implemented to reimburse victims whose stolen funds could be directly traced into the account.

We are using the innovative methods provided by Parliament to tackle cases where legitimate sources of wealth cannot be determined.

***Following a civil recovery investigation, linked to the laundering of the proceeds of drug trafficking in the West Midlands, we recovered property worth £6.9 million. The investigation established that family members and associates had been used as nominees by an OCG to hold property on their behalf. In addition to laundering the proceeds of drug trafficking, the group used forged documents and fictitious identities to hold these properties. Presented with the strength of evidence following a complex asset tracing exercise, an out of court settlement was agreed and 36 properties recovered.***



## Cybercrime

Cybercrime continues to grow in scale and complexity. This year we have seen an increasing blurring of boundaries between activities perpetrated by criminals and those by nation state actors. Through partnership with the National Cyber Security Centre (NCSC) and our law enforcement partners – both domestic and international - we have successfully managed to identify and investigate major incidents and act in deterrence of future attacks.

***In collaboration with UK partners we led the UK's operational response to the WannaCry attack which affected 43 NHS trusts and many other organisations worldwide. Working with Regional Organised Crime Units (ROCs), the NCSC, Europol, industry and international law enforcement partners, and as part of a criminal investigation, we collated and shared evidence with the US authorities to support indictments against North Korean offenders.***

We have used this and subsequent incidents as a learning opportunity to refine the law enforcement response and interoperability with the NCSC and our partners. This year we participated in a joint cyber exercise with NCSC, testing the UK's response to a national cyber emergency.

In 2018-19 our cyber triage and coordination team received and managed 1,021 incidents, an average of 85 incidents a month. These include high profile large scale attacks – such as WannaCry, distributed denial of service (DDoS) incidents, and data breaches - to assess threats,

support our domestic and international partners, and ultimately protect the public.

We continued to lead cybercrime PREVENT work across the UK, aimed at individuals who may be on a pathway to conducting cybercrime. For example in June, officers from Regional Cyber Crime Units carried out arrests and Prevent activities. Seven warrants were executed against offenders, each of whom had amassed over 1,000 offences under the Computer Misuse Act.

***In early 2019 we conducted live operations against users of the DDoS marketplace webstresser.org, with 400 UK users targeted. A website blamed for launching more than four million cyber-attacks around the world, including attempts to crash banks in the UK, was taken down in a major international investigation by the NCA and Dutch National Police.***



Through National Cyber Security Programme funding, we have developed a range of specialist capabilities to deploy against high-level online threats. As well as using these capabilities to counter cybercrime, we also operate against the full range of online threats. This work is additionally paralleled by cyber PROTECT activity, working in partnership with ROCUs and local law enforcement agencies to identify and notify possible victims of cybercrime, to support them taking mitigating action. This year we supported the identification and risk mitigation of over 64 million of online credentials<sup>13</sup>.

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<sup>13</sup> A credential is any identifier, such as an email address or user name that is suitable for further lines of inquiry.

## Other significant activity in 2018-19

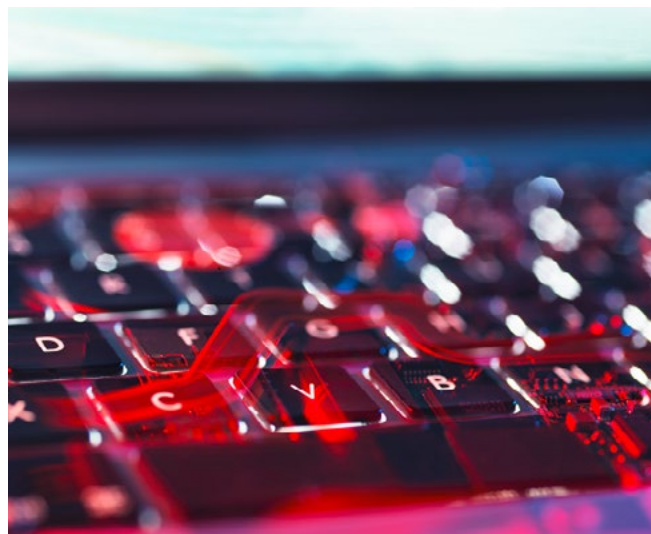
The Serious and Organised Crime Strategy, published by the Government in November 2018, sets out how the UK will mobilise the full force of the state, aligning our collective efforts to target and disrupt serious and organised criminals.

In 2019/20 the total NCA funding to deliver the enhanced illicit finance capabilities needed to counter the threats will be £55m. This is made up of both internal funding; and external funding from the Home Office and other Government departments. In addition, we will receive £7.6m external funding to tackle CSAE. These national capabilities are:

- A National Economic Crime Centre – NECC.
- A National Data Exploitation Capability – NDEC.
- A National Assessments Centre – NAC.
- An uplift in the skilled investigative and intelligence resource available nationally, regionally and locally.
- An uplift in enabling capabilities, such as HR, legal, finance and estates.

In October, the National Economic Crime Centre was launched. This is a collaborative initiative with partners. It has already seen its first major operational success. More information can be found later in this report.

This year our focus has been on building an NDEC initial operating capability from existing NCA infrastructure, which allows us to focus on early delivery of benefits to the system. The aim is to resolve our data challenges through a significant improvement to access and exploitation of data holdings. This will enable us and trusted partners to improve our understanding of the changing threat landscape of serious and organised crime and to more effectively resource and prioritise activities to tackle those operating at the high end of high risk. The NDEC will transform our data acquisition, exploitation and visualisation capabilities. It will allow us to see criminal activity which we currently do not and identify trends earlier.



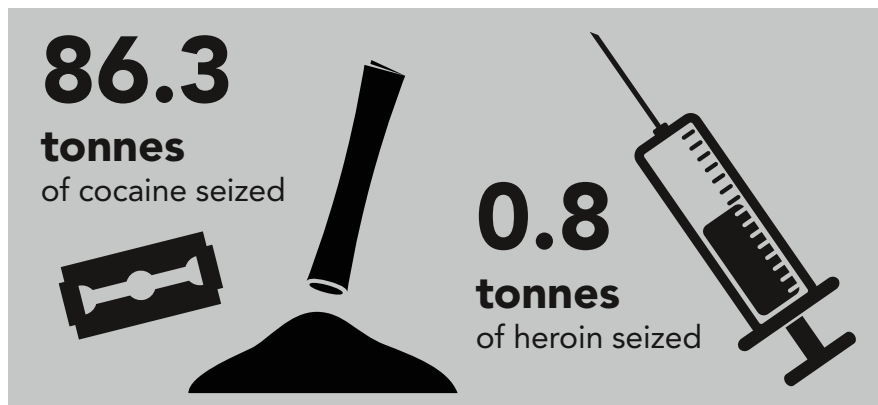
The NAC will bring together intelligence from across policing, law enforcement, the intelligence agencies and industry to provide a single authoritative view of the threat. It will look beyond what is currently known to anticipate new strategic themes and developments.

The NAC is currently in development to reach full capacity by 2020-21. This year we successfully recruited over 30 new staff to expand NAC capacity to produce strategic assessed reporting on serious and organised crime. The NAC produced and published 78 formal assessments, including the NSA.

Success in delivering these capabilities will mean we have significantly raised the risk of operating for the highest harm criminals within the UK, and overseas, online and offline. New data and intelligence capabilities will have penetrated and disrupted these individuals in new ways, denying them their assets and money, dismantling their networks and breaking their business model.

We continue to work closely with the Home Office and other partners to mature the national serious and organised crime performance framework.





14 In 2017-18 we made changes to the way we record NCA data outputs overseas. This means that it is not possible to make a direct comparison between the respective data for 2017-18 and 2018-19 in respect of drugs and gun seizures.

# Performance Analysis

## Progress against priorities

This section considers our performance over the year specifically against the priorities set out in our published Annual Plan for 2018-19 and on page 11 of this report.

We regularly assess our performance against our priorities and report this quarterly to the NCA Board and the Home Secretary. The Home Secretary holds regular meetings with the Director General and receives a weekly letter on current high-level operational activity.

## Intelligence – Operational Priority 1

To enhance the intelligence picture of existing and emerging serious and organised crime threats to the UK, using the intelligence to drive, lead and support the UK's response to serious and organised crime.

We continue to improve the intelligence picture of the serious and organised crime threats, drawing intelligence from UK law enforcement, government departments, the intelligence community and the private and voluntary sectors, to set out the scale and nature of each of the threats. Through national tasking mechanisms, we ensure that the overall response to the threats is delivered at the right level and by the right agency or partner.

Work to understand modern slavery and human trafficking continues, underpinned by NCA-coordinated weeks of action that have tackled a range of major related issues. Each intensification period has led to improved intelligence collection, guiding further activity and increasing coverage of crimes including child exploitation, forced criminality and sexual exploitation. Analysis of the OCGs involved in modern slavery has uncovered varying levels of sophistication, each presenting new vectors for law enforcement disruption: for instance, the most able groups can be disrupted by combating their poly-criminality, whilst the activity of less able can be mitigated by identifying and tackling the enablers and facilitators often shared between OCGs. Assessment has also helped identify key source countries for victims of trafficking, better enabling government to target upstream interventions

in collaboration with other jurisdictions. Finally, significant progress has been made to understand offender money flows linked to human trafficking, offering us an opportunity to deprive offenders of the key motivator behind this crime: their profits.



Our improved understanding of the Online CSAE threat shows that the scale, severity, and complexity of the threat is increasing. Offending is taking place on the open web and the dark web, and the use of anonymisation, encryption and destruction tools is becoming standard. This year we have used this increased understanding of CSAE offending on the dark web to drive operational activity in the UK and overseas.

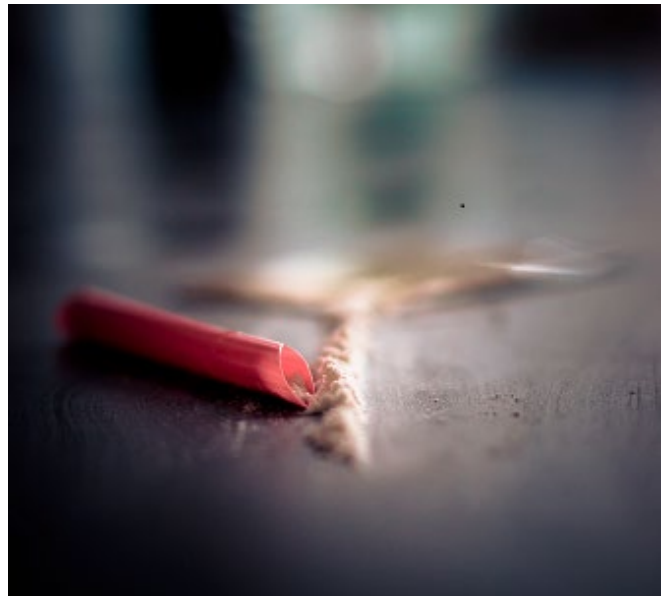
Organised immigration crime continues to be a priority for intelligence analysis and assessment. The past year has seen better coverage of key modes of entry, identifying the increased use of higher-risk methods, and shifts in the upstream routes offenders use to move irregular migrants towards the UK. Since October, growth in general maritime attempts to enter the UK across the English Channel has been met by robust analysis enabling us to focus our efforts on targeting the more sophisticated offenders, who pose the greatest and most sustained threat to the country. Close collaboration with Border Force and Immigration Enforcement has meant our intelligence collection, and subsequent assessment, is more comprehensive than ever before, allowing us to identify areas where 'protect' and 'prevention' initiatives can be implemented and to flex resource to mitigate an adaptable offender base.

Our understanding of the firearms threat has significantly developed this year. Through detailed intelligence work, we have identified a number of overseas suppliers of firearms

being used by UK criminals. This was prompted by collaborative work with Border Force, the National Ballistics Intelligence Service (NABIS) and police forces identifying these firearms as presenting a significant criminal risk. This project led to a coordinated operational response in the UK which removed a large number of guns from circulation. In parallel we have worked with countries in Europe to disrupt supply routes. This has allowed us to understand the methods that criminals are using to import guns into the UK and to work with UK Border Force to improve our targeting work as a result.

Much serious and organised crime impacting on the UK has an international dimension. OCGs exploit the UK border to move victims of crime and criminal commodities such as drugs; firearms; and the proceeds of crime into and out of the UK. In partnership with other agencies, we are developing our understanding both of established and new methods used by organised crime to compromise the UK border. Collaborative working with partners to define operating priorities, intelligence and information sharing; and targeted joint activity underpin our approach. Tasked assessments undertaken in partnership have improved our understanding of the methods used by established OCGs to exploit vulnerabilities at the border – the routes of travel OCGs use; the modes of transport they use; and the methods employed to avoid border controls. A further assessment has focused on how corruption by OCGs of public and private sector workers at the border enables criminal business. This assessment in particular has been used to drive policy and process change amongst agencies operating at the border. The focus though is not solely on criminal smuggling into the UK, with intelligence pointing to a growing trend for the export of criminal cash abroad.

Our understanding of the cybercrime threat has improved this year, particularly in relation to multi-functional modular malware, ransomware and delivery mechanisms. Subsequently we have been able to assess that the elite threat actors behind the malware are fewer and likely more interconnected than we previously thought, in some instances partaking in each other's affiliate programmes. We are using our increased understanding to identify more targets for disruption. Nevertheless, intelligence gaps remain regarding the real world identities of some online actors and around the crossovers between cybercrime and hostile state activity.



Since the introduction of the National County Lines Coordination Centre (NCLCC) and the associated reporting mechanisms such as the County Lines Intelligence Collection Matrix (CLICM) our knowledge of the nature and scale of the County Lines threat has increased significantly as evidenced in the 2018 County Lines Assessment. The data has been used to identify high harm lines and ensure that they all had a meaningful strategy in place to mitigate the associated risks. Another area where we have used our increased knowledge to drive additional activity is through the introduction of county lines intensification weeks. These have led to a significant number of lines being disrupted, hundreds of arrests, people safeguarded and drugs and weapons being removed from the streets.

The National Targeting Centre (NTC) began operating in October. Its mission is to identify and target those operating at the high end of high risk in serious and organised crime, posing the greatest threat to the UK and its communities. The NTC brings together the community of intelligence officers and analysts in the NCA into a single place. This has enabled the roll-out of professionalisation programmes to develop its officers so that they are leaders in the field of intelligence and confident in the analysis and exploitation of multiple sources. The development of the NTC will drive improved opportunities to disrupt serious and organised crime through NCA or partner-led responses. The establishment of the NTC represents an early, but important step towards our transformation and development of the Intelligence Operating Model.

## Response – Operational Priorities 2, 3 and 4

2. *To operate proactively at the high end of high risk, undertaking significant investigations resulting in offenders being brought to justice through prosecution or, if that is not possible, disrupted using other means.*
3. *To lead, task, coordinate and support operational activity, proactively sharing intelligence, assets and capabilities with partners at local, regional, national and international levels. To prioritise the threats and allocate clear roles and responsibilities aligned with the 4Ps of the Serious and Organised Crime Strategy.*
4. *To tackle the highest risk criminal vulnerabilities and enablers that facilitate criminals' illegal activities which threaten our safety and security.*

The Overview section of this report contains many examples of how we have continued to target those criminals at the high end of high risk. We have also led and coordinated operational activity across all threats and worked with partners nationally and internationally to tackle them.

We continue to examine our performance on the volume of disruptive activity against serious and organised crime. We achieved 1,822 disruptions of crime groups in 2018-19, a similar figure to the previous 12 months and a significant increase in comparison to the preceding three performance years. Many of these disruptions involved arrests; our work resulted in 744 made in UK and 634 made overseas. The figures on page 24 provide a summary of the real-world outputs of our work on the operational priorities.

In addition to these core disruptions, we have provided direct support to police forces. This includes 809 instances of providing front-line policing with information, advice and support in relation to major crime and 1689 occasions in which our Serious Crime Analysis Section supported serious stranger sexual offence and murder investigations. See the 'Capabilities – Operational Priority 5' for more information.

We have also led and coordinated operational activity across all threats and worked with partners nationally and internationally to tackle them.

We are increasingly targeting those who operate at the high end of high risk – this is borne out by an increase in average sentence length in NCA cases, from around five and a half to six and a half years. Those who operate at the higher end of high harm are often more sophisticated criminals, usually involved in complex criminality, harder to catch because of the techniques they employ and resources they have available. Our investigations are increasingly complex and with a growing digital dimension – it can take years to identify high harm offenders operating for example through the Dark Web, using encryption technology and multiple fake online identities among other sophisticated techniques. In addition, our cases have an increased element of exploitation and vulnerability.

Our role in leading, coordinating and supporting the whole SOC system and providing specialist support and capabilities to law enforcement in the UK and overseas, enables a much wider and more significant impact on serious and organised crime than the NCA alone can have.

The Organised Crime Partnership (OCP) is a joint initiative between the NCA and the Metropolitan Police Service which targets criminal threats affecting the London area. Greater than the sum of its parts, it provides a flexible, readily deployable cadre of officers. The success of the OCP model was borne out by the creation of a similar partnership with Police Scotland this year – more information can be found in the section on Scotland.

Specific successes within the Metropolitan Police area this year included:

- *Two men were each sentenced to just over eight years imprisonment for supplying heroin with a street value estimated at £1m, following an investigation by the OCP.*
- *A 28-year-old Rainham gunrunner and drug smuggler for a London cartel was sentenced to 17 years and six months' imprisonment in August after pleading guilty to conspiracy to supply class A drugs and a firearm. He was arrested in France on January 9 following a 16-month surveillance operation.*

### Investigations of National Significance

#### Operation STOVEWOOD

Operation STOVEWOOD is a high priority criminal investigation undertaken by the



Agency into non-familial CSAE in Rotherham, South Yorkshire between 1997 and 2013. It is a significant operation – at year end there were 21 sub-operations under the STOVEWOOD umbrella.

The priorities for Operation STOVEWOOD are: to deliver a victim-focused investigation, working appropriately with other agencies to provide the best possible support and advice for individuals; to identify and bring all offenders to justice, prioritising those who may still be active in Rotherham or elsewhere today and those who have caused most harm in the past; and to work with local partners and communities to rebuild public confidence in agencies.

Under STOVEWOOD we delivered significant criminal justice outcomes this year, sending a clear message to the many victims that they will be listened to and their allegations will be investigated. For example:

- *In November, six men received sentences of between 10 and 23 years' imprisonment after being convicted at Sheffield Crown Court of sexually exploiting young girls in Rotherham. The men subjected the five girls to "degrading and violent" acts using drink, drugs and the "excitement of friendship" to lure them in. The trial heard one girl had been sexually abused by "at least 100 Asian men" by the time she was 16, while another described being passed around. The girls were abused in locations across Rotherham and, during the trial, the court heard that the men befriended the girls, with some leading them to believe they were their boyfriends, before passing them around to be sexually abused by multiple offenders. A seventh man was also found guilty of two counts of rape, to be sentenced at a later date.*
- *A taxi driver who targeted and groomed a vulnerable teenage girl living in a care home before sexually abusing her was jailed in October for nine years after being convicted of three counts of sexual activity with a child. The offences against the girl, who was 15 when the abuse first started, took place between 2004 and 2007.*
- *In April, a sentence of 25 years was handed to a prolific child sex offender, found guilty of 17 child sexual abuse offences, including rape, occasioning actual bodily harm and threats to kill.*

## Operation PALLIAL

Operation PALLIAL is an ongoing investigation into allegations of abuse in the care system in North Wales. This operation has been running for over six years, following a referral from North Wales Police. The number of people convicted under PALLIAL reached 12 this year.

