

# Public Accounts Committee

## Oral evidence: Confiscation orders: progress review, HC 915

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Members present: Meg Hillier (Chair), Caroline Flint, Kevin Foster, Mr Stewart Jackson, Nigel Mills, David Mowat, Stephen Phillips, Karin Smyth, Mrs Anne-Marie Trevelyan

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, and Toby Evans, National Audit Office, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

*Witnesses:* Mark Sedwill CMG, Permanent Secretary, Home Office, Mick Creedon, Chief Constable, Derbyshire Police and National Lead Officer for Serious and Organised Crime, and Alison Saunders, CB, Director of Public Prosecutions, Crown Prosecution Service, gave evidence.

**Chair:** Good afternoon and welcome to the Public Accounts Committee. We have reconvened to look at confiscation orders and progress since the Report that our predecessor Committee published in 2013. Welcome back to our witnesses. We are hoping to progress more than we did last time and to get answers to some of the key points.

This is a really serious issue and we know that our constituents and the public who pay all our salaries are keen to know what progress is being made. We are realistic and know that sometimes these things are challenging. We want to know where those challenges are and what is going to be done about anything that has not yet been achieved.

I welcome back Alison Saunders, the Director of Public Prosecutions of the Crown Prosecution Service; Mark Sedwill, the permanent secretary at the Home Office; and Mick Creedon, the chief constable for Derbyshire police and the national lead officer for serious and organised crime. *[Interruption.]* Does that bell mean a vote? No. We do not expect to be voting on anything just yet. We like to do things ahead of time on this Committee but that is a little bit much.

**Mark Sedwill:** An adjournment after three minutes would be a really bad omen, Chair.

**Chair:** We are not planning, and we hope you are not planning, to adjourn again any time soon. We are expecting votes but not for a little while. It is possible if we go on a bit but hopefully we will not. The hashtag for anyone following today is #confiscationorders. I am going to hand straight over to Stephen Phillips who is going to kick off for us today.

**Q37 Stephen Phillips:** Thank you very much, Mr Sedwill, for your letter following the previous hearing. It is helpful to try to focus the issues so that we can drive forward to see where progress might have been good or poor, and to see where we might be able to make recommendations for the future. Do you have a copy of that letter?

**Mark Sedwill:** Yes.

**Q38 Stephen Phillips:** Could we start with the figures in annex B? When the NAO reported for the purposes of the hearing that we are conducting, the figure for outstanding debt for confiscation orders was £1.61 billion, up from £1.46 billion back in December 2013. It is not audited but, as I understand these figures and your letter, that figure has now risen to £1.9 billion. Is that correct?

**Mark Sedwill:** That is right, yes.

**Q39 Stephen Phillips:** That is an increase between September of last year and March of this year of £300 million. You have also given us an updated figure for the realistically collectable debt, which is now £190 million, which is only 10% of that figure. It is fair to say that it was only 8% back in September 2015. I am interested initially in why the figure is so low? What is the point—

**Sir Amyas Morse:** The figure is 12%.

**Q40 Stephen Phillips:** Forgive me, 12%. That is 12% back in 2012-13, and when the NAO Report was written, on which this hearing is based, it was 8%, I think.

**Toby Evans:** It was 12% in September 2015.

**Q41 Stephen Phillips:** Whatever the position is, it is still a tiny proportion of the confiscation orders that courts are imposing. I wonder whether, Ms Saunders and Mr Creedon, you would like to comment both on why that is so and what effect it has, given the stated aim of this policy of disrupting crime.

**Mark Sedwill:** As you say, the numbers are not yet audited but they will be shortly and we think they are correct. I thought it was right to provide them to the Committee, given that there was time to do so.

Perhaps I could go back to the first point on the debt itself, the £1.9 billion, the stock of uncollected orders. That is essentially made up of three components, and hopefully this will explain the second figure of £190 million.

First, a lot of this is historical. Although, as you say, it has risen significantly, quite a lot of this number goes back to a period when large numbers of confiscation orders were imposed, where I think the realistically collectable amount would have been even lower, because there were targets at that time. The first proportion of that debt is essentially an old stock of uncollected confiscation orders, where the prospects of collection are very low.

The second component, as both Reports suggest, is the cumulative interest, so 8% a year on all of the outstanding orders. I know the Committee might want to pursue that point. The third component is essentially new orders that have been imposed, offset by the amount that has been collected. As the Report says, even if you take that third component—new orders being imposed—we do not yet collect, and this is a sort of debt deficit point, 100% of the orders that are imposed. It is high at the low end of orders—the £1,000 and under—and low at the high end, although it has gone up a bit, as I said in my letter, from 18% to 22%. Inevitably that means that there is a new flow of uncollected money coming into that number. Those are the three components.