- *In September, a man who was a child in care at the time of the offences, pleaded guilty at Mold Crown Court to two offences of indecent assault and one offence of buggery against a complainant who was a younger child in care. His sentence of three years and six months' imprisonment, was increased by the Court Of Appeal in January to five years ten months' imprisonment, with an additional three years on licence.*
- *In March, a former deputy head of Little Acton children's home, Wrexham and latterly a social worker in the Colwyn Bay area was convicted, following a four day trial, of ten sexual offences against two children in his care. The complaints took place between 1975 and 1978. Both complainants expressed their relief at finally being believed having made the allegations in the early 1990s. He was sentenced to nine years' imprisonment and is the twelfth person to be convicted under Operation PALLIAL.*

## Scotland

In Scotland, we work in partnership with Police Scotland, other law enforcement agencies, and public, private and third sector partners, to deliver the objectives of Scotland's Serious Organised Crime Strategy. We have contributed to the work of the Scottish Serious Organised Crime Taskforce and the production of the Scottish Multi-Agency Strategic Threat Assessment.

The launch in September of the Organised Crime Partnership (OCP) between the NCA and the Police Service of Scotland (PSoS) marked a step change in the partnership. A new joint proactive investigative team formed of officers from the NCA and PSoS started work in September at the Scottish Crime Campus. The mix of investigators and operational support works on threats that are priorities of both organisations.

The OCP builds on the already strong relationship between the two organisations to increase

collaboration to identify and investigate individuals involved in a range of organised crime offences in Scotland, and ensure they are brought to justice.

In the seven months to the end of March, OCP investigations led to:

- The arrests of 20 individuals;
- The recovery of 64 kg of Class A drugs; a Section 1 firearm and ammunition, nine front venting blank (FVB) firing handguns, three stun guns; and
- The seizure of £14,405 cash.

Other cases in Scotland this year:

- *In January, an Edinburgh man was sentenced to five years' imprisonment for importing a Glock semi-automatic handgun and ammunition from the United States in the first major success for the OCP.*
- *In April a missing person enquiry developed into a murder investigation which requested specialist support in relation to policy, strategy and specialist search. The case was solved, resulting in a life sentence for the perpetrator and the subsequent recovery of the body.*

## Northern Ireland

In Northern Ireland we have continued our engagement with the Organised Crime Task Force Stakeholder Group, Strategy Group and subgroups. We have also contributed to delivery of the Northern Ireland Organised Crime Strategy objectives.

We work in partnership with the Police Service of Northern Ireland (PSNI) and Her Majesty's Revenue and Customs (HMRC) as part of Paramilitary Crime Task Force (PCTF), with the aim of tackling organised crime linked to paramilitary activity. Our focus within the PCTF is on activity which delivers the best result in terms of harm reduction, disruption and dislocation. More specifically, the NCA's unique ability in Northern Ireland to pursue Civil Recovery and Tax interventions under PoCA targets the proceeds of crime where the criminal process is unable to do so, as part of a collaborative law enforcement response to the activities of paramilitary groups in Northern Ireland.

Operational activity led by the NCA under the PCTF this year included:

- *In April, a civil recovery investigation related to an alleged senior member of the paramilitary group 'Action Against Drugs' resulted in the recovery of a four bedroomed property in Newtownabbey under PoCA. This property has since been sold by the NCA.*
- *In June, four search warrants were executed on four properties in the Carrickfergus, Ballycarry and Larne Areas of Antrim associated with senior members of the South East Antrim Ulster Defence Association with a view to identifying and recovering property which may have been funded through the proceeds of crime. The investigations relating to these searches are ongoing.*
- *In February, the three-bedroomed Carrickfergus home of an alleged senior member of a paramilitary group was recovered under PoCA.*

Two long-running joint operations with the PSNI to tackle online CSAE drew to a conclusion this year. In Operation JARRA, a total of 25 offenders were convicted, with custodial sentences amounting to 15 years and eight months. Probation orders totalling 35 years and six months were also imposed.

In Operation FLUTY, 19 people were charged with offences related to the making, possession and distribution of indecent images of children. During the investigation, further serious sexual offences were revealed against some of the subjects, and additional charges brought, including voyeurism; possession of a paedophile manual (only the second time a person has been charged with this offence in Northern Ireland); and engaging in sexual activity with a child. In total, 30 children were safeguarded.

Also this year:

- *In November an investigation was instigated which related to a series of serious sexual offences within a sports club environment. Specialist advice in relation to interview, safeguarding and major lines of enquiry supported the investigation team who charged a male with 28 offences over a 30-year period.*
- *Support is being provided to the PSNI investigation into the widespread and high impact assaults on mental health patients at Muckamore hospital. NCA teams have*

*worked closely with PSNI to support and advise with regard to investigation policy, strategy, resourcing and to provide specific specialist advice regarding the management and disclosure of more than 98 terabytes of data across over 300 alleged incidents of assault and ill treatment, involving numerous members of nursing and care staff.*

## Capabilities – Operational Priority 5

*To develop and maintain specialist serious and organised crime capabilities and services where this is best done nationally; enabling their availability where and when needed for the benefit of all UK law enforcement.*

Following the National Security Capabilities Review, the NCA was commissioned to develop a programme focused on the fight against Illicit Finance. The Home Office has agreed funding of £42.2m in the NCA for 2019-20. This will see the further development of the National Economic Crime Centre (NECC), the establishment of the National Data Exploitation Capability (NDEC), the National Assessments Centre (NAC) and an uplift to Investigations and Intelligence capabilities to tackle illicit finance.



The NECC is responsible for ensuring the UK leaves no safe space for those who commit and facilitate economic crime. It is the collective UK voice for economic crime; it plans and prioritises the multi-agency response and brings the full force of partner agencies to secure coordinated criminal, civil and regulatory action. As the Overview section of this report demonstrates, multi-agency working in the NECC adds value by securing a better prioritised, quicker and much more effective response to illicit finance – for

the benefit of the public, businesses and the UK economy.

The established Joint Money Laundering Intelligence Taskforce (JMLIT) is an integral function of the NECC, and which reflects the important role of the private sector in tackling serious and organised economic crime. The JMLIT has provided a strong base for the NECC to deepen the partnership across the financial sector in sharing and exchanging tactical and strategic intelligence in response to economic crime.

This year the JMLIT supported over 140 investigations, providing highly significant intelligence to partners throughout UK law enforcement across a range of serious and organised economic crime threats.

***Information received from partners in the private sector led to the identification of the whereabouts of a British woman wanted in the UK for the online sexual abuse of a baby girl and boy of four. The woman was subsequently arrested by authorities in the north of Cyprus and the children were safeguarded.***

The NCA hosts the UK Financial Intelligence Unit (UKFIU) on behalf of the whole law enforcement system. This year the Financial Action Taskforce (FATF) carried out an inspection of the UK Anti-Money Laundering and Counter-Terrorist Finance system. FATF awarded the UK an 'excellent' rating in its Mutual Evaluation Report, which recognised the high quality of the money laundering and asset denial investigations delivered by the NCA and its partners.

FATF praised the innovative approaches we take to maximise our use of financial intelligence including intelligence sharing with the private sector through the Joint Money Laundering Intelligence Taskforce.

The reporting sector generates nearly 500,000 Suspicious Activity Reports (SARs) annually that are made accessible to a significant network of end users leading to extensive use of financial intelligence across law enforcement. We were pleased the report acknowledged that this approach results in significant operational benefits. The report made a number of recommendations relating to the UKFIU, which are being addressed via a Home Office-led SARs



Reform Programme and through an increase in UKFIU staffing.



The UKFIU received 478,439 SARs; 34,525 of these were requests for a defence against money laundering (DAML) submitted under PoCA or the Terrorism Act (TACT). This year the UKFIU identified and fast-tracked 3,735 SARs relating to potential vulnerable persons<sup>15</sup>.

***An individual was arrested and subsequently received a prison sentence for drug offences and breach of a Serious Crime Prevention Order (SCPO) following work by the UKFIU. The UKFIU identified SARs relating to him and sent these onto the team responsible for his lifetime monitoring. This enabled the subject to be arrested and his involvement in large scale drugs production to be identified. He also received an additional SCPO from his date of release. The UKFIU was crucial to the ongoing monitoring of the individual.***

From 1 April 2019, the NCA will lead the UK Protected Persons Service (UKPPS). Work this year saw the transfer of responsibility from the Regional Organised Crime Units (ROCU) to the Agency, as we finalised the necessary arrangements to deliver, from day one, an integrated national unit under NCA management<sup>16</sup>. The UKPPS provides authorised protection to individuals judged to be at risk of serious harm. It also delivers specialist protection measures using both traditional methods and covert capabilities on behalf of UK law enforcement as a whole.

### Specialist capabilities and functions

We have developed specialist technical capabilities and maintain specialist assets that

we share and deploy in support of partners' operational activity. In the last year, approximately 20% of specialist technical deployments were in support of partners. We also provide national capability leadership to the UK's technical surveillance community, in support of the National Police Chiefs' Council Specialist Capability Programme.

We also provide national leadership to the UK's technical surveillance community. This year we have:

- established a networked operating model, better connecting national, regional and local delivery and ensuring improved access to up to date technology;
- provided more collaboration in procurement, leading to reduced costs through collective purchasing arrangements and reduced duplication;
- standardised collaborative working, offering greater resilience and reducing abstractions;
- developed regional line management facilitating more effective governance and increasing confidence levels around the provision of services; and
- developed national standards to improve interoperability and increase effectiveness.

Our Anti-Kidnap and Extortion Unit (AKEU) primarily deals with: criminal kidnap (for ransom); blackmail (including sextortion<sup>17</sup>); and product contamination. Sextortion is an international, organised crime that is increasing. The risk to victims is judged to extend beyond initial exploitation and financial loss, and includes reputational damage, suicide and self-harm and potential re-victimisation.

Most of AKEU activity involves supporting and providing tactical advice to partners, such as local forces, the Foreign Office, Europol, Interpol and the United Nations, but the AKEU also leads investigations, coordinating the law enforcement response to crimes in action, often involving multiple agencies and teams, responding in a tight timeframe with life threatening consequences.

<sup>15</sup> These figures are subject to validation. There may therefore be slight changes to the end of year figures cited in the SARs Annual Report 2019, published later in the year.

<sup>16</sup> The Metropolitan Police Service is aligned to, but not part of, the UKPPS. This also excludes Scotland and Northern Ireland.

<sup>17</sup> Sextortion is the common name for Sexual Extortion - a form of both blackmail and on-line sexual exploitation.

This year the AKEU handled 497 reports of kidnap; 812 referrals of blackmail; 2,876 cases of sextortion and nine cases of product contamination on behalf of UK law enforcement. In addition, the AKEU has a dedicated international liaison officer permanently deployed overseas. This has resulted in enhanced kidnap response capabilities and coordination with host nations across a number of 'hot spot' countries in the region.

The AKEU continued to build capacity overseas, for example through the delivery of:

- a one-week intensive training course to senior officers from state services, including the police, Gendarmerie and the military in Bamako, Mali;
- two kidnap management courses to 53 representatives from Pakistan law enforcement and intelligence communities; and
- training to a NATO Security team in the response to reports of kidnap, extortion or product contamination, which may impact on NATO staff.

Our Serious Crime Analysis Section (SCAS) holds the national remit to support serious stranger sexual offence and murder investigations. This year, it dealt with 2,404 new cases and saw the completion of 1,689 cases.

***SCAS used comparative case analysis to link a registered sex offender, who had already been convicted of two stranger rapes, to an offence of attempted rape. He was convicted of the new offence and sentenced to nine years' imprisonment. His name will remain on the sex offenders' register indefinitely.***

Major Crime Investigative Support (MCIS) provides front line policing with information, advice and support in relation to major crime and vulnerable and intimidated witnesses. It received 10,233 new enquiries this year, 1,059 of those related to murder and rape investigations. MCIS deployed NCA officers to police forces on 809 occasions.

***In December, officers attended a house as part of a search for a missing female. After forcing entry, police discovered there had been a double murder. As a result of the support from the NCA, the suspect was identified; however, he was also deceased. The case was referred to the Coroner.***

Our Expert Evidence Team (EET) provides expert evidence advice and support to the NCA and partners in relation to drugs and firearms investigations. The EET managed 215 requests for expert evidence this year.

***EET supported an Organised Crime Partnership investigation into the supply and distribution of large amounts of cocaine and firearms to organised criminals in London. The EET's drugs and firearms experts completed complex and lengthy expert evidence statements, specifically around the interpretation of coded language, used in communication between members of the OCG, to refer to drugs and firearms trafficking. The head of the OCG pleaded guilty and received a sentence of 17 years and six months.***

The UK Missing Persons Unit (MPU) provides a national and international centre of expertise in missing and found persons. This year, the MPU was notified of 18,052 missing person and 110 unidentified cases, providing 3,680 instances of support and directly assisting with resolving 81 cases. 58 of these related to international parental child abduction cases where the child had been brought to the UK. The MPU also manages the Child Rescue Alert system on behalf of UK Policing. Of 41 calls, 19 resulted in a targeted alert being issued.

***A Child Rescue Alert (CRA) was activated for a high risk child who had been missing for 12 days and who was believed to be involved in county lines. A member of the public saw the alert and contacted the police force to advise of the child's whereabouts. The child was safeguarded.***

This year the UK International Crime Bureau handled over 15,600 European Arrest Warrants for offenders who were either in the UK but

wanted by an EU member state; or in an EU member state but wanted by the UK; in connection with serious crimes.

For example:

- A Latvian man who had been on the run for nearly 20 years after allegedly stabbing a man to death and burying him in May 1999 was arrested by Northamptonshire Police on suspicion of murder, robbery and extortion.
- A murder suspect, who fled the UK on a private jet and became one of Britain's most wanted men, was arrested in Romania in March after a three-year operation to locate him. He featured in our campaign with Crimestoppers to track down fugitives from justice.

The assistance of the NCA's UK National Central Office for Counterfeit Currency (UKNCO) was instrumental in securing the convictions of seven men in what is believed to be the largest counterfeit currency investigation to date in Northern Ireland. In total the men manufactured over £1 million (face-value) of counterfeit Sterling and Euro bank notes as part of a sophisticated counterfeiting operation. Four others were convicted of possessing and tendering counterfeit currency and given suspended sentences.

Our Vulnerable Persons Team (VPT) is a small team of experienced specialist witness interviewers who provide advice and victim/witness care and management support in NCA and partners' complex investigations. The VPT supported over 100 investigations this year including modern slavery, CSAE and economic crime.

***The VPT supported Thames Valley Police in a modern slavery investigation involving a Romanian organised crime group, by providing expert advice on victim recovery, safeguarding procedures and the setting up and management of victim reception centres. The VPT and specialist interview cadre assisted with the recovery and safeguarding of 11 potential victims, six of whom were later referred to the National Referral Mechanism as potential victims. Three suspects were arrested and charged by the investigation team.***

Most of the threats identified in the NSA originate overseas, representing the beginning of the criminal supply chain. Our International Liaison Officer (ILO) network allows us to leverage local intelligence and law enforcement assets to target high harm criminals impacting on the UK on behalf of UK law enforcement. We have in excess of 150 officers located in 68 offices in 49 countries worldwide. The network has coverage of over 130 countries. ILOs are strategically located to help tackle the organised crime threat to the UK through collaboration with host nation law enforcement and intelligence organisations. We work with international partners and coordinate UK law enforcement overseas to gather intelligence, conduct operational activity - through partner agreement - and enhance international delivery through a variety of means, including capacity building, training, and joint European and international taskforces.

Access to whole Agency capabilities and assets enables the ILO network to provide international support to tasked operations. This includes in-country intelligence collection; intelligence research and development; brokering relationships with key partners; the co-ordination of foreign assets overseas; and advice on what can and cannot be achieved in each country.

This is reflected in the many NCA operations with an international strand. Our overseas reach is further supported by our presence in multinational institutions such as Interpol, the Maritime Analysis Operations Centre-Narcotics (MAOC-N) and other joint capabilities around the world, and through hosting the UK International Crime Bureau.

We also support wider Government objectives overseas through capacity and capability building projects. For example, we work with international partners and through our ILO network to develop the international response to tackling CSAE. Through its capacity and capability building programme, the NCA's Child Exploitation and Online Protection centre (CEOP) delivers bespoke packages of scoping, training and mentoring as well as providing strategic guidance and support to organisations under the 4P<sup>18</sup> response to tackling online and offline CSAE in targeted priority countries.

This year we supported Colombian law enforcement partners in the arrest of a UK

18 Pursue, Prevent, Protect, Prepare.

national, in relation to a seizure of 2.2 tonnes of cocaine in December. The consignment was destined for mainland Europe. The individual was a significant so-called 'untouchable' due to his influence in the global trafficking of cocaine from Latin America to Europe over some 20 years. The operation resulted in 19 arrests, co-ordinated in seven cities across Colombia, relating to a total of five tonnes of cocaine said to have been trafficked by the OCG. In September he was sentenced to 14 years' imprisonment.

As outlined earlier in this report, the UK's exit from the European Union has impacted our activity this year. Our ILOs in Europe have engaged with senior law enforcement partners - gaining valuable insight into how 'No Deal' contingency plans would work in practice, providing reassurance about our future relationships to enable continued cooperation, whilst also maintaining important business as usual activity.

## Enabling functions – Priority 6

*To equip our officers with the right skills, workplaces and technology to lead the UK's response to serious and organised crime. To have the trust and confidence of the public.*

In 2018-19, we invested £63 million across 72 projects within our Transformation Portfolio, which will enable us to develop and build new capabilities, whilst making ambitious savings and future proofing our investments.

The Transformation Portfolio focuses overall on delivering:

- our National Security Capability Review commitments including the NDEC, NECC and NAC supporting national, whole-system level capability;
- cost reduction measures to create capacity and free up funding for capability change to meet the evolving serious and organised crime threats; and
- an integrated, target operating model to deliver flexibility, new capability and support operational effectiveness.

At the start of the reporting period, several hundred officers moved to a new profession-based structure. Structuring by capability in this way enables us to surge people and resources more flexibly, according to shifting priorities; take a consistent approach to professional development and best practice; and provide more coherent career pathways. This enabled the creation of a Threat Leadership Command, which is already breaking down threat-based silos, enabling an intelligence-led assessment of the highest harm offenders and to prioritise action and resources accordingly.