I may have to come back to you on the technical reasons why the trust statement from Her Majesty's Courts and Tribunals Service has gone down by £13 million. I don't have all the detail in my mind, but it relates to an assessment of how realistic it is to make progress against each of those three bundles.

**Q42 Stephen Phillips:** That is the numbers. The difficulty, from the perspective of our constituents, is that this is regarded as an important tool, not only to disrupt crime but to signal that crime does not pay. Just looking at the numbers, nothing seems to have got better over the last few years. We are still collecting only a tiny proportion of the amount imposed by way of confiscation orders. The second part of my question is what message do you think that is sending, both to our constituents, with regards to the effectiveness of the confiscation orders policy, and to those who would otherwise engage in crime?

**Mark Sedwill:** I hope the first figure, which we have not yet discussed, is the top line, where we see that the amount actually collected in confiscation orders has increased significantly, even though the number imposed has gone down. Hopefully that offsets the point that you are making. If you are a criminal the prospects of collecting confiscation orders have gone up, by 16% in the first year since the Report and 13% in the second. The system is improving if you look at the proportion of confiscation orders collected in each of the categories, from high-value to low-value, although none of those, at least of high value, are yet at the proportion that we want. I said in my letter that 18% to 22% is welcome but it is nowhere near where we would like it to be, but there has been an increase essentially in the probability that a confiscation order will be recovered.

**Q43 Stephen Phillips:** From something very low to something that is still low.

**Mark Sedwill:** I absolutely agree. Particularly at the high end—those over £1 million—that remains probably the most significant challenge we face in the system. Confiscation orders should be a tool that bites most effectively on the most serious criminals. That is the area that the Government are focused on tackling.

**Q44 Stephen Phillips:** Did you want to add anything in relation to either aspect of that question, Ms Saunders?

**Alison Saunders:** Just to reiterate what Mark has said about some of the issues behind it, but to emphasise that we deal with the high-end enforcement part. HMCTS will deal with volume-type cases; when it is more difficult it comes to the CPS. Since 2014, we have completely changed the way in which we do confiscation enforcement and proceeds of crime. We have set up a national service dealing with enforcement and restraint. Because of that, we have seen our enforcement figures go up by nearly 12% on the high-end, more difficult ones, and the CPS share of the debt there goes down by just under 12% as well.

**Q45 Chair:** Can we just be clear about what you mean by high-end?

**Alison Saunders:** There is no particular cut-off, but it is the more complicated, complex and high-value ones that we agree with HMCTS to accept.

**Q46 Chair:** At least over £1 million?

**Alison Saunders:** Or £500,000.

**Q47 Chair:** Is that up 12%?

**Alison Saunders:** Just below.

**Q48 Stephen Phillips:** Good news, Miss Saunders. I am sure they do not look at these figures, but if I were a crime boss, I could look at this and know that, even if I was caught and a confiscation order was imposed, the Government are collecting only about 10% of the debt.

**Alison Saunders:** Again—you will know this, I am sure—some of this will never be recoverable. There are hidden assets. By definition, we are looking to find them but sometimes we cannot. Some of them are assets that are hidden abroad, and there is a lot of work that has been going on around what we can do to release the funds from abroad and get them back. Some of it will be that we cannot find them because people are not giving them up, and that is why the default sentence regime has been changed in the legislation. There has been a lot to make sure that we encourage this. As I say, our national service only started in late 2014, so I am quite encouraged by the progress we have made so far. It is nowhere near where we want to be, but there is more that we can do.

**Q49 Stephen Phillips:** On the frontline, as it were, what message is being sent out to the big crime bosses, and indeed low-level criminals as well?

**Mick Creedon:** I have a few points. I hope during the hearing I can talk about financial investigation in the broader sense, and the benefits that are not confiscation, but that we find in

policing. That is really important. In relation to your question, the first part is to recognise that the primary role of the police is intelligence investigation and working with the Crown Prosecution Service on the prosecution. Historically, the enforcement part has been dealt with by others. We provide financial investigation intelligence to support confiscation, and the ACE teams—regional asset confiscation enforcement teams—are a great example of where dedicated investigators with additional resources are showing real value for money. Again, perhaps we can talk about them.

In preparation for the Committee, I have brought some old papers. I have now been leading in this area for the service for 10 years, and in 2006-07 there was an application to what was then the Police and Crime Standards Directorate at the Home Office. It was a bid for regional resources to eat into this debt, which was then £450 million. It has grown significantly since then; you have heard about the interest rates.

I was part of the regime that was proffered targets—from the centre, I have to say—on value and volume. There is no question but that the target values were inflated. Local criminal justice boards were given targets, which were always stretched on the basis of last year's performance. For example, if a region got lucky with a £1.5 million order, their target for the next year would be inflated accordingly. It was worked out not down to the level of population or resource, but on the basis of last year's orders. The value targets were undoubtedly inflated in the past, so we are paying the price for that in the interest rates. The other thing is that there are two excellent reports by RUSI on confiscation orders enforcement. I am sure that the Committee has these reports. I looked at them on the way down, and they make a very clear case. On page—

**Q50 Chair:** We don't have the reports. We refer to the NAO Report only but, as you have started, just give us the headline.