Under the Intelligence Programme, in collaboration with the Technology Programme, we have begun to deliver robotics process automation (RPA) which will optimise performance in some business areas. Our Digital Forensics network (DFNet) has been expanded, enabling greater access to information and intelligence derived from seized media. The DFNet system has also been developed, providing the Forensics Management Department with capability for a case management system. Digital Forensics suites and laboratories have been built, reducing our dependency on external suppliers and leading to a reduction in operating costs.





An Intelligence Operating Model has also been developed to inform the design of intelligence capabilities, setting the scope and requirements for future projects to ensure our transformational activity focuses on providing the essential tools, processes and workforce to put intelligence at the heart of the NCA.

## People engagement

The NCA's People Programme was established to lead a change to the way people services are delivered. This has resulted in changes to the way our people basic processes such as recruitment and training are organised and delivered.

We have developed a People Strategy which underpins our Five-Year Strategy and has four central pillars: Engage, Employ, Enable and Empower. These pillars focus attention on building the flexibility we need to meet the changing threat from serious and organised crime and to recruit, develop and retain the talent required to tackle the threat today and in the future. We must adapt and change the way we operate and how we work focussing on our mission, values, behaviours and what we should expect from each other.

There were some consistent results from the annual Civil Service People Survey: 89% of officers understood the values of the NCA and the behaviours expected of them; 85% were interested in their work; and 83% said they were trusted to carry out their job effectively. The responses identified four key themes for improvement: overall engagement; learning and development; managing change; and inclusion and fair treatment. A 'task and finish' group, was set up to go beyond the analysis and provide senior leadership to the action planning process. The trade unions have been engaged in the development of Agency and Command plans. Additionally, it is clear that the survey presents very different findings for different geographical and functional areas of the Agency. Therefore each Director has also identified three or four specific improvement actions for their Command.

Our overall positive score for engagement was 50%, 3% less than 2017. Some of the areas of concern need fundamental change and therefore there is not a quick fix. For example, pay was identified in previous surveys as an area that required focus, and last year saw the first changes

in our pay strategy. One year on, this position has improved by 9% from 2017, but we recognise that there is more to do.

Our review of the organisational structure continued this year with a focus on our Grade 1 roles<sup>19</sup>. This process looked at the Agency through the lens of our new operating model, ensuring that we have the right people in the right posts to lead the organisation.

There was also a specific focus on recruitment with two campaigns undertaken this year: to get the Agency up to full resource; to bring in new skills for intelligence, investigations and enabling roles; to fill spaces on our trainee programme; and to provide internal promotion opportunities. The first campaign enabled us to offer roles to 335 candidates, meeting 78% of the recruitment requirement. This campaign also attracted a more diverse applicant base overall. The diversity outcomes both in terms of applicants and success through to offer was monitored, and will continue to be against further campaigns to ensure progress is maintained. We introduced a new internal lateral moves process - the first cycle resulted in 215 applications, of which 160 postings were made to the individual's first choice.

Our New Model for Learning project commenced in September. This year the programme successfully realigned and increased our capacity in our Initial Officer Training Programme (IOTP), increasing the total capacity from 75 to 150 students per year. The project has also introduced a new digital learning platform, which will result in faster operational deployment and accreditation.

In September we launched the Workplace Support Officer (WSO) network, a cadre of specifically trained volunteers in the Agency who provide impartial support and information about courses of action available to officers who feel they have experienced or witnessed bullying, harassment, victimisation or discrimination, or are suffering from other inappropriate or offensive behaviours in the workplace. Acting independently, WSOs offer officers the opportunity to discuss confidentially their concerns and receive non-judgmental, empathetic counsel. WSOs provide a range of possible options for consideration to bring about successful and amicable resolution of concerns.

<sup>19</sup> NCA Grade 1 equates to Grade 6 in the wider Civil Service and a Chief Superintendent in policing.

In December we published our second annual Gender Pay Gap report, which showed that the NCA's median gender pay gap reduced by 40% in the year to March 2018, down from 16.22% to 9.59%. The mean pay gap has remained static at 11.66%. The gender pay gap shows the difference in pay between all men and women in the Agency, regardless of role and grade and tends to be caused principally by an uneven spread of men and women across grades.

The reduction in the median gender pay gap is the result of several factors, including the shortening of pay bands and the introduction of spot rate pay. The representation of women in senior grades has also improved, although female representation still decreases as seniority of grade increases. Changes in our recruitment methods and our ambition to continue to grow our own skilled workforce will help to improve the gender balance. We have also created a Gender Pay Gap working group, as part of our commitment to closing the gender pay gap further.

## Diversity and Inclusion

Diversity and Inclusion are crucial, and we strive for a diverse workforce where differences are celebrated and embraced. This is key to delivering our People Strategy and to support us in our mission. We do this through an ambitious delivery plan and close partnership with our diversity groups, trade unions and wider business stakeholders.

Our policies and procedures are developed with diversity and inclusion as core considerations. We have invited views and challenge from our diversity groups on people processes, including our new recruitment approach and campaign to allow officers to move laterally around the organisation. With the support of stakeholders, we refreshed our guidance on anti-bullying, harassment, victimisation and discrimination and reviewed all policies to ensure they are gender neutral. We continue to build strong relationships with external partners, such as the Business Disability Forum, to ensure we are maximise opportunities to upskill the Agency and to learn from best practice.

We have well-established diversity groups representing most of the protected characteristics. They are both consultative and representative and provide officers of underrepresented groups with an opportunity to engage, communicate, share ideas, and raise any concerns affecting that particular group. Our

diversity groups are each championed by a Director or Deputy Director. They support Agency core business; foster good practice and working relations; review policy; and promote equality of opportunity. We are proud to have celebrated and participated in a number of important events over the last year, including International Women's Day, Autism Awareness Month, Black History Month and LGBT+ (Lesbian, Gay, Bi, Trans) History Month. In February, three NCA officers received commendations for their work in actively promoting the value that a diverse workforce brings to the NCA.

This year we welcomed two interns through the Civil Service Diversity Internship Programme, which provides talented individuals with challenging development opportunities that will enable them to broaden their knowledge, whilst developing business and personal skills. We have also sponsored NCA officers to join the Positive Action Pathway - a Civil Service development programme for all grades that specifically targets groups based on race, disability, gender or sexual orientation.

We were delighted to announce our return to Stonewall's Top 100 Employers. The Stonewall Top 100 Employers are the best performing employers on Stonewall's Workplace Equality Index, an annual audit of workplace culture for lesbian, gay, bisexual and transgender employees. Every three years the benchmarking exercise alters its approach, which keeps the index pushing the boundaries on good practice across the public, private and third sectors. To reach the top 100, organisations have to satisfy certain criteria to show they are LGBTQ+ inclusive in all areas of employment practice, including recruitment, learning and development.

We launched a campaign in the summer to coincide with the Pride Season to promote diversity and inclusion in the workplace, challenge social exclusion, discrimination and prejudice and improve understanding of gender identity and sexual orientation. A lanyard was produced which featured the NCA logo in 4 flag colours signifying support to the whole LGBT+ community. It was sold to officers, with all proceeds going to Cancer Research UK and the Albert Kennedy Trust.

EMBRACE, the LBGT+ network for the Agency, led the NCA's support of the #NoBystanders anti-bullying campaign, asking all NCA officers to commit their personal support by signing the #NoBystanders pledge either via the Stonewall

website or by denoting their support by using the #NoBystanders symbol on their signature blocks.

## Health, safety and wellbeing

This year we developed an organisational wellbeing culture that focuses on prevention, by raising awareness of health and wellbeing across our workforce. Our health and wellbeing strategy is based on findings from the Stevenson Framer review, and is intended to provide a consistent and high quality offer to all of our officers.

We have adopted the College of Policing 'Oscar Kilo' Blue Light framework, which underpins our Health and Wellbeing Delivery plan. We have completed a baseline audit of our Health and Wellbeing capabilities across the NCA, to inform our priorities for 2019-20. The delivery plan was subject to extensive stakeholder engagement, involving our People groups and trade unions, and is aligned to our response to the 2018 People Survey results. Mental health has been prioritised this year.

We have also established governance structures to drive employee engagement and delivery through senior leadership teams, enabling them to respond to NCA priorities, as well as local issues from within their teams. A bi-monthly Health and Wellbeing Working Group (HWWG) ensures that NCA senior leaders go beyond endorsement, and become actively engaged in promoting wellbeing and delivering against the strategy.

We have undertaken a review of all of our critical roles and the psychological risks attached, which has informed the ongoing development of our psychological service and occupational health offer. We have mandatory psychological assessments for officers prior to deployment in CSAE investigations, ongoing periodic psychological health monitoring, and end-to-end occupational health and wellbeing solutions developed for officers managing highly complex serious crime and CSAE investigations as well as those who have access to potentially distressing material.

This year, we reported two incidents to the Health and Safety Executive (HSE) under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations (RIDDOR) (2017/18: three incidents). This is very low, given the size of the NCA and the type of activity we undertake. Both incidents were

investigated and measures put in place to prevent recurrence.

## Celebrating success

Nine serving or recently retired NCA officers were awarded national honours in either the Queen's Birthday or the New Year Honours' lists this year. These awards were made for a variety of sustained and notable contributions to law enforcement. NCA officers working in the fields of organised immigration crime, CSAE, covert policing and intelligence were officially recognised. Additionally, 120 serving or recently retired NCA officers were awarded Long Service and Good Conduct medals this year in recognition of their commitment and continued service to law enforcement.



This year 139 individuals and nine teams received Director General Commendations, including officers from external agencies. In one example, over 30 officers were commended by the Director General, NCA and Director, GCHQ for their roles in Operation CACAM, reported last year. CACAM targeted an academic who was imprisoned for 32 years<sup>20</sup> in 2018 after admitting 137 offences, including encouraging the rape of a four-year-old boy. The investigation involved global partners - three officers from the United States Homeland Security Investigations also received commendations.

The NCA's reputation is currently ranked as "good" (69.7%) in the public sector RepTrak survey commissioned by the Cabinet Office and continues to outperform the public sector average (65.9%). Qualitative and quantitative insight activity revealed that 40% of the public are aware of the NCA. Analysis showed that conversations relating to the NCA's leadership role in tackling international corruption and

<sup>20</sup> Reduced to 25 years on appeal in October.



online child sexual abuse generated most positive sentiment.

Our *Invisible People* modern slavery photo exhibition, created and delivered in partnership between the Communications team and the Modern Slavery and Human Trafficking Unit, won the Media Relations Campaign of the Year award at the UK Public Sector Communications Awards.

Following a year-long UK and global campaign, the 'Suffrage Centenary Volunteer Team' made up of officers from the NCA and other government departments won the 'Championing Gender Equality' award at the Civil Service Diversity and Inclusion 2018 awards in October. This was in recognition of the programme of awareness-raising events timed to coincide with the 100<sup>th</sup> anniversary of the Representation of the People Act 1918.

## Financial management

We have structures and processes in place to ensure that we operate effective financial management. The message that finance is central to NCA's decision-making is set at Board-level, where the Chief Finance Officer sits.

This permeates down through the NCA through various structures, controls and processes.

NCA Finance is working towards standardising finance processes and systems, where appropriate and necessary, in line with the Government Finance Profession recommendations.

We received an unqualified opinion from the Comptroller and Auditor General as a result of the year-end audit in 2018-19. We have performed within our financial limits in 2018-19 as shown in the table below.

	Estimate £'000	Outturn £'000	Underspend £'000
<b>Departmental Expenditure Limit (DEL)</b>			
- Resource	467,199	462,242	4,957
- Capital	54,395	51,932	2,463
<b>Annually Managed Expenditure (AME)</b>			
- Resource	50,000	26,139	23,861
<b>Total</b>	<b>571,594</b>	<b>540,313</b>	<b>31,281</b>

Part 3 of this report explains the financial position in more detail.

## Technology and Estates

Our roll-out of new technology continued this year with the NCA workforce now routinely working on a mobile basis. A further 800 laptops were issued and we completed the roll out of the corporate smartphone. Along with additional Wifi services, this has transformed how officers connect to information, supporting more flexible working and better use of our estate. Seminal technology deliveries this year have included the first tranche of process automation in support of the UK International Crime Bureau, which has released efficiencies back into the business.

Our Case Management programme is also realising benefits and releasing new capability to users, to modernise the functionality and performance of the system. The General Data Protection Regulation (GDPR) has been a particular focus for us over the course of the year, building on earlier work, emphasis has been placed on training for Information Asset Owners and all applications introduced since 2016 have been subject to assessment, informing roadmaps to ensure GDPR compliance is achieved.

We have also taken our first significant step into the world of cloud computing, establishing a baseline capability with the first services available to users. This will develop further and will form a key enabler to key transformation programmes such as NDEC. All of this has been backed up by a maturing approach to design governance and investment in the underlying technology estate to mitigate long term risk and put the fundamentals in place which will ensure we build future technology services on a stable platform.

## Partnership

We continued to engage with Police and Crime Commissioners (PCCs) this year, recognising their overall responsibility and accountability for policing in their areas and how this can work effectively with our responsibilities at the national level.

Our DGs and Directors act as dedicated liaison points for specific PCC regions, attending meetings to provide the latest updates about our work in the region and capabilities we can share. Unfortunately PCCs have not always been receptive to the NCA's offer to attend these meetings with only 5 out of 9 offers being accepted since January 2019.

We were very pleased when the Association of Police and Crime Commissioners appointed two PCC leads for serious and organised crime and we have developed a strong and collaborative relationship with them since their appointment. This has included attendance at our Board meeting in February and regular bilateral meetings with our DGs.

We held our annual PCC engagement day in March, where 15 of 40 PCCs attended and 14 sent their deputies. Subjects discussed included the threat perspective; working together; illicit finance; serious violence and county lines; CSAE; and cybercrime. We were disappointed that others were unable to attend or send deputies but we will continue our attempts to build constructive relationships with all PCCs.

Our dedication to working closely with PCCs was further supported in March when we hosted a PCC 'deep dive' on the subject of Adverse Childhood Experiences where PCCs and NCA officers had the opportunity to work together on how to combat this threat. By working together in this way we continue to develop our joint understanding of the impact SOC has at the local level and how we can tackle it as a collective.

## Legislation impacting on our activity this year

Key provisions of the Investigatory Powers Act (IPA) 2016 came into force this year. These relate to Targeted Equipment Interference - the ability to obtain a variety of data from equipment such as computers, tablets, phones, cables and static storage; and Targeted Interception - the ability to make the content of a communication available to someone other than the sender or recipient.

The IPA brings together powers available to law enforcement and overhauls the way in which these powers are authorised and overseen. We implemented the elements of this legislation, some of which require a 'double lock' external authorisation: through training; revised corporate policies and procedures; and the introduction of new systems and ways of working.

The introduction of Unexplained Wealth Orders (UWOs) under the Criminal Finances Act 2017 (CFA) has forced individuals suspected of holding criminal property to explain the nature of their interest in that property and how they obtained it. A failure to comply results in the property being assumed to be criminal property and liable for recovery by the NCA under its civil recovery powers.

The CFA also provided for a substantial extension to the timeframe within which law enforcement can investigate and respond to SARs submitted in respect of money laundering or terrorist financing. The CFA created new civil powers to seize and forfeit monies stored in bank accounts and various types of property such as jewellery and gold bullion. In addition, the powers around Disclosure Orders were extended to include money laundering investigations: they compel the recipient - such as an accountant - to disclose relevant information and answer targeted questions. This information cannot be used against the recipient in criminal proceedings.

## Ethical scrutiny

Our Independent Reference Group (IRG) met six times this year. Made up of representatives with different specialisms, including academia, the legal and charity sectors, the IRG provides independent advice to the NCA Board and the Agency as a whole on moral, ethical and public confidence issues. Topics considered this year included engagement with industry to tackle online CSAE; young cyber criminals and neuro-diversity; influencing behaviour and public confidence; and undercover deployments. Advice provided by the IRG was provided to the NCA Board and used as part of our decision making and/or policy determination processes.

## Environmental responsibility

2017-18 was the first year in which none of our waste was sent to landfill. This year, we continued to manage and monitor our use of resources to improve our environmental footprint and reduce

costs. We also looked at other environmental initiatives, for example to improve biodiversity across our estate. More information on activity in 2018-19 can be found in the Sustainability Report at Annex B.

### **Social responsibility**

Every year, the NCA chooses a charity to support. For 2018, this was Cancer Research UK. Officers across the UK took part in money-raising initiatives over the course of the year, including the winter 10k in February in which 39 NCA officers took part. Late in 2018, staff were asked to nominate a charity for 2019 and a shortlist was drawn up. 1000 officers cast their vote and the charity chosen was the Alzheimer's Society.

### **Human Rights**

It is vital that we work with a wide range of countries to disrupt the threat from serious and organised crime in the UK and overseas. Some of those countries will be those where we have concerns about human rights. Alongside partners in the Home Office and Foreign Office, we continue to assess our overseas work to ensure compliance with the Government's Overseas Security and Justice Assistance (OSJA) Policy. The OSJA Policy enables us to make accurate assessments to ensure the UK defends and promotes human rights, and provides valuable assistance to NCA officers working in these difficult environments.

We have careful regard to data protection requirements governing the handling of personal data in the UK, and when sharing it with partners.

### **Anti-corruption and anti-fraud matters**

We have a 'Raising a Concern and Whistleblowing' operating procedure in place together with published guidance to officers and managers. This includes information regarding corrupt or criminal activity or serious misconduct, or where an officer is asked to do something, or is aware of the actions of another, which they consider to be wrongdoing and/or a breach of the values of the NCA Code or the Civil Service Code.

**Lynne Owens**  
Director General  
15 July 2019





# Accountability Report

# Accountability Report

## Corporate Governance Report

### Directors' Report

#### Composition of Management Board

NCA Board	Date Appointed	Contract end date
<b>Director General</b>		
Lynne Owens	4 January 2016	3 January 2021
<b>Director General (Operations)</b>		
Steve Rodhouse	25 June 2018	–
<b>Director General (Capabilities)</b>		
Nina Cope	3 April 2017	–
<b>Director General National Economic Crime Centre (NECC)</b>		
Richard Westlake <sup>\$</sup>	19 November 2018	3 March 2019
Graeme Biggar <sup>\$\$</sup>	4 March 2019	–
<b>Chief Financial Officer</b>		
Simon Hart	28 February 2018	–
<b>Non-Executive Directors</b>		
Jane Furniss	2 December 2013	31 March 2019
Reshard Auladin	1 April 2017	30 November 2020
Wendy Barnes <sup>\$\$\$</sup>	1 December 2016	31 July 2018
Nick Alston	1 December 2016	30 November 2020

<sup>\$</sup> Richard Westlake was appointed interim Director NECC on 19 November 2018. He continued to serve with the Agency until 30 June 2019.

<sup>\$\$</sup> Graeme Biggar took up post as Director NECC on 4 March 2019.

<sup>\$\$\$</sup> Wendy Barnes resigned on 31 July 2018.

Three new non-executive Board members were appointed after the end of 2018-19.

## Register of interests

Details of interests held by Board members during the accounting period are available on our website [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk).

## Personal data related incidents

There were six personal data related incidents reported to the Information Commissioner's Office (ICO) in 2018-19. Further information can be found in the Governance Statement.

## Complaints to the Parliamentary Ombudsman

There were no complaints made in 2018-19 to the Parliamentary Ombudsman in relation to the NCA or its staff.

## Audit

The NCA's Accounts are audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. The audit fee for 2018-19 was £0.12m (2017-18: £0.12m)

## Remuneration to external auditors for non-audit work

No remuneration was paid to the NAO in 2018-19 for non-audit work.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the NCA to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Directions.

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

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

- observe the Accounts Direction issued by the Secretary of State with the approval of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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

As Accounting Officer, I am required to confirm that, as far as I am aware, there is no relevant audit information of which the NCA's auditors are unaware, and I have taken all the steps that I should, to make myself aware of any relevant audit information, and to establish that the NCA's auditors are aware of that information.

I am also required to confirm that the annual report and accounts as a whole are fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

## The Governance statement

As the Accounting Officer I have maintained effective governance arrangements during 2018-19 which comply with the relevant sections of Cabinet Office Guidelines.

I, along with other Board members, am responsible for sound financial management and ensuring that appropriate controls are in place. The NCA's governance framework is in line with Government best practice, as set out in the *Corporate Governance in Central Government Departments: Code of Good Practice (The Code) 2017*. The Code sets out Government policy that must be followed by ministerial departments. As a non-ministerial department, the NCA is not bound by *The Code*, but operates within its spirit.

We are delivering an ambitious transformation portfolio. Progress has been made in key areas

this year, including general governance, backed by strong senior leadership. We have also taken steps to simplify performance management and carried out a clear, logical and transparent prioritisation exercise of our Transformation Portfolio.

In terms of compliance, we are continuing to focus on our first and second lines of defence.

The Agency has placed a high priority on transforming HR activities and we are beginning to see the impact of that. As identified in the People section of the Performance Report, resourcing, capacity and capability will require continued focus and attention.

### NCA Board

The NCA Board met eight times in 2018-19. Attendance was:

Executive members	Eligible to attend	Attended
Lynne Owens	8	7
Nina Cope	8	8
Steve Rodhouse	6	4
Simon Hart	8	8
Richard Westlake	2	2
Graeme Biggar	0	0
Executive members	Eligible to attend	Attended
Wendy Barnes	3	3
Nick Alston	8	8
Reshard Auladin	8	8
Jane Furniss	8	7

The work of the Board covered the following key areas:

**Strategic Clarity:** setting the vision through the Five-Year Strategy and ensuring all activities contribute towards it.

**Commercial Sense:** scrutinising the allocation of financial and human resources; ensuring organisational design supports strategic objectives; setting the NCA's risk appetite, ensuring controls are in place to manage risk and to ensure value for money; assessing project business cases of £5 million or over, or where the Investment Committee identifies potential novel and/or contentious investment decisions irrespective of costs.

**Talent Management:** ensuring the NCA has the people to deliver current and future needs; and developing Agency values and culture.

**Performance Monitoring:** agreeing and reviewing the NCA's Five-Year Strategy; monitoring and steering performance against the strategy; scrutinising performance and setting standards; ensuring clear, consistent, comparable performance information is used to drive improvements.

The board was satisfied with the quality of data it received. Board papers are approved by the relevant Director or Deputy Director and sponsored by a Board member. **Board effectiveness** was last formally reviewed in March 2018.

There have been many improvements during this financial year, building on recommendations made by Internal Auditors as part of their review of NCA governance arrangements in May 2018. These include a more focused Board commissioning process, a better documented flow of information between the Board and its Committees and an updated Governance Framework. Key Performance Indicators for Governance have been introduced, providing data to measure efficiency.

This year saw the transformation of the Board observers' scheme into a **Shadow Board** programme. Officers from any part of the Agency receive open Board papers and attend Board meetings, where they are invited to join discussions and provide views. This has improved staff engagement. Feedback received from observers has been very positive, officers most commonly express gratitude for the opportunity to read the papers and attend the meetings. Many are reassured that the issues which concern them the most are resonating at Board level.

The **Audit and Risk Committee (ARAC)** is made up of and chaired by non-executive members. The ARAC met five times in 2018-19. It is responsible for reviewing the comprehensiveness and reliability of assurance on governance; risk management; the control environment; and the integrity of financial statements and the annual report and accounts and provides the Board with assurance accordingly. It is attended by the Head of Internal Audit for the NCA and representatives from the National Audit Office (NAO).



The ARAC covered a wide scope in 2018-19 and received assurance in areas including governance, internal control and risk management. The ARAC noted in particular: continuing improvements to the quality and comprehensiveness of assurance provided; robust financial control; good progress in the implementation of NAO recommendations from the 2017-18 audit; and swiftness to respond to internal audit findings. The ARAC concluded that the Agency should redouble its efforts to address all of the concerns raised in respect of legacy IT over the past year, particularly non-core IT. Also, that the Agency should continue its focus on strengthening its three lines of defence and making improvements to bulk data storage.

The **Director General Committee** is chaired by the Director General. It gives top down direction and oversight on delivery of the Agency's Five-Year Strategy, business plan, new organisational activity and conflicting operational priorities. It agrees and monitors the performance of the Agency and acts as a gatekeeper to the Board, underpinning the quality and direction of strategic discussion in that forum.

The **Operations Committee**, is chaired by the Director General, Operations. Supported by monthly performance reporting, it oversees the running of the Agency, ensuring operational priorities are in line with the Five-Year Strategy and that resources are deployed appropriately. It considers matters impacting on delivery and prioritisation, partnership working and engagement, operational activity and capability deployment.

The **Investment Committee** is chaired by the Director General, Capabilities. It ensures compliance with accounting and investment processes, manages the budget, takes an overview on the balance of the Agency's investment priorities and ensures that resourcing is available to deliver in line with the NCA Strategy. This includes oversight of internal and existing external funding in line with government protocols. Investment Committee considers all business cases where whole-life costs are £200K and over.

The **Change Committee** is chaired by the Director General, Capabilities. It delivers, monitors and assures the NCA Transformation Portfolio. Its work is supported by a programme board structure to deliver the Transformation Portfolio. Working closely with the Operations and Investment Committees, it provides direction on activity, design options,

risk and implementation. It oversees change benefits and ensures change is efficiently managed and sufficiently embedded.

The **Independent Reference Group (IRG)** is independently chaired by Lord Toby Harris and made up of representatives from different sectors, such as academia, charities and the law. It provides advice to the NCA Board on novel or contentious issues which might present ethical, moral or other concerns which could affect trust and public confidence. The section on Ethical Scrutiny in the Performance Report sets out some of the topics discussed this year.

## Risk management

Our risk management framework is designed to ensure risks are managed at the lowest appropriate level. NCA risk management guidance defines the processes and responsibilities within it. Risk management activity continues to be embedded across the Agency and is overseen through NCA governance structures.

Risks are identified, reviewed and escalated through management meetings on a regular basis. The Operations Committee maintains an enterprise view of Agency risk to ensure consistency of approach and timely mitigation activity. Alongside this, other key governance forums review risks relevant to their area of responsibility; for example risks to the delivery of the NCA's Transformation Portfolio are actively managed by the Change Committee.




The ARAC assures the risk process and reviews corporate risks quarterly. To satisfy itself key risks are being mitigated effectively, the ARAC commissions periodic deep dive reviews, including of thematic areas. These are based upon recommendations made by senior leaders and informed by analysis of activity to-date and crosscutting vulnerabilities that may impact on controlling risks. The deep dive reviews led the ARAC to provide advice and recommendations for business improvements in the Agency in areas such as bulk personal data management.

The Board formally reviews risk twice a year - assessing the effectiveness of the NCA's risk management approach, specifically mitigation of corporate risks.






Organisational risk maturity continues to improve. A number of additional improvements are planned for 2019-20, some in response to an audit of the Agency's approach to risk and issues




management. Planned improvements to enable the Agency to reach 'risk defined' maturity include definition and implementation of the NCA's risk appetite; implementation of simplified risk and issues management governance, policy and process; and improved training to further embed active risk management into the culture of the Agency, as part of the NCA's assurance model.

The table below sets out our corporate risks, with key mitigating activity. The trend arrow shows the impact that mitigation and management activity is having on the risk, an upwards arrow indicates a positive impact and/or lessening of the risk. A downwards arrow indicates a negative impact or heightening of the risk.

Category	Risk	Key mitigation and management activity	Trend
<b>Capability and capacity</b>	Agency does not have the capability <sup>20</sup> and/or capacity to effectively tackle the growing scale and complexity of the SOC threat.	<p>Scheduling of NCA governance conversations to support strategic prioritisation decision based on horizon scanning.</p> <p>Prioritisation and delivery of the Transformation Portfolio.</p> <p>Continued maturity of the Performance Framework.</p> <p>Design and delivery of National Tasking Model and the National Performance Framework..</p> <p>NCA and SOC 2019 Spending Review propositions.</p> <p>Procurement of the NCA's Strategic Partner.</p>	
<b>System leadership</b>	Agency does not have adequate strategic levers to further establish and lead the whole system response to the threat.	<p>NCA and SOC 2019 Spending Review propositions (including the SOC Capability Strategy, and revised funding model).</p> <p>Design and delivery of the National Tasking Model.</p> <p>Prioritisation and delivery of the NCA Transformation Portfolio (aligned to the SOC Strategy, and the NCA 5 Year Strategy).</p>	
<b>Workforce</b>	Agency is not able to recruit, retain and develop an effective workforce in the medium and long term.	<p>Active workforce planning and management (including forecast demand, risks and opportunities).</p> <p>Development and delivery of a new Agency Learning and Development Model.</p> <p>Greater focus on talent management and active succession planning.</p> <p>Development and delivery of the Pay Strategy.</p>	

<sup>20</sup> Capability includes enablers such as funding, people, processes, information, technology and facilities.

Category	Risk	Key mitigation and management activity	Trend
IT strategy	<p>Agency is unable to deliver its IT Strategy to schedule.</p> <p>Caused by misalignment between available funding and that required.</p>	<p>NCA and SOC 2019 Spending Review propositions.</p> <p>Prioritisation and delivery of the NCA Transformation Portfolio (including balance of the IT programme between Run and Transform activity).</p> <p>Refresh and implementation of a new IT governance model.</p>	
Cyber defences (new risk)	Agency experiences a major cyber-attack.	<p>Prioritisation and delivery of the NCA Transformation Portfolio (to build workforce capability).</p> <p>Refresh and implementation of a new IT governance model.</p> <p>Delivery of the Technology Convergence Project to respond to non-core IT issues.</p> <p>Monitoring of the live estate and critical assessment of incidents.</p>	
Information management (IM) - Legal	Agency does not manage its information in accordance with the law.	<p>Establishment of the Data Governance Board and inclusion of the Data Governance programme into the Portfolio.</p> <p>Development of effective Chief Data Office functions.</p> <p>Development of the Information Management Strategy and Bulk Data Policy.</p> <p>Assurance mapping of first and second line defences and delivery against gaps.</p> <p>Assessment of potential data breaches management action plans.</p> <p>Delivery of the Internal Audit Risk and Issue Management Action Plan.</p>	
Culture change (new risk)	Agency is not able to adapt its culture at pace to support delivery of the Transformation Portfolio.	<p>Prioritisation and delivery of the NCA Transformation Portfolio and development of effective change management plans.</p> <p>Active delivery and communication of the NCA Staff Survey Engagement Plan (including leadership and team events).</p>	
Impact of EU Exit on performance	The UK's exit from the EU leads to reduced NCA performance.	Contingency Planning (including forecasting against potential scenarios, and supply chain analysis).	

Category	Risk	Key mitigation and management activity	Trend
Partnerships	Agency is unable to influence partners to support delivery of its vision, strategy and priorities.	<p>Delivery of improvements to the NCA's Strategy Directorate, including:</p> <ul style="list-style-type: none"> <li>• Development of an impact-focused performance framework and Agency culture.</li> <li>• Target communications and stakeholder engagement (partner and public) campaigns to strengthen relations and showcase NCA impact.</li> </ul>	
Funding	Agency does not have levels of funding to deliver its responsibilities and increase capabilities.	<p>Development of the NCA's Spending Review (SR) proposition in context of the SOC LE SR preparations.</p> <p>Investment in the Agency's strategic financial planning capability aligned to improvements in Strategy Directorate.</p> <p>Identification, assessment and activity management of external funding opportunities through Investment and Change Committees.</p>	
Data utilisation	Agency fails to maximise use of its information/ data holdings to exploit operational opportunities and improve organisational performance.	<p>Implementation of the NCA's Target Operating Model.</p> <p>Prioritisation and delivery of the NCA Transformation Portfolio to improve capabilities to exploit data.</p> <p>NCA and SOC 2019 Spending Review propositions.</p> <p>Establishment of the Data Governance Board and effective Chief Data Office function.</p> <p>Development of the Information Management Strategy, and associated policies and procedures.</p>	



## Information risk

NCA Information Risk is controlled through a number of policies, processes, physical and technical security, and staff training.

The Data Protection Officer (DPO) undertakes an assurance function to monitor Agency compliance with data protection legislation. The Data Governance Board (DGB) was established to improve data governance and to support the Agency with its transformation agenda. The DGB has a wide portfolio of responsibilities, including providing oversight and monitoring of Agency information risk, compliance with its statutory information obligations.

The terms of reference for the DGB have been redefined to include activity aligned to level 2 assurance across all aspects of the NCA's personal data protection obligations.

129 Personal Data Breaches were notified this year an increase from 36 in 2017-18. This upwards trajectory is partly as a result of officers' better awareness of their responsibilities and increased reporting.

Whilst the volume has increased, the severity has not. Six incidents were notified to the ICO in 2018-19 (2017-18: five incidents). There were no formal sanctions on the NCA for any incident notified. This is largely due to swift mitigating action by the Agency on discovery of each incident.

Two data subjects directly notified the ICO of incidents in which it was alleged the NCA mishandled their personal data. On both occasions the ICO undertook an investigation and concluded the NCA acted appropriately and in accordance with DPA 2018. No further action or recommendations were made.

## Security and business continuity

The threat faced by the NCA continues to evolve as the Agency's profile grows and it becomes a target for disruptive activity. Perpetrators of attacks against the NCA range from the traditional areas of risk posed by serious organised crime, to modern technology-enabled attack in the shape of lone-wolf 'hacktivists' or more sophisticated cyber-attacks orchestrated by hostile state actors. The threat encapsulates risks to the security of our information, assets, people, and operational activity both in the UK and overseas. The risk areas the Agency reports on here are the cyber threat, professional standards, and business continuity.

We are working hard to deliver improvements to our IT Infrastructure following an audit of Cyber Security. While of core IT (corporate network and its components) were found to be robust, there were concerns relating to our non-core IT (IT systems which have grown organically or inherited from legacy organisations), in terms of business continuity, and disaster recovery. Actions are underway to address these concerns.

To protect the NCA IT network, Technology Command routinely runs cyber threat checks. This capability has been strengthened in the past six months. From this, security vulnerabilities can be identified and mitigating actions implemented, reducing the risk in this area. Cyber resilience is addressed through comprehensive penetration testing, vulnerability management and protective monitoring policies.

There were 132 Distributed Denial of Service attacks resulting in a total recorded downtime of around three hours in 2018/19, compared with 70 attacks and around six hours downtime in 2017/18. The increase in attacks can be attributed to the ever increasing public profile of the NCA. The attacks are unsophisticated and malicious in nature, but pose no real threat. The Agency's website is non-transactional and stands alone, completely isolated from any NCA servers which store information.

IT business continuity procedures were tested in May 2018 when there was an incident in which the NCA lost access to a part of the storage area network. This event had an impact on most applications, but critical services were restored quickly and in a controlled manner. The NCA Control Centre coordinates the response to all business continuity incidents.

The NCA's Operational Security Advisors (OpSys) act as independent advisors with the objective of reducing the Agency's operational security risk. This includes advising on the security, integrity and ethical conduct of all law enforcement techniques, particularly covert tactics. OpSys seek to implement and maintain consistency in standards of security and practice in accordance with legislation, national guidelines and local policy.

Operating overseas, the OpSys network provides security advice and guidance to the International Liaison Officer (ILO) network to enable ILOs and their families to operate safely overseas and minimise the risk posed.

Recognising the possibility of potential 'insider' threats, we have put in place a series of education

and awareness campaigns to instil an effective security culture at all levels throughout the NCA and strengthen the Agency's defences.

All NCA staff are governed by the NCA Complaints and Misconduct Regulations 2013 which is overseen by the Independent Office for Police Conduct (IOPC). If a member of staff feels that another officer has misconducted themselves they can report the matter to the Professional Standards Unit (PSU) or into the Anti-corruption Unit (including the use of a confidential hotline) for assessment. Additionally they can report directly to the IOPC. The PSU also receives and investigates public complaints relating to NCA staff.

There were 48 public complaints and 34 'conduct matters' recorded. In one of the public complaints and all of the conduct matters it was considered there was an indication that an officer may have committed a criminal offence or behaved in a manner that would justify disciplinary proceeding. Of these, 24 were assessed as gross misconduct and 11 as misconduct. Seven cases remain either under investigation or awaiting a disciplinary panel. Of those officers that attended a disciplinary panel during the year, three received management action, 11 received first written warnings, seven final written warnings and two were dismissed. Another officer left the Agency before the case was concluded. 16 cases did not proceed to a disciplinary panel as after investigation it was determined the officers had 'no case to answer'.

16 referrals were made to the IOPC of which five were voluntary and eleven mandatory. They comprised seven conduct matters, five complaint matters, and four reports of Death or Serious Injury. The IOPC determined one should be subject to an independent investigation, 14 were suitable for local investigation and one was for the Agency to deal with as appropriate.

In addition, three matters were referred to the Police Ombudsman for Northern Ireland (PONI); two resulted in no further action and one case remains open.

An announcement regarding the appointment of the Director General Operations in advance of formal approval of his salary, was deemed a breach of Government senior pay controls by HMT for which the Agency was fined the value of the salary.

## Effectiveness of the risk management and governance framework

First line of defence is the responsibility of all managers in the Agency. Our commands (individual areas of the Agency led by a Director or Deputy Director) operate management meetings to manage delivery, risk and compliance, thereby overseeing our first line of defence.

Second line of defence activities enable us to test areas of risk through compliance reviews overseen by the Operations Committee. Our third line of defence is provided by the Government Internal Audit Agency (GIAA).