**Mick Creedon:** The report describes in great detail the challenge of a criminal, who is dealing in drugs, which then triggers lifestyle assumptions. This makes what could be a personal profit of £300 or £400 into a debt of £40,000 and a confiscation order of that magnitude. There has always been a danger, in working out the criminal benefit and the confiscation order, that the order cannot actually be paid. To conclude, my take on this after 10 years is that when I have seen confiscation happen really well, with funds hunted down, police intelligence, prosecutors and enforcement have been joined up. They all worked together in a controlled, managed, tasked way which was held to account. The reality is that here we are chasing a debt which is growing by 8% per year, and some of it is completely unenforceable. The time is probably now right to concentrate on the actuality and make sure that we are better at just doing that. This is an albatross which will never go away, which it wasn't 10 years ago.

**Q51 Stephen Phillips:** I am grateful for that. I think I might have asked you a slightly different question. There is now £1.9 billion sitting on the Government's books, of which £190 million is thought to be recoverable, so that is 10%. What message does that send out to criminals at large—and, if you want to speculate, to the general public—about whether or not crime pays?

**Mick Creedon:** As for the criminal, there was some fascinating research done by the Matrix group which found that for the organised crime individual, prison is an occupational hazard. They live with that. They recognise that it is part of what they do. What they hate is their assets being attacked. There was some very good research done on this. They will do all they can, particularly at the higher end, to hide assets to make them uncollectable. You could put across the argument that

crime does pay, but I don't think that it does. The important thing that POCA offers is lifetime offender management, and we continue to chase people down. As for the public, I have talked to them about this many times, at formal meetings and outside. They would expect us to do all we can to investigate crime using a range of tools. My take as a front-line law enforcement officer is that the public aren't bothered about the values. They want to know that we are protecting them and locking up bad people.

**Q52 Stephen Phillips:** Well, let's look at the specific recommendations, starting with those made by our predecessor Committee which were accepted by the Government last time we looked at this. I will start with the sixth one, if I may. You can see it in either appendix 4 of the NAO Report or in annex A to your letter, Mr Sedwill. The Committee recommended that the incentive scheme should be revised to ensure that it was aligned with the objectives of the new criminal finances improvement plan, so that reward and effort were linked. I am summarising, but that is basically it. The Government accepted that that recommendation should be implemented by the end of 2014. Is that correct?

**Mark Sedwill:** Yes.

**Q53 Stephen Phillips:** Do I read your letter, this table and, indeed, the second Treasury minute correctly that the Government's position is that that recommendation has been met?

**Mark Sedwill:** In the first Treasury minute, we said we would make some reforms to the ARIS scheme by the end of 2014, and in the second one, we reported that we had done that. As you know, around the time of the second minute, we were just rolling into the election. The Government's manifesto includes further, more substantial reforms to ARIS. I described the first set of reforms as essentially tactical. The more substantial reforms to ARIS, which will put more of the money back into law enforcement, remain a manifesto commitment. There is advice with Ministers on exactly how we should do that.

**Q54 Stephen Phillips:** Can I try to unpick that answer? I think it is this: "We have made some progress, but actually we agree with the NAO when they say in their conclusions in appendix 4 of the Report that the incentive scheme as a whole has not been reformed in the way recommended by this Committee."

**Mark Sedwill:** This is work in progress, Mr Phillips. We are continuing to make reforms. The two Treasury minutes set out what we intended to do in that period and then that we had delivered on that specific element of it, but you are absolutely right—this is ongoing work. The commitment to make further reforms to ARIS remains a Government manifesto commitment, and we are implementing advice with Ministers. I would not claim we have yet made substantial reforms to ARIS. That is what we are working on now.

**Q55 Stephen Phillips:** So you would not claim you have yet made substantial reforms to ARIS, but the problem is that our predecessor Committee made a recommendation, and the Government said it would be implemented by the end of 2014. I will look in a moment at the

respects in which it has not been implemented, but it hasn't been, has it? Are we just a bunch of dumb MPs sitting here making recommendations that then get ignored?

**Mark Sedwill:** No, Mr Phillips. What we tried to do is set out in the first Treasury minute—what we planned to do. We made some reforms to ARIS. Those reforms were considered very carefully by Ministers. We have allocated from it £5 million, which goes into various elements of improving the system. That was the Government's decision on how to take that recommendation forward in that period of time. The Government is now committed to making further reforms to ARIS following the election. This is essentially a Government response to the Committee's recommendations, and it is a question of phasing.

**Q56 Stephen Phillips:** Forgive me for pressing you, but the trouble is that you said, "We will implement by the end of 2014," and what you are really saying is, "We're still in the process of implementing that recommendation," despite having essentially said in the second Treasury minute that that recommendation had been implemented. It plainly hasn't, has it?

**Mark Sedwill:** It is for the Committee to determine how much was reasonable to expect to have been done in terms of reforms within that period.

**Q57 Chair:** But you could have responded with a Treasury minute that said, "We agree to do it, but we have some caveats." That would be quite a reasonable response.

**Mark Sedwill:** Absolutely, Madam Chair. In recent Treasury minutes, we have responded and you have written to me to say, "That isn't quite what the Committee was driving at," or, "We want more detail," and I have then tried to respond in more detail. On this occasion, we set out a fairly limited agenda in the first Treasury minute. In the second one, we said what we had done; we considered that we had done what was reasonable in that period of time and were conscious that there were further commitments to further reforms of ARIS in this Parliament. I guess we could have foreseen that in the first Treasury minute, but the decisions Government took were to make some tactical changes in the last year of the last Parliament and to focus on the more substantial work in this Parliament.

**Stephen Phillips:** Let's get away from process.

**Q58 Chair:** Can I just check—when do you think those other changes will finally be implemented?

**Mark Sedwill:** There is advice with Ministers now. It is with Home Office and Treasury Ministers now. We are looking at how we can release—

**Q59 Chair:** A lot of it is about project management. The policy, broadly, is agreed.

**Mark Sedwill:** Yes, the policy is broadly agreed, so it is essentially about how we release more funds to, in particular, the regional asset recovery teams.

**Q60 Chair:** So, roughly, will it be by the end of this Parliament?

**Mark Sedwill:** No, hopefully much sooner than that, but Ministers will obviously make a decision. I would hope that we are implementing changes to this within this financial year—certainly by the next financial year, as we set budgets. That is obviously an outstanding decision.

**Mick Creedon:** Clearly, on the criminal finance board, I have been working with the Home Office around this and the manifesto commitments. I know the encouraging part is around the asset confiscation teams and the regional asset recovery teams, which I think the Report refers to. Having been around this for a long time, right at the very start when the PIU report led to the legislation, I still questioned the notion of the incentivisation scheme as some kind of carrot that works.

**Q61 Stephen Phillips:** Well, you are anticipating, Mr Creedon, because I want to come on to specific things that haven't been done but might have been done. So, let us at look those. Looking at page 40 of the NAO Report—I am going to look at the bullet points in paragraph 3.22, but just before we get there—paragraph 3.23 shows that last year, or in the year preceding this Report, the Home Office got £83 million of the recovery pot. That is expected to rise to £92 million in 2015-16. So there is an incentive on the part of the Home Office not to change the way in which the relevant contributing organisations are remunerated for their effort, isn't there Mr Sedwill?

**Mark Sedwill:** I don't think so, Mr Phillips. In the end, the Home Office exists to deliver the Government's policy and the Government's policy is to reform this and put more money into law enforcement. Anyway, the money that comes in from confiscation orders is not hypothecated because the Government budget—

**Q62 Stephen Phillips:** No, it goes into your central fund. That is the point.

**Mark Sedwill:** But it is recycled into law enforcement.

**Q63 Stephen Phillips:** In circumstances where your budget is under pressure, there must be an impetus within the Home Office to hang on to your 50% of the confiscation order take.

**Mark Sedwill:** No. The impetus is to recycle it into law enforcement capabilities. So although it isn't hypothecated, this is part of the funding stream that has enabled us to provide our proportion of the funding to the ROCUs. We have increased the funding to the asset confiscation enforcement teams, essentially giving the start-up funding for that from the top-slice that we imposed on this last year. The Home Office only really exists to deliver the outcomes the Government have set. So, three quarters of our money goes into law enforcement in one way or another. It is not sitting on the Home Office's books. It is recycled.

**Q64 Stephen Phillips:** But what you get out of confiscation orders—what the Home Office gets directly—you have said is not hypothecated, so we are agreed that it does not go back directly into ensuring that confiscation orders are successful, but the cost of the confiscation order regime is considerably less than the Home Office gets, isn't it?

**Mark Sedwill:** Yes. The money does not go back specifically into confiscation orders, and I don't think Ministers would want to make that kind of very close link, but it does go back into law enforcement capability, in particular the regional organised crime units for example, which use confiscation orders as a tool. We would not want all the money that is recycled into policing to be devoted to one particular tool; we want it to build capability.

**Q65 Stephen Phillips:** And we can agree that the Home Office gets the biggest chunk, of anything that is recovered, of any of the agencies.