Other assurance providers, include Her Majesty's Inspectorate of Constabulary, and Fire & Rescue Services (HMICFRS); the Infrastructure and Projects Authority (IPA); and the Investigatory Powers Commissioner's Office (IPCO).

The GIAA delivers our internal audit service and provides independent, objective assurance to the Accounting Officer on the adequacy and robustness of our governance, risk management and internal control framework. A risk-based internal audit programme is approved by senior leaders and the ARAC at the start of the financial year. The programme takes into account planned audits/inspections by other third line providers and NCA corporate risks. Outputs from Internal Audit are regularly discussed at governance meetings, including the ARAC, to drive improvement and follow up on lessons learned. A follow up process is in place for audit actions to ensure these are implemented.

The GIAA carried out four consultancy pieces and 12 audit reports in 2018-19. Taking into account the work of other assurance providers and the progress made by the Agency in addressing the root cause issues, the GIAA provided a *moderate* assurance at year end on the overall adequacy and effectiveness of our framework of governance, risk management and control. The GIAA recognised the efforts to respond to audits and learn from them.

The Infrastructure and Projects Authority (IPA) carried out a review of our Transformation Portfolio in October and gave our Transformation Portfolio an overall rating of 'amber'. The IPA found that the Portfolio had progressed well and made significant progress towards its intended outcomes since the previous review. The IPA pointed to some challenges, particularly in

the scale of planned business change. The 12 recommendations made by the IPA were all accepted and are being taken forward.

HMICFRS conducted two NCA inspections this year. The first was a joint inspection of search application and production order processes. HMICFRS found that these were of a good standard and the Agency investment in training was evident. Six recommendations were made, of which five had been discharged by 31 March 2019.

HMICFRS also inspected the Agency's Anti-Kidnap and Extortion Unit (AKEU). It was concluded that the service provided by AKEU worked well and police forces made good use of it. Recommendations made related to succession planning, training and a review of the role and scope of the AKEU to inform procedure documentation.

In June, the Investigatory Powers Commissioner's Office (IPCO) carried out its first inspection of the NCA's compliance with the legislative provisions governing the acquisition of communications data; the use of covert surveillance; and the management of covert human intelligence sources. The IPCO's report noted that all recommendations from 2017 inspections by the previous regulatory bodies had been discharged. The report also noted that the number of Investigatory Powers-related errors reported had reduced by 40%. The recommendations made are being taken forward under the oversight of the NCA's Senior Responsible Officer – the Deputy Director, Intelligence Collection.

We have structures and processes in place to ensure that the Agency operates effective financial management.

The Chief Finance Officer holds monthly challenge meetings at which each Command lead is challenged on their financial performance. The current year-to-date positions on core, non-core and ring-fenced budgets are reviewed and command leads, as budget holders, are required to justify any variance from budget and plans to recover forecast overspend or underspend positions by slowing or accelerating expenditure and the controls they have in place to achieve this and to meet savings targets set through the business planning process.

In 2018-19, NCA Finance carried out a financial management self-review, using the CIPFA

Financial Management Model, which provided assurance on areas currently demonstrating good practice and highlighted aspects where improvements could be made to align to best practice.

### *Other Parliamentary Disclosures*

There are no other foreseeable contingent liabilities that need to be disclosed in addition to those disclosed in Note 13 of the accounts.

### *Accounting Officer's Annual Review*

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

## Remuneration and Staff Report

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

### *Remuneration Policy*

Senior Management salaries are based on recommendations of the Senior Salaries Review Body, an independent body providing advice to the Prime Minister and others on senior civil servants' salaries. Further information about the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

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

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



## National Crime Agency 1 April 2018 – 31 March 2019

### Remuneration (salary, non-cash benefits and pension) (Audited)

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

Single total figure of remuneration (audited)

Officials Date appointed – appointment ended	Salary and allowances (£'000)		Non-cash benefits (to nearest £100)		Accrued Pension benefits <sup>21</sup> (£'000)		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Director General</b>								
Lynne Owens \$ 4 Jan 16	215–220	215–220	–	–	232	0	450-455	215-220
<b>Director General (Operations)</b>								
Steve Rodhouse \$\$ 25 Jun 18	130–135 (170-175)	n/a	–	n/a	70	n/a	200-205 (240-245)	n/a
<b>Director General (National Economic Crime Centre)</b>								
Richard Westlake 19 Nov 18 – 3 Mar 19	25-30 (110-115)	n/a	–	n/a	8	n/a	35-40 (115-120)	n/a
Graeme Biggar 4 Mar 19	10-15 (140-145)	n/a	–	n/a	19	n/a	30-35 (155-160)	n/a
<b>Director General (Capabilities)</b>								
Nina Cope 3 Apr 17	170-175	165-170	–	–	66	65	235-240	235-240
<b>Chief Finance Officer</b>								
Simon Hart 28 Feb 18	95-100	5-10 (95-100)	–	–	39	4	135-150	10-15 (100-105)
<b>Non-Executive Directors</b>								
Jane Furniss 2 Dec 13 – 31 Mar 19	10–15	10–15	–	–	–	–	10–15	10–15
Reshard Auladin 1 Apr 17	10–15	10–15	–	–	–	–	10–15	10–15
Wendy Barnes \$\$\$ 1 Dec 16 – 31 Jul 18	0-5 (10-15)	10–15	–	–	–	–	0-5 (10-15)	10–15
Nick Alston 1 Dec 17 – 30 Nov 2020	10–15	10–15	–	–	–	–	10–15	10–15

Details of changes to the composition of the Management Board are given at page 43.

\$ Lynne Owens is not eligible for any form of non-consolidated performance pay whilst appointed as Director General

\$\$ An announcement regarding the appointment of the Director General Operations in advance of formal approval of his salary, was deemed a breach of Government senior pay controls by HMT for which the Agency was fined the value of the salary.

\$\$\$ Wendy Barnes resigned on 31 July 2018.

These figures represent the values for the full year.

<sup>21</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contribution made by the individual). The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights.

## Salary and allowances

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

## Non-cash benefits

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

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

## Pension Entitlements 2018-19 (Audited)

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

	Real increase in pension	Real increase in lump sum	Accrued pension at age as at 31/3/19	Total lump sum at pension age as at 31/3/19	Cash equiv transfer value	Real increase in cash equiv transfer value
	2018-19 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000
Nina Cope	2.5-5	-	5-10	-	91	31
Graeme Biggar	0-2.5	0-2.5	30-35	65-70	492	12
Simon Hart	0-2.5	-	5-10	-	115	21
Richard Westlake	0-2.5	-	40-45	30-35	666	3

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

## Performance pay or bonuses

Performance pay or bonuses are based on performance levels attained and were made as part of the appraisal process.

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2018-19 relate to performance in 2018-19 and the comparative bonuses reported for 2017-18 relate to performance in 2017-18.

## Notice periods for senior officers

Notice periods for the Director General, Deputy General (Operations and Capabilities), the Chief Finance Officer and Non-Executive Directors are three months.

## Benefits and Pension contributions

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

	Real increase in pension	Real increase in lump sum	Accrued pension at pension age as at 31/3/18	Total lump sum at pension age as at 31/3/18	Cash equiv transfer value	Real increase in cash equiv transfer value
	2018-19 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000
Lynne Owens	12.5-15	-	120-125	-	3,138	573
Steve Rodhouse	2.5-5	-	75-80	-	1,943	902

The Non-Executive Directors are non-pensionable appointments.

### Police Pension scheme (PPS)

Directors with a police pension are members of the Police Pension Scheme 1987.

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

The Scheme provides the following benefits:

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

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

As part of this scheme, the NCA accepts liability for payment of the pension benefits in respect of the officer's past service with a police force, although no transfer values are payable from a former employer in respect of this liability, as well

as their pensionable service while employed by the Agency. Pension benefits are paid as they fall due from the NCA resources. Pensions paid in the year are charged against the Pension Provision (see Accounts and Notes to the Accounts). In order to comply with HM Treasury's Financial Reporting Manual and Accounts Guidance, the NCA is required to provide in these accounts for the full value of the expected future pensions liabilities of the officers. The NCA commissioned the Government Actuary's Department (GAD) to value the scheme liabilities as at 31 March 2019. For further detail see end of the Remuneration Report.

### Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year.

Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012

remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will

match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

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

This is the actuarially-assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme.

The pension figures shown relate to the benefits the individual has accrued as a consequence of their total NCA and related precursor agency service, not just their current appointment. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.

### Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions



paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### McCloud/Sargeant Judgment

In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial and fire fighters' schemes as part of the 2015 Pension reforms amounted to unlawful discrimination.

The full ramifications of this ruling are not yet

known in the context of analogous pension schemes, as although the Chief Secretary to the Treasury made a statement on 15 July 2019 that remedy will be applied across all equivalent schemes, it is unclear what the remedy may mean. The NCA is disclosing a potential future liability for its Police Pension Scheme as a contingent liability (see section 13 b).

### Compensation on early retirement or for loss of office (audited)

One officer left under Voluntary Exit Terms in April 2018. They received a compensation payment of £161k in total.

## Reporting of Civil Service and other compensation schemes – exit packages

Comparative data is shown (in brackets) for previous year

		NCA	
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
1 Exit package cost band			
2 <£10,000			
3 £10,000 - £25,000			
4 £25,000 - £50,000			
5 £50,000 - £100,000		(2)	(2)
6 £100,000 - £150,000			
7 £150,000 - £200,000		1	1
8 Total number of exit packages		1 (2)	1 (2)
9 Total cost /£		161,462 (147,000)	161,462 (147,000)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme III- health retirement costs are met by the pension scheme and are not included in the table.

### Payments to past directors (audited)

There were no other payments made to past directors in 2018-19.

### Fair Pay Disclosure (audited)

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

The banded remuneration of the highest paid director in the NCA for the reporting period was £215–220k (2017-18: £215–220k). This was 6.0 times (2017-18: 6.1) the median remuneration

of the workforce (excluding the highest paid director), which was £36,762 (2016–17: £36,128). The NCA's calculation of the median earnings of the work force (excluding the highest paid director) and the ratio between this and the highest paid director was based on full time equivalent officers as at 31 March 2019 on an annualised basis.

Remuneration during the reporting period ranged from £15k to £220k (2017-18: £15k to £220k)

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

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

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

### Trades Unions

The NCA has in place an employee relations policy that outlines a consultative framework for engaging trade union representatives. There are three recognised trade unions and facility time is provided to allow union representatives to take part in industrial relations duties.

In October 2013, the NCA introduced new union facility time arrangements which will limit the proportion of the paybill allocated to paid union facility time to 0.1% in line with the Cabinet Office Facility Time Framework.

### Facility Time Publication Requirements

Effective from 1 April 2018

**Table 1 - TU representatives**

Number of employees who were relevant union officials during the relevant period	FTE employee number
	62

**Table 2 - Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	–
1-50%	62
51%-99%	–
100%	–

**Table 3 - Percentage of pay bill spent on facility time**

	Figures
Total cost of facility time	£169,548
Total pay bill	£257.2m
Provide the percentage of the total pay bill spent on facility	0.07%

**Table 4 - Paid TU activities (TUA)**

Time spent on paid TU activities	No paid TUA. TUA is unpaid except in exceptional circumstances. Only TU Duties are paid.
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## Staff report (Audited)

### Staff costs

For year to 31 March 2019

	Permanently Employed	Others	Total	Total
	2018-19	2018-19	2018-19	2017-18
	£'000	£'000	£'000	£'000
Wages and Salaries	181,227	19,039	200,266	200,315
Social Security Costs	18,612	–	18,612	18,879
Other Pension Costs	32,851	–	32,851	33,129
<b>Sub Total</b>	<b>232,690</b>	<b>19,039</b>	<b>251,729</b>	<b>252,323</b>
Less recoveries in respect of outward secondments	(443)	–	(443)	(648)
<b>Sub Total</b>	<b>232,247</b>	<b>19,039</b>	<b>251,286</b>	<b>251,675</b>
Total service cost net of employee contributions	5,910	–	5,910	7,070
<b>Total Net Costs</b>	<b>238,157</b>	<b>19,039</b>	<b>257,196</b>	<b>258,745</b>

## Pension benefits

### Principal Civil Service Pension Scheme (PCSPS)

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

For 2018-19, employers' contributions of £30.3m were payable to the PCSPS (2017-18 £30.1) at one of four rates in the range 20.0 to 24.5 per cent (2017-18 20.0 to 24.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

### Partnership and Stakeholder Schemes

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1.0m (2017-18 £0.79m) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 to 14.75 per cent (2017-18: 8.0 to 14.75 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

## Numbers of Senior Civil Servants (Audited)

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

SCS Grade	NCA Equivalent	2018-19 Total	2017-18 Total
SCS 4	Director General NCA	1	1
SCS 3	Director General (Capabilities) Director General (Operations) Director General (NECC)	3	2
SCS 2	Directors	7	6
SCS 1	Deputy Directors	21	21
<b>Total</b>		<b>32</b>	<b>30</b>

\* Disclosure also includes secondees where occupying a permanent position

## Staff numbers and costs

### Average number of persons employed (Audited)

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

	2018-19 Total	2017-18 Total
Permanently employed (UK employment contract)	4,160	4,291
Other	219	152
<b>Total Average number of officers</b>	<b>4,379</b>	<b>4,443</b>



In addition to the above directly employed officers, the NCA had 64 attached from other organisations as at 31 March 2019 (2017-18: 76) who are excluded from the above figures as they do not form part of the NCA establishment. The NCA is not charged for the attached officers who are considered to be working for the benefit of their employers.

## Staff composition

At 31 March 2019, the breakdown of officers by gender was as follows:

	Male	Female	Total
Directors	7	5	12
Senior Civil Servants	12	6	18
Other Employees	2,677	1,687	4,364
Total*	2,696	1,698	4,394

\* This total represents the NCA headcount as at 31 March 2019, including Agency officers, commercial contractors, seconded officers and officers on career break.

### Officers Sickness Reporting

NCA officers were absent on sick leave for an average of 6.4 days per employee during the year to 31 March 2019 (2017-18: 5 days).

### Staff Policies applied during the year Inclusion, Diversity & Equality

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

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

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

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

The NCA is committed to the employment and career development of disabled officers and is the holder of Jobcentre Plus 'Positive about disabled

people' Two Ticks symbol. The symbol is a recognition given to employers who demonstrate that they are serious about achieving equality of opportunity for disabled people.

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

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

### Monitoring spending on Expenditure on consultancy and temporary staff

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

### Temporary (non-payroll) Staff

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

Temporary staff are employed either through an agency or recruitment consultant and are

engaged on an ad hoc or temporary basis to fulfil requirements within established posts which involves providing cover (e.g. for a vacancy,

holiday or sickness or additional resource and can undertake operational or professional roles

## Temporary (non-payroll) Staff

	2018-19 £'000	(Restated) 2017-18 £'000
Temporary Workers – Admin and Clerical*	4,392	4,406
Admin & Clerical agency staff are normally lower grade contingent labour who are filling in for a role within the organisational structure		
Interim Managers†	7,909	5,840
Middle- to senior-grade staff working in an organisation, concerned with the fulfilment of particular professional functional or senior management positions within the organisational structure		
Specialist Contractors/Services (Consultants)	27,089	19,655
Specialists are normally middle to senior grades, used to provide expertise that is not available in-house, fulfilling functional or senior positions within the organisational structure		
	<b>39,390</b>	<b>29,901</b>

\* This total includes £2.44m (£2.42m 2017-18) expenditure on temporary workers within externally funded special operations.

† This total includes £1.50m (£0.863m 2017-18) expenditure on interim managers within externally funded special operations. The figures for interim managers has been adjusted to include contingent labour costs that has been capitalised

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

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

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

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

### Consultancy

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

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

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

### Reporting of high paid off-payroll appointments

The Review of Tax Arrangements of Public Sector Appointees requires the NCA to publish information on the Agency's highly paid and/or senior off-payroll engagements. The Agency interprets these as staff who are paid more than £245 per day and contracted through an agency relationship.

**Table 1** – All off-payroll engagements as of 31 March 2019 for more than £245 per day and that last for longer than six months.

	2018-19	(Restated) 2017-18
Number of existing engagements as of 31 March 2019	42	29
<b>Of which at time of reporting:</b>		
Number that have existed for less than one year at time of reporting	23	13
Number that have existed for between one and two years at time of reporting	12	7
Number that have existed for between two and three years at time of reporting	1	4
Number that have existed for between three and four years at time of reporting	3	3
Number that have existed for four or more years at time of reporting	3	2

All existing off-payroll engagements outlined above, have been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax.

**Table 2** – For all new off-payroll engagements, or those that reached 6 months in duration between 1 April 2018 and 31 March 2019 for more than £245 per day and that last for longer than six months.

	2018-19	(Restated) 2017-18
<b>Number of new engagements or those that reached 6 months in duration between 1 April 2018 to 31 March 2019</b>	23	13
No. assessed as caught by IR35	0	0
No. assessed as not caught by IR35	23	13
No. engaged directly (via PSC contracted to department) and are on departmental payroll	–	–
No. of engagements reassessed for consistency / assurance purpose during the year	–	–
No. of engagements that saw a change to IR35 status following the consistency review	–	–

Following the risk-based assessment no assurance was required from the agencies.

The Agency had no off-payroll engagements for Board Members and / or senior officials with financial responsibility between 1 April 2018 and 31 March 2019.

# Parliamentary Accountability and Audit Report

## Statement of Parliamentary Supply

This section is subject to audit.

### Summary of Resource and Capital Outturn 2018-19

	SoPS Note	Estimate			Outturn			2018-19 £'000	2017-18 £'000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with estimate: saving/(excess)	Outturn
<b>Departmental Expenditure Limit</b>									
- Resource (RDEL)	1.1	467,199	–	467,199	462,242	–	462,242	4,957	452,080
- Capital (CDEL)	1.2	54,395	–	54,395	51,932	–	51,932	2,463	41,360
<b>Annually Managed Expenditure (AME)</b>									
- Resource	1.1	50,000	–	50,000	26,139	–	26,139	23,861	24,682
- Capital	1.2	–	–	–	–	–	–	–	–
<b>Total Budget</b>		<b>571,594</b>	<b>–</b>	<b>571,594</b>	<b>540,313</b>	<b>–</b>	<b>540,313</b>	<b>31,281</b>	<b>518,122</b>
<b>Non-Budget</b>									
- Resource	1.1	–	–	–	–	–	–	–	–
<b>Total</b>		<b>571,594</b>	<b>–</b>	<b>571,594</b>	<b>540,313</b>	<b>–</b>	<b>540,313</b>	<b>31,281</b>	<b>518,122</b>
Total Resource		517,199	–	517,199	488,381	–	488,381	28,818	476,762
Total Capital		54,395	–	54,395	51,932	–	51,932	2,463	41,360
<b>Total</b>		<b>571,594</b>	<b>–</b>	<b>571,594</b>	<b>540,313</b>	<b>–</b>	<b>540,313</b>	<b>31,281</b>	<b>518,122</b>

### Net Cash Requirement 2018-19

SoPS Note	2018-19 £'000 Estimate	Outturn	2018-19 outturn compared with estimate saving/(excess)	2017-18 £'000 Outturn
3	610,000	496,790	113,210	474,333

### Administration Costs 2018-19

SoPS Note	2018-19 £'000 Estimate	2018-19 £'000 Outturn	2017-18 £'000 Outturn
1.1	30,950	30,361	29,959

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between Estimates and outturn are given under SoPS 3 below.