**Mark Sedwill:** We get 50% and then the rest—yes, we are the biggest single shareholder if you like.

**Q66 Stephen Phillips:** That brings me to the first bullet point in paragraph 3.22. You get 50%. If you look back at figure 10, you see that 18.75% goes to the investigating authority, 18.75% to the prosecutor and 12.5% to HMCTS, with criminal proceeds recovered through confiscation. The problem with this percentage split that our predecessors on the Committee were so concerned about, is that, if one particular body—say, the prosecutor—puts in a huge amount of effort, that effort is not rewarded: there is a flat percentage. What the Committee was recommending, which has not been implemented, is a change in the incentivisation scheme so that agencies were paid by reference to the amount of effort that they put in. That was the recommendation and it has not been implemented, has it?

**Mark Sedwill:** As I said, we are in the process of implementing, but we have used the money to build capability, in particular the new asset confiscation teams. As the amount has gone up, you are absolutely right, different agencies have had their fixed percentage, but I think we would all regard confiscation orders as a team game. In the end, the Government is not seeking to reward a particular effort by a particular agency; it is seeking to reward the effort and impact of the system as a whole.

**Q67 Stephen Phillips:** The trouble is that that doesn't work because people sit on their individual budgets. Maybe I will ask Ms Saunders. If someone comes to you and says, "We have a particularly difficult confiscation order proceeding here", your staff will carry out an assessment. That is going to cost you—the CPS—several million pounds to develop a strategy and prosecute it to get the money out. Let's say it is only £10 million; you are only going to get £1.875 million at the end of it. You are not incentivised to put the effort in where that effort is required, where it is going to involve a lot of work on your behalf, are you?

**Alison Saunders:** Well, we don't do those sorts of calculations. We have set up our proceeds of crime division, which looks at it. It costs us—I think we get £18 million, roughly, for that.

**Q68 Chair:** So you are funded £18 million?

**Alison Saunders:** Yes, from the Home Office via the ARIS funding, of which we have returned, on enforcement, about £87 million. We have also been able to bid for some of the top slicing from the ARIS funding.

**Q69 Stephen Phillips:** Would you agree that you would be more incentivised to do it if some part of your funding—if not its entirety—recognised the effort share that you put in as an organisation?

**Alison Saunders:** It is a really difficult balance because what you don't want to do is go back to the perverse targets that Mick Creedon was talking about earlier. There is a real tension in saying, "You will get more money, CPS, if you enforce even more", so that it will incentivise us to go perhaps for the easy targets and more money. I am never going to say no to any more money that might come into my budget. That is why we have looked at the national way of doing it on the proceeds of crime. It is more cost-effective for us and we can enforce more orders with special—

**Q70 Stephen Phillips:** I am grateful for that as a view from the frontline. But, again, I come back to the point, Mr Sedwill, that this was essentially a recommendation that the Committee made and the Government accepted. It has not been followed up, has it?

**Mark Sedwill:** Well, it has not been completed, Mr Phillips.

**Q71 Stephen Phillips:** Even though the second Treasury minute said that it had?

**Mark Sedwill:** The second Treasury minute said that we had implemented what we had said we would do in that period. It hasn't been completed. There is a Government manifesto commitment to recycle more money into law enforcement. That commitment stands and we will implement it.

**Sir Amyas Morse:** Just to be sure, I want to be clear about the implications of that answer. Does that mean that the Government commitment will be to align the sharing with the effort, or not? Sorry. I wasn't quite clear about that.

**Mark Sedwill:** That is because there is advice for Ministers to consider. It is a new Parliament and new Ministers. They will wish to consider a range of options for the incentive scheme. I do not want to disclose that private advice. You have referred, Mr Phillips, to the risk of perverse incentives. We already do pretty well at collecting small amounts of money from relatively small-time acquisitive criminals, and much less well at the high end. We want to improve the performance of the system, particularly at the high end. We do not want to create perverse incentives in the system through—

**Stephen Phillips:** I see. I think Mr Creedon wanted to come in.

**Mick Creedon:** Again, there was research by the Home Office going back many years, and the cost of the investigation element was 58%.

**Q72 Stephen Phillips:** Well, then, if the investigation element of a recovery is 58% and you are only getting 12.5%, which is what the police share is—

**Mick Creedon:** 18.75%.

**Q73 Stephen Phillips:** Sorry, 18.75%. You are not being properly incentivised to do that which you are required to do as the police service, are you, Mr Creedon?

**Mick Creedon:** I go back to my earlier comments. I do not think that we do what we do because of incentivisation. We do it because it is law enforcement and it is a very successful tool in our investigation toolkit. We sometimes have frustrations at the split. We have had conversations with the Home Office over many years about the 50%. I recognise Mark's point about investment in regional units and asset recovery teams in the past, and the ACE teams. I do not necessarily think that offering more would make any difference. My own view is that it is about strategic investment in the right places on the whole pipeline. There is a real danger of seeing chasing the cash as some kind of endgame in tackling crime.

**Sir Amyas Morse:** On that argument, it is one thing saying, "We would do our duty no matter what the pay", which is perfectly true, but everybody is under budgetary pressure these days and have been for some years. Whether or not you are influenced by it, just being able to afford a bit more resource would not hurt in doing the job properly, I would imagine. You don't need to have some undermining of your motivation. It is just practical common sense to say that if you have more resource, you can probably do a bit more work in the area. Is that not reasonable? Ms Saunders seems to think that it is.

**Alison Saunders:** It is, and we can show some of that. For some of the ARIS-type funding that we had, we have gone back and looked at revisits. For where we have had orders, some of it has been enforced, though not all of it. We have gone back where people have suddenly come into more money or we have found hidden assets. Through some of the work we have done we have bid for extra funding from the ARIS top-slicing. Proportionately, the amount we have been able to enforce has been quite significant. If we have more of that money, which we can bid for in the top-slice, of course we think we will be able to get even more back through enforcement.

**Mick Creedon:** That point is absolutely right. The two dedicated areas for policing are the regional asset recovery teams and the recent asset confiscation teams. You are no doubt aware that the funding around the RARTs has decreased, and I have a real concern about feeding the pipeline. On my earlier point, we recognise that working together with multi-agencies, in a tasked way, makes a difference. The new ACE teams working in these new areas, as Alison says, are proving to be huge value for money, pound for pound. So it is absolutely right that more investment would make a difference. My point is about strategic investment rather than piecemeal, force by force.

**Mark Sedwill:** If I may make a brief point to reinforce that, let us say that we were able to yield another £20 million out of confiscation orders for front-line law enforcement. I would not want to see a system where that automatically went into the pursuit of confiscation orders, even though the yield might have come from there. One would want to make a strategic decision about capabilities to combat the most serious crimes, of which confiscation orders would be a part, but not necessarily a one-for-one feed-through into confiscation orders, because they are only one of the tools.

**Q74 David Mowat:** In terms of what you have just told us, the amount that we get back is in the order of 10 to 15% of whatever the number is of the total outstanding. Yet you budget an amount every year—presumably, in all the agencies. That budget must reflect an assumption about what sort of amount you are going to get back. Presumably, given that it is about 10% or 12%, that is what you budget for?

**Mark Sedwill:** I would have to come back to you on the exact process. We do not do it on the basis of percentage of the debt. We do a forecast of the amount that we think will be recovered.

**Q75 David Mowat:** But the budget will be massively lower than, say, £1.9 billion.

**Mark Sedwill:** Yes, the budget would be based on a forecast of the amount recovered. If you referred back to the table that Mr Phillips took us through earlier, the £175 million, or something like that, would be a forecast of what we might expect to recover.

**Q76 David Mowat:** Effectively what that means, though, is that in the budgeting process you are accepting that you are not going to recover the amount that is outstanding, and therefore the actions that follow on from that—given that budgets drive actions—reflect the facts.

**Mark Sedwill:** Absolutely.

**Q77 David Mowat:** All I am saying is that you are managing the process based on a lower recovery figure of £175 million, not the £1.9 billion or some attempt to get that back.

**Mark Sedwill:** As you know from your commercial experience, Mr Mowat, you essentially budget on flow, not stock. So your annual budget is done on the flow of funds, not the stock of funds.

**Q78 David Mowat:** I also know that actions sometimes follow budgets, so if you are budgeting in a way that reflects an ambitious attack on the bigger number, there is a risk that the budget drives that reality. Do you accept that?

**Mark Sedwill:** Yes, so where we set ourselves targets—particularly financial targets, whether those are targets to reduce costs or increase revenues—we set ourselves realistic, but stretching, targets. In this area that would not be a calculation on the back of the debt.

**Q79 David Mowat:** To go back to Mr Phillips' line of questioning, if somebody were to say to you, "Right: rather than budgeting £175 million plus a bit for next year—some kind of stretched target—we think that the whole lot of you should attempt to get back £400 million and do your budgets based on that. We think that that will drive your behaviour in such a way that you might get more back, because of some of the things he is talking about." Is that done?

**Mark Sedwill:** No. The reason that we wouldn't do that, or rather that the Ministers who are taking the decisions, in the end, wouldn't do that, is because it would skew effort towards the pursuit of this target, which has a financial number attached to it and is therefore visible. That is away from what they want law enforcement to be pursuing, which is cutting crime.

**Q80 David Mowat:** Yes, it would, but in practice, all I am reflecting is that how aggressive you are in this whole area might be determined by what your budget is, and once you have your budget across the piece and the percentage allocation, you might say, "Well, that's fair enough for this year; we'll put it into next year's, because we've got our budget now and there's no need to go after more," and what you are going after is such a small amount of the total.