# Notes to the Statement of Parliamentary Supply

## SOPS 1 Net Outturn

### SOPS 1.1 Analysis of Net Resource Outturn by Section

	Outturn								2018-19	2017-18
									Estimate	Outturn
	Administration				Programme				Net total compared to Estimate £'000	Total £'000
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Net Total £'000		
<b>Spending in Departmental Expenditure limit</b>										
Voted:										
A – National Crime Agency	30,361	–	30,361	509,435	(77,554)	431,881	462,242	467,199	4,957	452,080
<b>Annually Managed Expenditure</b>										
Voted:										
B – National Crime Agency AME	–	–	–	26,139	–	26,139	26,139	50,000	23,861	24,682
<b>Total</b>	<b>30,361</b>	<b>–</b>	<b>30,361</b>	<b>535,574</b>	<b>(77,554)</b>	<b>458,020</b>	<b>488,381</b>	<b>517,199</b>	<b>28,818</b>	<b>476,762</b>

### SOPS 1.2 Analysis of Net Capital Outturn by Section

	Outturn			2018-19		2017-18
				Estimate		Outturn
	Gross £'000	Income £'000	Net £'000	Net Total £'000	Net total compared to Estimate £'000	Total £'000
<b>Spending in Departmental Expenditure limit</b>						
Voted:						
A – National Crime Agency Capital Expenditure	60,027	(8,095)	51,932	54,395	2,463	41,360
	60,027	(8,095)	51,932	54,395	2,463	41,360
<b>Annually Managed Expenditure</b>						
Voted:						
B – National Crime Agency AME	–	–	–	–	–	–
<b>Total</b>	<b>60,027</b>	<b>(8,095)</b>	<b>51,932</b>	<b>54,395</b>	<b>2,463</b>	<b>41,360</b>

Explanations of variances between Estimates and outturn are given under SoPS 3 below.

## SOPS 2. Reconciliation of Outturn to Net Operating Expenditure

### SOPS 2.1 Reconciliation of Net Resource Outturn to Net Operating Expenditure

	SoPS Note	2018-19 £000 Outturn	2017-18 £000 Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	488,381	476,762
Non-Budget	1.1	–	–
Less: Capital Grants		(8,095)	(6,225)
Other – R&D		1,769	–
<b>Net Expenditure in Statement of Comprehensive Net Expenditure</b>		<b>482,055</b>	<b>470,537</b>

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

	SoPS Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate savings/ (excess) £000
<b>Resource Outturn</b>	1.1	517,199	488,381	28,818
<b>Capital Outturn</b>	1.2	54,395	51,932	2,463
<b>Accruals to cash adjustment</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(56,700)	(57,066)	366
New provisions and adjustments to previous provisions		(52,000)	(1,372)	(50,628)
Other non-cash items		(130)	(1,066)	936
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		59,000	19,559	39,441
(Increase)/decrease in payables		86,236	(4,833)	91,069
Use of provisions		2,000	1,255	745
		<b>610,000</b>	<b>496,790</b>	<b>113,210</b>
<b>Removal of non-voted budget items</b>				
Consolidated Fund Standing Services		–	–	–
Other adjustments		–	–	–
<b>Net cash requirement</b>		<b>610,000</b>	<b>496,790</b>	<b>113,210</b>

#### Explanation of key variances between Estimates and Outturn are as follows:

- Resource Departmental Expenditure Limit: RDEL Outturn is 99% of the Estimated figure highlighting a high degree of efficiency of financial management in the period.
- Capital Departmental Expenditure Limit: CDEL Outturn is 96% of the Estimated figure which again shows an efficiency of financial management,
- Resource Annually Managed Expenditure: Although Outturn is 52% of the Estimated figure, AME is separated from RDEL and CDEL due to its inherent unpredictability. Therefore, common practice is to allocate a significantly higher AME Estimate than likely expenditure. The £26m Outturn is consistent with the previous 3 years Outturn, with interest on Pension costs being the most material item.
- Net Cash Requirement: The variance of the Net cash requirement Outturn to Estimate of £113m was principally due to the changes in working capital (receivables and payables). As any breaches of this total are subject to sanction, a prudent approach is always applied to this estimate.

- Administration costs: Administration costs represent 98% of the Estimate, showing that the NCA has stayed within its limits to

ensure that output from Programme costs are maximised.

## Remote Contingent liabilities, Losses and Special Payments

This section is subject to audit.

### Indemnities

A Departmental Minute was laid before Parliament in March 2015 which enables the NCA to indemnify bodies against losses when using their facilities for firearms training purposes, to a maximum value at any one time of £50m. The NCA entered into 39 agreements with suppliers during the reporting period (2017-18: 51), with a maximum value at any one date of £27m (2017-18: £26m). At 31 March 2019, the NCA had no indemnities in place with firearms training establishments (2017-18: nil). Controls were in place to ensure that these did not exceed the £50m limit at any specific date. No individual indemnity held during the reporting period exceeded £5m in value.

The NCA has the authority to enter into other indemnities for operational need of up to £1m in any particular case. The NCA entered into no new indemnities during the year (2017-18: 5).

A PF78 (solicitor's undertaking as to expenses) occurs in circumstances where a person, by dint of their age or capacity, was unable to defend their own interests. In these cases, the court would direct that their interests were independently represented by the office of the Official Solicitor. In such circumstances, the NCA was requested by the court to provide an undertaking to indemnify the Official Solicitor's reasonable costs. No new PF78s were established in the year to 31 March 2019 (2017-18: nil).

The following indemnities are in place as at 31 March 2019:

- 5 indemnities (2017-18: 5) with banks relating to the recovery of criminal assets with an estimated value of £0.625m (2017-18: £0.635m). The change in value is due to Euro/Sterling exchange rate movements.
- 6 indemnities (2017-18: 5) with clearing banks with a maximum aggregated value of £1.6m (2017-18: £1.5m).

- 10 operational indemnities (2017-18: 11) with a combined maximum estimated value of £6.0m (2017-18: £5.21m).
- 5 PF78 solicitor's undertaking as to expenses (2017-18: 5). PF78's are to cover all "reasonable expenses" with a potential liability of less than £0.125m (2017-18: £0.125m).

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

### Losses and Special Payments

There are no significant losses and special payments that need to be reported in accordance with Managing Public Money.

A special payment due to be paid on account of the appointment of the Director General (Operations), as incurred in 2018-19, is worth noting for transparency purposes (see Remuneration and Staff Report for details).

**Lynne Owens**  
Director General  
15 July 2019

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

## Opinion on financial statements

I certify that I have audited the financial statements of the National Crime Agency (NCA) for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of NCA's affairs as at 31 March 2019 and of the Statements of Comprehensive Net Expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of NCA in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NCA's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Director General as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.



## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NCA's internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NCA's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Other Information

The Director General as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
Comptroller and Auditor General

19 July 2019

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

# Part Three

## Financial Statements



## Statement of comprehensive net expenditure for the period ended 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
Operating income	5	(85,649)	(66,511)
<b>Total operating income</b>		<b>(85,649)</b>	<b>(66,511)</b>
Officer costs	3	257,196	258,745
Other costs	4	232,022	203,891
Depreciation and amortisation	4	57,066	50,882
<b>Total operating expenditure</b>		<b>546,284</b>	<b>513,518</b>
<b>Net operating expenditure</b>		<b>460,635</b>	<b>447,007</b>
Interest on pension liabilities	3a	21,420	23,530
<b>Net expenditure for the year</b>		<b>482,055</b>	<b>470,537</b>

### Other Comprehensive Expenditure

	Note	2018-19 £'000	2017-18 £'000
Net (gain)/loss on revaluation of Property, Plant and Equipment	6	(3,351)	(10,745)
Actuarial (gain)/loss on pension reserve	3a	(31,460)	(5,350)
<b>Comprehensive net expenditure for the year ended 31 March 2019</b>		<b>447,244</b>	<b>454,442</b>

The notes on pages 77 to 94 form part of these accounts.

# Statement of financial position

as at 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
<b>Non-current assets</b>			
Property, plant and equipment	6	137,133	146,081
Intangible non-current assets	7	52,646	40,211
<b>Total non-current assets</b>		<b>189,779</b>	<b>186,292</b>
<b>Current assets</b>			
Trade and other receivables	10	72,657	53,098
Cash and cash equivalents	9	10,768	14,558
<b>Total current assets</b>		<b>83,425</b>	<b>67,656</b>
<b>Total assets</b>		<b>273,204</b>	<b>253,948</b>
<b>Current liabilities</b>			
Trade and other payables	11	(83,877)	(82,343)
Provisions falling due within 1 year	12	(946)	(2,100)
<b>Total current liabilities</b>		<b>(84,823)</b>	<b>(84,443)</b>
<b>Total assets less current liabilities</b>		<b>188,381</b>	<b>169,505</b>
<b>Non-current liabilities</b>			
IAS 19 Pension Liability	3a	(819,313)	(850,883)
Provisions	12	(6,226)	(4,955)
Other payables	11	(3,204)	(3,695)
<b>Total non-current liabilities</b>		<b>(828,743)</b>	<b>(859,533)</b>
<b>Total assets less total liabilities</b>		<b>(640,362)</b>	<b>(690,028)</b>
<b>Taxpayers' equity and other reserves:</b>			
General Fund		(23,504)	(42,096)
Pension Reserve		(634,300)	(665,760)
Revaluation Reserve		17,442	17,828
		<b>(640,362)</b>	<b>(690,028)</b>

The notes on pages 77 to 94 form part of these accounts.

**Lynne Owens**  
**Director General and Accounting Officer, National Crime Agency**  
 15 July 2019



# Statement of cash flow

## for the period to 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
<b>Cash flows from operating activities</b>			
Net Expenditure for the Year		(482,055)	(470,537)
Adjustments for non-cash transactions:			
Depreciation and audit fee	4	57,186	51,002
Loss/(gain) on asset revaluation	6/7	558	(179)
(Surplus)/Loss on disposal of non-current assets	4	208	(63)
Donated Assets		591	–
Pension costs	3a	27,330	30,600
Employee contribution		1,260	1,530
Police Pension Payment made		(28,740)	(24,168)
Cash Transfers in from other police pension schemes		40	–
(Increase)/Decrease in receivables	10	(19,559)	(6,206)
Increase/(Decrease) in trade and other payables	11	4,833	(5,323)
Increase/(Decrease) for use of provisions	12	117	(3,464)
<b>Net cash outflow from operating activities</b>		<b>(438,231)</b>	<b>(426,808)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(32,773)	(32,989)
Purchase of intangible assets	7	(26,079)	(15,052)
Proceeds of disposal of property, plant and equipment		293	516
<b>Net cash outflow from investing activities</b>		<b>(58,559)</b>	<b>(47,525)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund		493,000	468,000
<b>Net financing</b>		<b>493,000</b>	<b>468,000</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(3,790)</b>	<b>(6,333)</b>
Cash and cash equivalents at the beginning of the period		14,558	20,891
Cash and cash equivalents at the end of the period		<b>10,768</b>	<b>14,558</b>

The notes on pages 77 to 94 form part of these accounts.

# Statement of changes in taxpayers' equity

## for the period ended 31 March 2019

	Note	General Fund £'000	Pension Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2017</b>		<b>(51,705)</b>	<b>(671,110)</b>	<b>12,776</b>	<b>(710,039)</b>
Net gain on revaluation of property, plant & equipment	6	–	–	10,745	10,745
Actuarial gain/(loss) on pension reserve	3a	–	5,350	–	5,350
Net expenditure for the year		(470,537)	–	–	(470,537)
Non-cash charges – Auditor's Remuneration	4	120	–	–	120
Transfer between reserves		5,693	–	(5,693)	–
Supply payable		(14,558)	–	–	(14,558)
Net parliamentary funding		488,891	–	–	488,891
<b>Balance at 31 March 2018</b>		<b>(42,096)</b>	<b>(665,760)</b>	<b>17,828</b>	<b>(690,028)</b>
Net gain on revaluation of property, plant & equipment	6	–	–	3,351	3,351
Actuarial gain/(loss) on pension reserve	3a	–	31,460	–	31,460
Net expenditure for the year		(482,055)	–	–	(482,055)
Non-cash charges – Auditor's Remuneration	4	120	–	–	120
Transfer between reserves		3,737	–	(3,737)	–
Supply payable		(10,768)	–	–	(10,768)
Net parliamentary funding		507,558	–	–	507,558
<b>Balance at 31 March 2019</b>		<b>(23,504)</b>	<b>(634,300)</b>	<b>17,442</b>	<b>(640,362)</b>

The notes on pages 77 to 94 form part of these accounts.

# Notes to the accounts

## 1. Statement of accounting policies

### Basis of preparation

The financial statements for this individual entity have been prepared in accordance with the 2018–19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the NCA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NCA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

The presenting currency is in £ Sterling, rounded in '000s.

#### 1a) Accounting convention

The accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment. Intangible assets and inventories are not revalued

#### 1b) Income

##### Recognition

In accordance with FReM, where assets are financed by government grant from other departments, the funding element is recognised as income and taken through the Statement of Comprehensive Net Expenditure. The NCA met all conditions regarding the consumption of future economic benefits set by the funding providers so the funding was not deferred. Where income is earned but has not been received by the end of the year, the income is accrued and taken through the Statement of Comprehensive Net Expenditure.

This income has been recognised as follows in line with IFRS 15 principles which came into effect in 2018-19, although in practice there has been no change in income recognition from the policy followed under IAS18. The below sources of income are notable:

##### *Donations received*

The Child Exploitation and Online Protection (CEOP) Command receives cash donations, donated assets and donations in kind, including officers' time and use of assets, from various external sponsors and agencies, with income recognised in the financial year the services are donated.

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

##### *Specific operational funding and recovery of costs*

Income is received from stakeholders to cover the costs of specific operational initiatives and consequently certain costs are recovered.

Such income charged to recover costs incurred by NCA where it has been agreed that these are funded by other parties are recognised in line with when those costs have been recognised by NCA.

##### *Assets Recovered Incentivisation Scheme (ARIS)*

ARIS income is required to be spent within the year it was earned. ARIS income is accounted for under the accruals concept, and is recognised in the financial year in which claims are submitted to the Home Office. The claims detail the work carried out by NCA on each individual case which forms the basis of the income recognition.

##### *Scottish Government and Police Service of Northern Ireland*

Income is recognised in the financial year in which the funding is provided. This is provided for the law enforcement provided by the NCA in both jurisdictions.

### 1c) Foreign currency

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

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

### 1d) Leases

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

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

### 1e) Pensions Reserve

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

### 1f) Pension costs

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

The cost of providing unfunded pension benefits for former police officers is charged to the Net Expenditure account over the qualifying service life of the officer. The qualifying service for these pension benefits includes prior service with a police force in addition to service with the NCA, although no funding is received from the officer's previous employer in relation to this past service. The annual charge to the Statement of Comprehensive Net Expenditure is calculated so that the Statement of Financial Position provision reflects the proportion of the future pension liability relevant to accumulated qualifying service

at the Statement of Financial Position date. The Police Pension liability includes a provision for future injury awards. A payment to cover the net pension deficit is included in the NCA budget annually. The deficit is caused by expenditure on pensions exceeding contributions.

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

### 1g) Value Added Tax

Most of the activities of the Agency are outside the scope of VAT and, in general, output tax does not apply and input tax is not recoverable. Input tax is recovered in accordance with services listed in HM Treasury's Contracting-Out of Services Direction, which is provided for in section 41(3) of the VAT Act 1994. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

### 1h) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make appropriate judgements and assumptions that affect the amounts reported for assets and liabilities for the year ending 31st March 2019, and for amounts reported for income and expenses during the relevant period.

#### Provisions

A provision is recognised when the Agency has a present legal or constructive obligation which has arisen as a result of a past event, when payment is probable and the amount can be estimated reliably. In determining the value to recognise as a provision in the accounts we use estimates provided by suitably qualified professionals.

#### Police Pension Scheme and related schemes

The Government Actuary's Department (GAD) estimates the present value of the defined benefit liabilities. These are determined using the

Projected Unit Credit Method (PUCM). Under the PUCM, the actuarial liability represents the present value of future benefit payments arising in respect of service prior to the valuation date.

### 1i) Non-current assets

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

Capital assets, both tangible and intangible, are assets that cost or are valued at or above a capitalisation threshold of £5,000 which is set by the NCA Board and with an expected working life of more than one year. Individual assets which cost less than £5,000 but are required to be grouped together to form one capital asset with a total value greater than £25,000 are capitalised. Technical equipment assets, the individual components of which cost less than £5,000, but which are non-consumable in nature, are also treated as capital assets.

Expenditure on the fit-out and works to buildings financed by operating leases is capitalised as a

tangible non-current asset if the works add to the value of the building. Fit-out costs of all new buildings could include the costs of new furniture and equipment that individually cost less than £5,000, but collectively cost greater than £25,000, where it is more appropriate to capitalise the initial costs. Tangible non current assets are carried at fair value for existing use.

The NCA proactively reviews the content of its Non-Current Asset Register (NCAR).

Capital investment development programme business case reviews and approvals enabled the NCA to validate the existence, utilisation and value of assets recorded in the NCAR.

### 1j) Depreciation and amortisation

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

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

Asset type	Useful life
Land and buildings	Land is not depreciated. Buildings are depreciated to their estimated residual value over the remainder of the buildings' estimated economic lives. The range of leasehold buildings' lives at 31 March 2019 to 2036 was 1 to 18 years.
Improvements to leasehold buildings	The duration of the lease or anticipated useful life of improvements, subject to a maximum of 10 years.
Motor vehicles	3 – 9 years
Plant and equipment	5 years
Furniture and fittings	10 years
IT equipment and software	3 – 10 years
Intangible non-current assets – IT licences and software	5 years (or the duration of the licence)



## 1k) Revaluation

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

Freehold properties are subject to two yearly professional revaluations. A full professional valuation was carried out by GVA during 2018-19.

Intangible assets are not revalued.

## 1l) Provisions

The Legal provision assesses the likelihood, potential risk and value of legal actions against the NCA. The provision incorporates estimates for both legal costs and compensation.

The Retirement provision was created to provide for expected future pension obligations arising from the HM Treasury approved exit scheme, which the NCA adopted in October 2010. The valuation, as advised by HM Treasury, includes a discount factor of 0.10% that is applied to future years' cash flows with effect from 31 March 2019 (0.10% from 31 March 2018).