**Chair:** I will bring Alison Saunders in on this, because she is using the budget.

**Alison Saunders:** It was really just to illustrate that it is not always like that. We spend about £18 million on our proceeds of crime unit and we bring in £87 million. That has gone up over the last year even though our share of the incentivisation fund remains the same. There is an incentive in some ways, because you get 18% of more if you do well, but we bring in far more than we are allocated cost-wise, so we are looking to be very aggressive and to get back as much as we possibly can.

**Mark Sedwill:** Mr Mowat, if you look, say, at the manifestos of the police and crime commissioners who are going to be elected on Thursday and who actually set the priorities for the territorial police forces, virtually none of those set as a priority a particular financial target for this, because their judgment of how they serve the public is to get the police focused on domestic violence, child abuse and those things. There is always a risk of skewing activity after the thing that can be measured, and because this can be measured, there will be a significant risk of skewing priorities. In the end, those are the political choices that they make and, for the national agencies, Ministers make.

**Chair:** Can I just say that we have had half an hour and we are only on the first recommendation? Mr Phillips is going to come back in, but could we keep answers short and to the point? We are all very briefed up on this—certainly those of us who are leading on it—so we do not need to have all the background, and I am sure you are fully briefed up on it and we do not need to tell you all the background either.

**Q81 Stephen Phillips:** The second problem with not really following through on our predecessor Committee's recommendations is that the proportion of money that is kept differs between confiscation orders and, for example, cash forfeiture, where the police keep 50%. It is really a question for Mr Creedon to start with. Surely that incentivises police forces to use not confiscation orders but in fact cash forfeiture, where both are available.

**Mick Creedon:** I don't think there is evidence of that. The amounts are not huge. Again, I was not around at the start of the scheme, and the 50% reflects the fact that there are no other agencies involved in it; is a policing civil process.

**Q82 Stephen Phillips:** But it is obvious, Mr Creedon, if you are the police service or the police and crime commissioner and you have a choice—route A, where you keep 50% of what you

get back and route B, where you keep 18.75%—and it is your budget that is under pressure, you are going to go down the route that delivers more money, rather than the other, are you not?

**Mick Creedon:** No. There is a lot of guidance around this. You will go for cash forfeiture, which is the civil route. You can still go for a prosecution, by all means, but the fact that the confiscation orders are what they are shows that that is not the case. But if there is a reason to go for a cash forfeiture, which avoids the complexity of the confiscation route, why wouldn't you do that? I don't understand why you wouldn't.

**Q83 Stephen Phillips:** That is exactly the point I am making. If you have a choice between the two and you are going to keep 50% with route 1 and only 18.75% with route 2, you are going to follow route 1, aren't you?

**Mick Creedon:** No, you will go for whatever the right route is. As I say, you can—the two are not mutually exclusive.

**Q84 Stephen Phillips:** Mr Creedon, is that statement based on evidence or is it a statement that you want this Committee to believe?

**Mick Creedon:** Say that again.

**Q85 Stephen Phillips:** You say, "We will always go down the right route: cash forfeiture or a confiscation order." Is that based upon evidence, or—

**Mick Creedon:** Yes, it is. The evidence—

**Q86 Stephen Phillips:** What is the evidence for it?

**Mick Creedon:** The evidence of leading this for 10 years and working with forces, working with the College of Policing around the authorised professional practice, doing health checks on all 43 forces across the country, speaking to numerous chief officers about it and being part of the performance regime for a decade.

**Q87 Stephen Phillips:** So your evidence to this Committee is that there is no incentive provided by the facts that for a cash forfeiture civil procedure the police get to keep 50%, yet for a confiscation order they only get to keep 18.75%. That is the evidence that you are giving to this Committee. Is that right?

**Mick Creedon:** The evidence is that police forces will choose to do the right thing, in line with legislation, and if they are going down the route of cash seizure—

**Q88 Stephen Phillips:** Let me be very clear, Mr Creedon: I am not suggesting at any stage that police forces do not choose to do the right thing; I am asking you about the incentives.

**Mick Creedon:** All I can tell you is in my experience we do not actually put something down a cash route and not a confiscation route because we get more out of it. It is a simple, pragmatic, swift civil process compared with the confiscation order process, which is a lot longer.

**Q89 Stephen Phillips:** Let's look at the next problem with not having implemented the Committee's recommendations. The money is paid on a quarterly basis for confiscation orders, Mr Sedwill, yes?

**Mark Sedwill:** I believe so, Mr Phillips, yes.

**Q90 Stephen Phillips:** It is the third bullet point: "ARIS monies are delivered to participants on a quarterly basis when orders are paid". But they must be spent "in-year". Do you see that?

**Mark Sedwill:** Sorry, I flipped to the wrong—

**Stephen Phillips:** That's all right. Page 40, paragraph 3.22, the third bullet point.

**Mark Sedwill:** Sorry, I had flipped to a different part of the Report.

**Stephen Phillips:** "ARIS monies are delivered to participants on a quarterly basis when orders are paid". But they must be spent "in-year". That is in accordance with the Government budgeting rules. That again is something to which our predecessor Committee drew attention. As the NAO says, that builds "short-termism" into the system, doesn't it? Because as you get to the end of the financial year, there is a disincentive to follow the confiscation order route, because, right at the back end of the year, you might not be able to spend anything you get back in accordance with your budgets.