The Dilapidation provision assesses and values expected dilapidation costs due when the NCA vacates a leased building. The provision is based on an estimated charge for the specific sites involved and allows for the reversal of any changes to the buildings made by the NCA and the costs of redecoration.

The Onerous Lease provision is for offices vacated by 31 March 2019 for which there is a lease obligation beyond this date. The provision takes into account known future lease breaks and lease end dates.

## 1m) Contingent liabilities

Contingent liabilities are disclosed in accordance with IAS 37 as applied or adapted for the public sector under the Government Financial Reporting Manual. Additionally, the NCA complies with HM Treasury Guidance "Managing Public Money", and ensures that HM Treasury and Parliamentary approval are sought where appropriate.

## 1n) Recovered assets

The criminal confiscation, civil recovery and taxation provisions under the Proceeds of Crime Act 2002 (PoCA) are used by the NCA to deprive criminals of their illicit profits and assets. Consequently, proceeds from recovered

assets are received and paid over to the Home Office. The NCA continues to participate in the incentivisation scheme whereby the NCA and referring law enforcement agencies receive a portion of the remittances, treated as income, as an incentive to build their asset recovery capacity.

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

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

Section 280 subsection 3, of the Crime and Courts Act 2013 enables the Director General to meet the costs of an appointed Interim Receiver from sums received from civil recovery proceedings in a way which directly mirrors the provisions in criminal confiscation cases in Parts 2 and 4 of PoCA. The commencement date of the provision was 1 July 2005 and, thereafter, the costs of Interim Receivers and Trustees were permitted to be offset against eventual case proceeds. Assets and cash held by the NCA on behalf of third parties in relation to these activities are not included in the NCA's accounts but are separately reported in note 16 to the accounts.

## 1o) Financial Instruments

IFRS 9 (financial instruments) is not applied to these accounts on the basis that all potential balances subject to the Standard are held with other Government Departments and thus are not required to be recognised for this purpose.

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

IFRS 16 – Leases was issued in January 2016 and was effective from 1 January 2019. However as HM Treasury is yet to issue advice on how to interpret or adapt this Standard, the NCA has been advised that the first year of adoption for UK public sector organisations will be from 2020-21.

## 2. Statement of Operating Costs by Operating Segment

	CEOP	Chief information office	Corporate Affairs and Central Costs	Corporate Finance	Corporate Services (including Externally funded projects)	DG Capabilities	DG Operations	Intelligence	Investigations	Legal	Prosperity	Vulnerabilities	2018-19 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	2,726	59,078	6,223	86,239	152,677	5,145	14,102	139,150	69,513	4,627	22,008	6,216	567,704
Income	(621)	(245)	(3)	(11,781)	(59,702)	–	(1)	(8,443)	(2,223)	(560)	(2,008)	(62)	(85,649)
Net Expenditure	2,105	58,833	6,220	74,458	92,975	5,145	14,101	130,707	67,290	4,067	20,000	6,154	482,055

The 2017-18 restated comparatives are shown in the table below:

	CEOP	Chief information office	Corporate Affairs and Central Costs	Corporate Finance	Corporate Services (including Externally funded projects)	DDG Capabilities	DDG Operations	Intelligence	Investigations	Legal	Prosperity	Vulnerabilities	2016-17 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	13,736	49,764	5,179	76,346	133,768	4,865	14,582	99,340	103,482	4,568	24,703	6,715	537,048
Income	(240)	(326)	–	(13,058)	(50,256)	–	(55)	(592)	(643)	(3)	(1,212)	(126)	(66,511)
Net Expenditure	13,496	49,438	5,179	63,288	83,512	4,865	14,527	98,748	102,839	4,565	23,491	6,589	470,537

### Description of segments

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

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

### Chief Information Office

The Chief Information Office is responsible for creating a cutting edge technology and information environment that connects, empowers and enhances our officers' crime fighting capabilities.

The Command is beginning the transformation of the NCA's technology estate and technology organisation in order to underpin NCA's wider

transformation agenda, whilst supporting day-to-day service and continuing to deliver the IT Investment Portfolio.

### Strategy and Central Costs

Strategy manages and supports the governance functions and structures of the NCA on behalf of the NCA Board and Command Team. It has responsibility for developing and disseminating the NCA's strategic positioning, in particular with government, key domestic and international partners.

### Corporate Finance

Corporate Finance works to plan and prioritise our resource and capital expenditure, supports our investment and capability strategy, provides analysis on value for money and evaluation of options for any investment opportunity, and ensures compliance with our statutory, regulatory and corporate governance duties.

## **Corporate Services (including externally funded projects) Investigations**

Corporate Services provides an integrated approach providing the NCA with sound financial planning and management, a modern infrastructure, efficient logistical support, responsive HR systems and trained, motivated officers. It includes all the estates, IT and fleet costs which contribute to operational activity.

### **DG Capabilities**

The DG Capabilities' Command provides advice and support to the DG Capabilities to assist with strategic leadership on issues relating to our officers, culture, transformation, technology, and estates – everything about how we work. This Command is responsible for ensuring that the NCA has effective support capabilities and leads on the continuing design and delivery of our Transformation Portfolio.

### **DG Operations**

The DG Operations' Command provides operational advice and support to the DG Operation's office, including bringing together our intelligence, investigation and tasking functions, enabling us to develop an excellent strategic, tactical and operational picture of the threat.

### **Intelligence**

The Intelligence Command aims to utilise the enhanced intelligence picture of serious and organised crime threats to the UK, and flex NCA, law enforcement and wider HMG collective resources to disrupt the threat. It aims to achieve this by putting intelligence at the heart of the Agency and looking for new opportunities in intelligence collection, developing new and enhancing traditional capabilities to increase the quantity and quality of intelligence available to exploit both in the UK and abroad.

Investigation Command's role is to protect the public from the most serious threats by disrupting and bringing to justice those serious and organised criminals who present the highest risk to the UK.

### **Legal**

NCA Legal supports the NCA in leading the fight to cut serious and organised crime. The Command has four separate teams, together with a business support team, dedicated to supporting the work of the entire Agency by providing advice on a range of matters including operational legal advice to investigators, intelligence collection and the intelligence hub, advice on the legal risk associated with the NCA's information management policies and processes, and to the NCA Board and corporate services on HR issues.

### **Prosperity**

The Prosperity Command is made up of two separate strands; namely the National Economic Crime Centre (NECC) and the National Cyber Crime Unit (NCCU). The NECC aims to reduce the impact of illicit finance (including the financing of serious and organised crime) on UK society and the UK economy by supporting and coordinating resources across the UK.

The NCCU leads the UK's law enforcement response to serious organised cyber crime which includes leading operations against the most significant and technically complex cyber criminals and groups and coordinating the UK's entire law enforcement response to cyber crime.

### **Vulnerabilities**

The Vulnerabilities Command incorporates NCA-CEOP, Organised Immigration Crime and Borders, Modern Slavery and Human Trafficking and Protected Person Services under one structure by grouping people-based and victim-focused crimes together to provide a better response to these threats.

### 3. Officer costs

	2018-19 £'000	2017-18 £'000
Wages & Salaries	200,266	200,315
Social security costs	18,612	18,879
Other pension costs	32,851	33,129
Current service cost net of employee contributions	5,910	7,070
Less recoveries in respect of outward secondments	(443)	(648)
<b>Total Officer Costs</b>	<b>257,196</b>	<b>258,745</b>

#### 3a) Police Pension Scheme

The Agency operates a defined benefit Police Pension Scheme for former police officers.

The Police Pension Fund was established under the Police Pension Fund Regulations 2007 (SI 2007/1932).

As part of the scheme, the NCA accepted liability for payment of the pension benefits in respect of the officers' past service with a police force, although no transfer values were payable from a former employer in respect of this liability, as well as their pensionable service whilst employed by the Agency.

Pension benefits were paid from the NCA resources as they fell due. In the year ending 31 March 2019, £28.7m was paid to pensioners (2017-18: £24.2m).

Officers in the 1987 pension scheme make contributions of 14.25% to 15.05% of salary (according to salary threshold), those joining the 2006 scheme pay 11.00% to 12.75% and those

in the 2015 scheme pay 12.44% to 13.78%.

The schemes have different accrual rates and retirement ages. Pensions paid in the period were charged against the pension liability. The NCA incurred the cost of employer contributions in the period totalling £1.8m (2017-18: £2.3m). The employee's contribution is set nationally by the Home Office and is subject to triennial revaluation by the Government Actuary's Department (GAD).

In order to comply with the Government Financial Reporting Manual and Accounts Guidance, the NCA was required to provide in these Accounts for the full value of the expected future pensions liabilities of the officers. Since 2010-11 GAD has valued contingent injury awards, the previous approach valued injury awards as they came into payment. This change in practice is due to the adoption of IAS 19. The NCA commissioned GAD to value the scheme liabilities as at 31 March 2019. The full provision for pension liabilities at 31 March 2019 of £819.31m (2017-18: £850.88m) is based on the assumptions and information set out below, and is reflected in the statement of financial position.

#### Pension Liabilities

	2018-19 £'000	2017-18 £'000
Present value of liabilities	819,313	850,883
<b>Net pension liabilities</b>	<b>819,313</b>	<b>850,883</b>

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

	2018-19 % pa	2017-18 % pa
Discount rate	2.90	2.55
Inflation assumption	2.60	2.45
Rate of increase in salaries	4.10	3.95
Rate of increase in pensions	2.60	2.45
Rate of CARE revaluation	3.85	3.70

The net scheme assets at 31 March 2019 are as follows:

Re-measurements of net defined liability / (asset) for the year	2018-19	2017-18
Discount scheme	£000	£000
Experience gains / (losses)	20	12,500
Effect of changes in demographic and financial assumptions	31,440	(7,150)
Re-measurements of net defined liability / (asset)	31,460	5,350

The Remeasurements of net defined liability/(asset) calculated by GAD has been reflected in the Statement of Financial Position (Pension Reserve).

The results of any actuarial valuation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty, the approximate effects on the actuarial liability as at 31 March 2019 of changes to the main actuarial assumptions are set out below:

### Change in Assumptions

	Approximate Effect on total liability	
	%	£'000
<b>Rate of Return</b>		
i. Rate of discounting scheme liabilities: +0.5% a year	(9.5)	(78,000)
ii. Rate of Increase in salaries: +0.5% a year	0.5	4,000
iii. Rate of increase in pensions / deferred revaluation: +0.5% a year	8.0	67,000
<b>Pensioner Mortality</b>		
iv. Life expectancy: Pensioners living (on average) one year longer	2.5	21,000

The change in the pension liabilities resulting from operating and finance costs have been charged to the Statement of Comprehensive Net Expenditure. This charge is reduced by the contributions receivable in the year from the active members.

### Changes in Pension Assets and Liabilities for the Year by Scheme:

	2018-19 Total £'000	2017-18 Total £'000
<b>Operating cost:</b>		
Current service cost net of employee contributions	5,910	6,480
Past service cost	–	590
Transfers	–	–
Employers contribution	–	–
<b>Finance cost:</b>		
Interest on pension liabilities	21,420	23,530
Expected return on employer assets		
<b>Net Return</b>	<b>27,330</b>	<b>30,600</b>
<b>Actuarial gain/(loss)</b>		
Experience gain/(loss) on pension liabilities	20	12,500
Actuarial return on scheme assets	–	–
Changes in demographic & financial assumptions	31,440	(7,150)
<b>Total Actuarial Gain/(Loss) charged to Pension Reserve</b>	<b>31,460</b>	<b>5,350</b>



## Movement in Pension Liabilities during the year

	2018-19 Total £'000	2017-18 Total £'000
Net liabilities at start of year	850,883	848,271
Current & past service cost	7,170	8,600
Pensions paid in the year	(28,740)	(24,168)
Employer's contribution	–	–
Pension transfers-in	40	–
Net finance charge	21,420	23,530
Actuarial (gain)/loss	(31,460)	(5,350)
<b>Net (assets)/liabilities at end of year</b>	<b>819,313</b>	<b>850,883</b>

## Service Cost

	2018-19 £'000	2017-18 £'000
Current Service cost (net of employee contributions)	5,910	6,480
Costs Covered by employee contributions	1,260	1,530
Past service costs	–	590
<b>Total Service Costs</b>	<b>7,170</b>	<b>8,600</b>

## 4. Expenditure

	2018-19 £'000	2017-18 £'000
IT & Communications	59,502	48,595
Estate	42,290	48,941
Other Operational Costs	53,831	37,741
Supplies & Services	36,555	35,687
Travel & Subsistence	17,789	18,663
Training & Recruitment	8,213	6,341
Transport	6,940	6,338
Legal Costs	2,525	1,813
Grants	2,148	1,851
Conferences & Hospitality	950	818
(Surplus)/loss on disposal of non-current assets	208	(63)
Research and development expenditure	1,769	–
	<b>232,720</b>	<b>206,725</b>
Non-Cash items:		
Depreciation and amortisation	57,066	50,882
Revaluation (gain)/loss on non-current assets	558	(179)
Auditor's remuneration and expenses	120	120
Non-Pay Provision expenses	(1,574)	(2,955)
Notional expenditure covered by donations	198	180
	<b>289,088</b>	<b>254,773</b>

## 5. Income

	2018-19 £'000	2018-19 £'000	2017-18 £'000	2017-18 £'000
Funding received:				
Scottish Government contribution	5,212		5,212	
Police Service of Northern Ireland contribution	1,395		1,391	
Assets Recovered Incentivisation Scheme (ARIS)	4,976		6,460	
EU Funding	129		2	
Specific operational funding*	48,531		37,634	
		<b>60,243</b>		<b>50,699</b>
Donation of goods and services (excl cash):				
Donations over £250k	–		–	
Donations under £250k	198		180	
		<b>198</b>		<b>180</b>
Other operating income:				
Cash Donations	–		–	
Others	3,911		3,732	
		<b>3,911</b>		<b>3,732</b>
Recovery of Costs	19,414		10,980	
Rents and Service Charges	1,883		920	
		<b>21,297</b>		<b>11,900</b>
		<b>85,649</b>		<b>66,511</b>

\* Specific operational funding relates to funding received to undertake a specific operational projects, whereas recovery of costs includes recovery of legal costs and other non-routine items.

## 6. Property, plant and equipment

### At 31 March 2019

	Buildings	Land	Improvements to leasehold buildings	Motor vehicles	IT Hardware	Plant & Machinery	Furniture & Fitting	Payments on account & assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2018	31,223	3,976	164,818	40,736	135,077	45,575	9,312	2,341	433,058
Additions	615	–	2,493	1,339	21,762	1,321	572	4,671	32,773
Disposals	–	–	(17,403)	(3,726)	(5,330)	(352)	–	–	(26,811)
Transfers (internal)	25	–	(25)	1,137	500	633	–	(2,270)	–
Revaluations	8,729	2,806	(8,289)	434	473	(644)	(40)	–	3,469
<b>At 31 March 2019</b>	<b>40,592</b>	<b>6,782</b>	<b>141,594</b>	<b>39,920</b>	<b>152,482</b>	<b>46,533</b>	<b>9,844</b>	<b>4,742</b>	<b>442,489</b>
<b>Depreciation</b>									
At 1 April 2018	(20,793)	–	(113,022)	(26,620)	(86,070)	(34,215)	(6,257)	–	(286,977)
Charge in year	(1,837)	–	(13,088)	(4,286)	(19,974)	(3,819)	(490)	–	(43,494)
Disposals	–	–	17,402	3,248	5,140	–	–	–	25,790
Transfer	(5)	–	5	–	–	–	–	–	–
Revaluation	(6,321)	–	5,798	(242)	(328)	394	24	–	(675)
<b>At 31 March 2019</b>	<b>(28,956)</b>	<b>–</b>	<b>(102,905)</b>	<b>(27,900)</b>	<b>(101,232)</b>	<b>(37,640)</b>	<b>(6,723)</b>	<b>–</b>	<b>(305,356)</b>
Carrying amount at 31 March 2018	10,430	3,976	51,796	14,116	49,007	11,360	3,055	2,341	146,081
<b>Net book value at 31 March 2019</b>	<b>11,636</b>	<b>6,782</b>	<b>38,689</b>	<b>12,020</b>	<b>51,250</b>	<b>8,893</b>	<b>3,121</b>	<b>4,742</b>	<b>137,133</b>

All assets were owned by the NCA

### At 31 March 2018

	Buildings	Land	Improvements to leasehold buildings	Motor vehicles	IT Hardware	Plant & Machinery	Furniture & Fitting	Payments on account & assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2017	367	–	9,762	2,333	14,282	4,927	1,318	–	32,989
Additions	–	–	–	(1,137)	(570)	(633)	–	2,340	–
Disposals	–	–	–	(3,659)	–	–	–	–	(3,659)
Transfers (internal)	–	–	154	2,603	3,315	539	3	(6,614)	–
Revaluations	–	–	24,603	699	1,372	–	33	–	26,707
<b>At 31 March 2018</b>	<b>31,223</b>	<b>3,976</b>	<b>164,818</b>	<b>40,736</b>	<b>135,077</b>	<b>45,575</b>	<b>9,312</b>	<b>2,341</b>	<b>433,058</b>
<b>Depreciation</b>									
At 1 April 2017	(18,993)	–	(87,580)	(25,198)	(67,754)	(30,977)	(5,888)	–	(236,390)
Charge in year	(1,800)	–	(10,822)	(4,277)	(17,522)	(3,238)	(351)	–	(38,010)
Disposals	–	–	–	3,203	–	–	–	–	3,203
Revaluation	–	–	(14,620)	(348)	(794)	–	(18)	–	(15,780)
<b>At 31 March 2018</b>	<b>(20,793)</b>	<b>–</b>	<b>(113,022)</b>	<b>(26,620)</b>	<b>(86,070)</b>	<b>(34,215)</b>	<b>(6,257)</b>	<b>–</b>	<b>(286,977)</b>
Carrying amount at 31 March 2017	11,863	3,976	42,719	14,699	48,924	9,765	2,070	6,615	140,631
<b>Net book value at 31 March 2018</b>	<b>10,430</b>	<b>3,976</b>	<b>51,796</b>	<b>14,116</b>	<b>49,007</b>	<b>11,360</b>	<b>3,055</b>	<b>2,341</b>	<b>146,081</b>

All assets were owned by the NCA

## 7. Intangible assets

### At 31 March 2019

	Purchased software £'000	Payments on account & assets under construction £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2018	114,213	331	114,544
Additions	23,915	2,164	26,079
Disposals	(2,224)	–	(2,224)
Transfers	213	(213)	–
<b>At 31 March 2019</b>	<b>136,117</b>	<b>2,282</b>	<b>138,399</b>
<b>Amortisation</b>			
At 1 April 2018	(74,333)	–	(74,333)
Charge in year	(13,571)	–	(13,571)
Disposals	2,151	–	2,151
<b>At 31 March 2019</b>	<b>(85,753)</b>	<b>–</b>	<b>(85,753)</b>
<b>Net Book Value</b>			
Carrying amount at 31 March 2018	39,880	331	40,211
<b>Carrying amount at 31 March 2019</b>	<b>50,364</b>	<b>2,282</b>	<b>52,646</b>

All intangible assets were owned by the NCA

### At 31 March 2018

	Purchased software £'000	Payments on account & assets under construction £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2017	94,465	5,027	99,492
Additions	15,052	–	15,052
Disposals	(332)	332	–
Disposals	–	–	–
Transfers	5,028	(5,028)	–
<b>At 31 March 2018</b>	<b>114,213</b>	<b>331</b>	<b>114,544</b>
<b>Amortisation</b>			
At 1 April 2017	(61,461)	–	(61,461)
Charge in year	(12,872)	–	(12,872)
Disposals	–	–	–
<b>At 31 March 2018</b>	<b>(74,333)</b>	<b>–</b>	<b>(74,333)</b>
Carrying amount at 31 March 2017	33,004	5,027	38,031
<b>Carrying amount at 31 March 2018</b>	<b>39,880</b>	<b>331</b>	<b>40,211</b>

## 8. Financial instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

The requirements of IFRS 9: Financial Instruments have been considered; however, changes from IAS 39 are not considered to be applicable or material in the case of the NCA, so no change has been made to the presentation or disclosures in the financial statements.

## 9. Cash and cash equivalents

	2018-19 £'000	2017-18 £'000
Opening balance	14,558	20,891
Net change in cash and cash equivalents balances	(3,790)	(6,333)
<b>Balance at 31 March 2019</b>	<b>10,768</b>	<b>14,558</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	4,125	3,000
Balance held with Government Banking Service	6,643	11,558
<b>Balance at 31 March 2019</b>	<b>10,768</b>	<b>14,558</b>

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

The UK commercial accounts operate under a pooling arrangement which allows accounts to become overdrawn, as long as the main NCA commercial account remains in credit and covers the overdrawn balances. Cash and cash equivalent balances held at 31 March 2019 were converted to sterling at the prevailing spot rate.

Bank interest of £5k was received during the year on bank balances (2017-18: £1k).

## 10. Trade receivables, financial and other assets

	2018-19 £'000	2017-18 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	8,550	4,245
Accrued income	49,703	35,979
Other receivables	1,918	1,719
Prepayments	12,486	11,155
	<b>72,657</b>	<b>53,098</b>



## 11. Trade payables and other current liabilities

	2018-19 £'000	2017-18 £'000
<b>(a) Amounts falling due within one year</b>		
Other Tax and Social Security	6,968	2,208
Trade Payables	17,135	12,254
Other Payables	1,558	1,463
Amounts issued from the Consolidated Fund for supply but not spent at year end	10,768	14,558
Accruals and deferred income	47,448	51,860
	<b>83,877</b>	<b>82,343</b>
<b>(b) Amounts falling due more than one year</b>		
Other payables *	3,204	3,695
	<b>3,204</b>	<b>3,695</b>

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

## 12. Provisions for liabilities and charges

	Legal Provision £'000	Retirement Provision £'000	Dilapidation Provision £'000	Onerous Lease Provision £'000	2018-19 Total Provision £'000	2017-18 Total Provision £'000
<b>Opening balance</b>	<b>1,701</b>	<b>1,475</b>	<b>3,414</b>	<b>465</b>	<b>7,055</b>	<b>10,519</b>
Provided in year	182	1,996	–	–	2,178	1,931
Provisions not required written back *	(1,013)	–	102	–	(911)	(1,606)
Provisions utilised in the year **	(700)	(349)	–	(206)	(1,255)	(3,533)
Cost of borrowing (Unwinding of discount)	–	44	–	61	105	(256)
<b>Balance at 31 March 2019</b>	<b>170</b>	<b>3,166</b>	<b>3,516</b>	<b>320</b>	<b>7,172</b>	<b>7,055</b>

\* Provisions not required written back are a credit to Annually Managed Expenditure (AME). This occurs when the provision is reviewed and confirmed to be over stated.

\*\* Provisions utilised in the year are a charge to DEL and reflect expenditure incurred that off-set in part or in total the original provision.

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

Balance as at 31 March 2019	Legal Provision £'000	Retirement Provision £'000	Dilapidation Provision £'000	Onerous Lease Provision £'000	2018-19 Total Provision £'000	2017-18 Total Provision £'000
within 1 year	170	242	440	94	946	2,100
2-5 years	–	534	1,979	226	2,739	2,724
Over 5 years	–	2,390	1,097	–	3,487	2,231
	170	3,166	3,516	320	7,172	7,055

The Legal provision of £170k relates to provision for claims and costs relating to potential civil recovery cases, and cases in progress to cover estimates on litigation costs for officers undertaking action because of injury, loss of employment, changes in conditions of service and operational activity. The provision allowed for both costs and compensation payments.

The Dilapidation provision assessed and valued expected dilapidation costs on buildings the NCA has already exited or with a published date of exit. An amount was provided for in the accounts based on an estimated charge per sq. ft of leased space and allowed for the reversal of any changes to the building made by the NCA and the costs of redecoration.

## 13. Contingent liabilities

### 13a Lease dilapidations

The NCA occupied leasehold premises, many of which were modified to meet specific operational or administration requirements. Common to the leases was the requirement to hand back the premises at the end of the lease period in a good condition. In substance this often obliged the NCA to incur further expenditure on returning these premises to their pre-occupation condition.

The lease dilapidations in note 13 relate to buildings still occupied by the NCA at 31 March 2019 with no published plans to vacate. Lease dilapidations for buildings already exited or with a publish date of exit are shown in the dilapidation provision (note 12).

The costs to the NCA on vacation of leased premises were estimated as £4.4m (2017-18: £3.5m). This estimate was based on a charge per square foot of leased space and allowed for the reversal of any changes to the building made by the NCA and the costs of redecoration. This potential liability at 31 March 2019 was estimated to fall due as follows:

	2018-19 £'000	2017-18 £'000
Not later than one year	–	–
Later than one year and not later than five years	–	–
Later than five years	4,363	3,473
	4,363	3,473

### 13b Litigation

The NCA had a small number of claims from employees, members of the public and suppliers that could result in damages payments being made upon tribunal or court judgment or settlement. The probability of the claims resulting in the NCA making a financial settlement is considered less than 50%, and it is considered that disclosing any amounts would be prejudicial to the litigation process.

Additionally, due to the McCloud and Sargeant decision and the Chief Secretary to the Treasury's statement of 15 July 2019, it is likely that there will be an impact on Police Pensions generally, although the nature of any remedy is not yet known.

## 14. Leases

### Commitments under leases:

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

	2018-19 £'000	Restated 2017-18 £'000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	18,746	19,416
Later than one year and not later than five years	62,799	70,041
Later than five years	61,683	79,134
<b>Total</b>	<b>143,228</b>	<b>168,591</b>

The 2017-18 figure has been restated for commitments later than five years for a NCA building that has a longer lease than originally stated.

## 15. Capital and other commitments

### 15a Contracted capital commitments

The Agency has no contracted capital commitments.

### 15b Other financial commitments

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

	2018-19 £'000	2017-18 £'000
Other financial commitments		
Not later than one year	165	3,511
Later than one year and not later than five years	–	165
Later than five years	–	–
<b>Total</b>	<b>165</b>	<b>3,676</b>

## 16. Related party transactions

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

No minister, board member, key manager or other related parties has undertaken any material transactions with the NCA during the year.

## 17. Third-party assets

Seized property is that which is appropriated by the NCA and other law enforcement bodies but which may still be liable to be returned. Seized property held by the NCA as at 31 March 2019 consisted of £21.8m (2017-18: £16.57m) in cash, motor vehicles and other valuables suspected of being derived from criminal activity.

These are not the NCA's assets and are not included in the accounts.

	2018-19 £'000	2017-18 £'000
Third party assets:		
Monies	19,295	16,244
Physical assets	2,555	329
<b>Total</b>	<b>21,850</b>	<b>16,573</b>

## 18. Recovered assets

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

	2018-19 £'000	2017-18 £'000
Recovered assets receipts for the year to 31 March 2019		
- Civil	3,252	5,743
- Criminal	457	1,235
- Tax	1,679	1,411
	5,388	8,389
Recovered assets receipts for the year to 31 March 2019		
Asset recoveries applied against receivers' fees (see below)	(72)	(118)
<b>Net recovered receipts</b>	<b>5,316</b>	<b>8,271</b>
Receipts paid to the Home Office for the year to 31 March 2019	(3,140)	(6,618)
<b>Recovered asset proceeds held at 31 March 2019</b>	<b>2,176</b>	<b>1,653</b>

The NCA pays to the Home office, quarterly in arrears, recovered asset receipts net of estimated receivership and enforcement costs. A final payment for £2.2m is due from monies held in separately identified third party bank accounts which will be paid to the Home Office by June 2019.

The civil and tax figures quoted above differ from the NCA's reported performance against the Home Office civil and tax recovery target in the annual report as a result of the deduction of allowable costs and cases under appeal in the above figures.

The "criminal" receipts figure quoted above relates to the NCA's on-going responsibility to enforce payment against criminal confiscation orders obtained in previous years by the Assets Recovery Agency (ARA) or where the NCA has obtained a confiscation order in connection with an investigation commenced by ARA. It is by its nature a small and diminishing amount. All other existing confiscation orders obtained by the NCA and new confiscation orders unconnected with ARA obtained since the merger continue to be enforced by the courts. This figure has no relationship to the value of new confiscation orders obtained by the NCA between 1 April 2018 and 31 March 2019; nor to the value of receipts banked by the courts in fulfilment of confiscation orders obtained by the NCA from 1 April 2018 to 31 March 2019, and in previous years.

## 19. Forfeiture and confiscation orders

Receipts paid to the Home Office during the year in fulfilment of cash forfeiture orders obtained in the period 1 April 2018 to 31 March 2019 and previous years are set out below. It should be noted that the time-lag created by the 30 day appeal period which follows all cash forfeiture orders, and the normal business delays in processing forfeited cash through to the Home Office, means that the amount paid to the Home Office in any given financial year will not correspond precisely to the stated value of new cash forfeiture orders obtained over the same period.

	2018-19 £'000	2017-18 £'000
Forfeiture and confiscation monies paid over	5,977	3,949

## 20. Events after the reporting period

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



# Annex A – Regulatory Reporting

## Core Tables

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

**Table 1: Total Departmental Spending**

	2014-15 Outturn £'000	2015-16 Outturn £'000	2016-17 Outturn £'000	2017-18 Outturn £'000	2018-19 Outturn £'000
<b>Resource DEL</b>					
NCA	414,017	432,025	462,624	452,080	462,242
<b>Total Resource DEL</b>	<b>414,017</b>	<b>432,025</b>	<b>462,624</b>	<b>452,080</b>	<b>462,242</b>
<i>Of which:</i>					
Pay	260,182	209,948	233,248	230,420	257,196
Depreciation	38,172	37,047	43,456	50,882	57,066
<b>Resource AME</b>					
NCA	49,220	29,652	26,205	24,682	26,139
<b>Total Resource AME 1</b>	<b>49,220</b>	<b>29,652</b>	<b>26,205</b>	<b>24,682</b>	<b>26,139</b>
<b>Total Resource Outturn</b>	<b>463,237</b>	<b>461,677</b>	<b>488,829</b>	<b>476,762</b>	<b>488,381</b>
<i>Of which:</i>					
Depreciation 2	38,172	37,047	43,456	50,882	57,066
<b>Capital DEL</b>					
NCA	35,875	41,444	43,715	41,360	51,932
<b>Total Capital DEL</b>	<b>35,875</b>	<b>41,444</b>	<b>43,715</b>	<b>41,360</b>	<b>51,932</b>
<i>Of which:</i>					
Capital expenditure on fixed assets net of sales (note 2)	40,391	43,873	46,740	48,040	60,027
Income from sales of assets	(4,516)	(2,429)	(3,025)	(6,680)	(8,095)
<b>Total Capital Outturn</b>	<b>35,875</b>	<b>41,444</b>	<b>43,715</b>	<b>41,360</b>	<b>51,932</b>
<b>Total Departmental Spending 3</b>	<b>460,940</b>	<b>466,074</b>	<b>489,088</b>	<b>476,762</b>	<b>488,381</b>
<i>Of which:</i>					
Total DEL	411,720	436,422	462,883	452,080	462,242
Total AME	49,220	29,652	26,205	24,682	26,139

Total Resource DEL has remained fairly consistent from 2014-15 to 2018-19. In 2018-19 Resource DEL has decreased to reflect in-year activity of the Agency's Transformation Portfolio. 2018-19 depreciation has increased by £6m due to a high number of assets finishing depreciating in the period. Based on the current asset base this is due to decrease again in 2019-20.

Total Resource AME has remained fairly constant with the three previous years, with this primarily based upon Police Pension costs.

Capital DEL expenditure has increased by approximately £10.5m in 2018-19 due to the Transformation Portfolio.

For explanations on the variances between 2018-19 and 2017-18, refer back to the sections on the Statement of Parliamentary Supply, and the underlying variances in the Financial Statements in Part 3 of this report.

**Table 2: Administration Costs for NCA**

	2014-15 Outturn £'000	2015-16 Outturn £'000	2016-17 Outturn £'000	2017-18 Outturn £'000	2018-19 Outturn £'000
<b>Resource DEL</b>					
NCA	27,958	30,558	34,107	29,959	30,361
<b>Total Admin Outturn</b>	<b>27,958</b>	<b>30,558</b>	<b>34,107</b>	<b>29,959</b>	<b>30,361</b>
<i>Of which:</i>					
Expenditure	28,341	30,743	34,117	29,959	30,361
Income	(383)	(185)	(10)	–	–
<b>Total Admin Outturn</b>	<b>27,958</b>	<b>30,558</b>	<b>34,107</b>	<b>29,959</b>	<b>30,361</b>

Administration expenditure has remained relatively constant in 2018-19 compared with 2017-18.

# Annex B Sustainability Report

## Introduction

The NCA's strategy for sustainability is to improve its performance against the Greening Government Commitments (GGC), which runs to 2020, with a 2013/14 baseline.

Performance relates to sites for which the NCA has overall responsibility for utilities. Sites where staff co-locate with partners are not included.

Performance is measured against each of the minimum reporting areas (GGC for central government).

Greenhouse gas emissions		Baseline 2013/14	2015/16	2016/17	2017/18	2018/19
Tonnes CO <sub>2</sub> e	Scope 1 and 2 emissions	17,814	16,221	15,287	13,306	11,203
	Scope 3 emissions (indirect - official business travel)	1,100	962	1,312	1,223	1,184
	International travel	666	615	2,284	2,539	2,235
	<b>Total emissions</b>	<b>19,580</b>	<b>17,798</b>	<b>18,883</b>	<b>17,068</b>	<b>14,622</b>
Related energy consumption (MWh)	Electricity	22,385	22,561	21,254	20,096	19,769
	Gas & Oil	7,168	6,753	6,256	5,149	6,447

## Performance commentary

The NCA's target under the GGC is to reduce greenhouse gas (GHG) emissions by at least 25% from the 2013/14 baseline. To date we have achieved a 25.3% reduction in total GHG emissions.

Electricity consumption continues to fall year on year and now stands at 11.7% below baseline. Gas and oil also continue to fall, 10% below baseline.

We continue to work with our facilities management (FM) supplier over the use of new technology and initiatives to reduce the carbon footprint. In particular, we have initiated a rolling programme to replace light fittings with low energy LED alternatives.

Where practical, alternatives to face-to-face meetings are used, such as video conferencing, and this is reflected in reduced Scope 3 emissions. Over the last two years petrol variants of vehicles have been purchased instead of diesel wherever practically possible. Newer vehicles, with lower CO<sub>2</sub>e emissions, have also helped reduce emissions.

## Waste

Waste		Baseline 2013/14	2015/16	2016/17	2017/18	2018/19
Tonnes	Non-recycled	147	153	34	0	0
	Total reused/recycled	153	222	137	88	120
	Energy recovery <sup>1</sup>	58	98	290	249	224
	<b>Total waste</b>	<b>358</b>	<b>473</b>	<b>460</b>	<b>338</b>	<b>344</b>

The GGC waste targets are to:

- reduce landfill to less than 10% of overall waste by 2020 compared to the 2013/14 baseline;
- continue to reduce the amount of waste generated and increase the proportion of waste which is recycled; and
- reuse and recycle redundant ICT equipment.

<sup>1</sup> Energy recovery is the energy generated from residual waste after recycling has taken place. This is now part of GGC reporting. The waste is burnt to produce electricity and this is put back into the National Grid.

Waste has increased slightly in this reporting year from redundant furniture from closed sites that cannot be reused, however, total waste is still 4% below the 2013/14 baseline. 35% of all waste is reused/recycled, the remainder is sent for energy recovery. It is NCA policy and practice to recycle all redundant ICT equipment using Waste Electrical and Electronic Equipment (WEEE) approved suppliers.

**Finite resource consumption:**

<b>Paper</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
A4 reams	26,607	11,064	2,899	4,573	3,900

The paper data reported is that purchased for use in copiers and printers. As the estate has consolidated (creating large hub sites through closure of smaller offices), paper from closed offices is redistributed throughout the remaining estate.

The GGC for the NCA is to reduce paper consumption by 50% by 2020 from a 2014/15 baseline.

2018/19 has seen an increase in use of digital technology and paper purchased has decreased by 85% from 2014/15.

**Finite resource consumption:**

<b>Water</b>	<b>Baseline 2013/14</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
m <sup>3</sup>	38,943	41,979	48,338	35,601	34,526

The GGC target is to continue to reduce water consumption which was achieved in 2018-19 despite an increase in staff numbers.

## Climate change adaptation

The NCA's approach to a continuing reduction of its overall carbon footprint is through schemes such as replacing lighting with LED equivalents, reviewing and managing electrical capacity in line with operations, and rainwater harvesting. Fleet emissions are managed through periodic review supported by the use of telematics.

## Biodiversity

Accommodations made in previous years are monitored to ensure they are still in use and continue to be suitable for their intended purpose. These include bird boxes, wildlife habitats, and a newt pond. Habitats at two additional sites are present for insects and bats so these species can be encouraged and protected.

## Sustainable Procurement

Our procurement strategy principally includes the use of Crown Commercial Service framework contracts and we are subject to the Sustainability Policy which it operates, including Government Buying Standards.

## Consumer Single Use Plastics (CSUP)

We have been proactive over the last year, voluntarily participating in the scheme to enable Government Departments and supply chains to phase in alternatives to Consumer Single Use Plastics, before the formal ban comes into force on the 1 January 2020.

Single use plastic items including, non-recyclable cups, straws, stirrers and cutlery have already been removed from our restaurants.

Further initiatives are on-going with our FM suppliers, to remove CSUP from our supply chain.