**Mark Sedwill:** I may have to come back to the Committee on this. I think this is one of the issues that we are currently examining. Annuality is the curse of just about everybody in my job. I think the Comptroller and Auditor General will agree. You will not believe the amount of effort we put in—you may remember this from your time in government, Madam Chairman—to managing quite small proportions of money to hit annuality. This is a symptom of a much broader point.

**Chair:** Something that we should raise with the Treasury.

**Mark Sedwill:** But I think for policing, because their budgeting system is slightly different, it is not quite such an issue.

**Q91 Stephen Phillips:** Is that an issue for the police, Mr Creedon?

**Mick Creedon:** It is not an issue at all. The budgets are set differently, and police and crime commissioners can roll it over, so there is no impact.

**Stephen Phillips:** So it is not an issue at all for the police service. It was an issue for the SFO, wasn't it, Mr Sedwill? Because they withdrew from the confiscation order regime.

**Mark Sedwill:** Clearly they have withdrawn. I don't know whether it was solely because of this, Mr Phillips. But the basic point you make, the annuality is a—

**Stephen Phillips:** Is a curse.

**Chair:** You have made the point and we can make recommendations.

**Q92 Stephen Phillips:** Finally, on the sixth recommendation that our predecessor Committee made, I think we are agreed that what the Committee contemplated should be done just was not done. I want to know why.

**Mark Sedwill:** This is quite an important point—part of the reason is there was a difference of view between us and the NAO on this. I think the Government set out what we thought—as we always do—in a Treasury minute, a few weeks after the Committee reported, what we understand your recommendations to mean and what we intend to do to implement them. We did that in the June 2014 minute and then we reported back against that in the March 2015 minute. I know we don't want to get wrapped around the axle on process again, but the NAO reported a few months later against what they felt we had achieved overall against the PAC minute.

That is a perfectly legitimate debate to have: a critique about whether or not what the Government's initial commitment was was up to the level of ambition the PAC had set; and then whether or not we had actually delivered what we said we would deliver. That is the reason I referred to earlier. It did not happen on this occasion, but actually I welcome the fact that, when we come back to you with a Treasury minute, if you feel it is not hitting the nail the nail that you—sorry I am mixing my metaphors. If it is not addressing quite the point you have made—because we seek to interpret the language you have used and set out what the Government intends to do—you now come back to us and say, "That isn't quite what we meant. Please think of this; please think of that."

That is why we are in that position. The Government, in saying that we had implemented the recommendations in the March 2015 Treasury minute, was essentially saying that we had delivered the commitments that we had made in setting out the agenda to implement the Committee's recommendations, but I would be the first to say we have never suggested that that is the end of the story. This is a very complex and challenging system and the effort to continue to tackle it, particularly at the high end, goes on.

**Chair:** I am glad you acknowledge that, because we do not want to get caught up in process, either. We can get into a pointless debate about the process, but we still stand by what Mr Phillips said about progress against these Reports.

Before I bring in the Comptroller and Auditor General, you have been talking quite a lot about how, since the last election, Ministers are looking at things afresh and so on. The Committee made a recommendation before the last general election that was accepted by the Government, but what you said suggests that those commitments fall or waver when a new Government comes in. Is that the case?

**Mark Sedwill:** No, but a new Government must be entitled to look at all policy areas and consider how they wish to pursue them.

**Q93 Chair:** But if a commitment has been made to the House, through this Committee, on something, are you saying that that is up for grabs? So a new Minister can come in and say, “Well, I don’t really like what the last lot promised to do on this. We are going to change things.”

**Mark Sedwill:** No, Madam Chairman. Governments stand on a manifesto, which they are committed to delivering. In this particular area, the Government committed to make further reforms to the ARIS regime, beyond those that had already been made. I guess that if the election had turned out differently, we might have had a different choice. Governments do that: they look at all the decisions—

**Q94 Chair:** Just to be clear, you are saying it was about doing more, rather than junking the previous promise.

**Mark Sedwill:** Yes, absolutely.

**Sir Amyas Morse:** Very briefly, the difficulty with all this is that specific commitments were given. It’s not that we didn’t understand or approve of your minute. It gave specific commitments to be implemented by the end of 2014, and they weren’t all carried out—that’s the point. The fact that some of them still haven’t been carried out is a different issue altogether. Just to be clear, maybe what we need to do is to have a much more detailed discussion, every time there is such a Treasury commitment, about exactly what is meant by it. I think that these were actually surprisingly clear. That’s what our Report said. Were they delivered by the time the Government voluntarily agreed to do them by? Yes or no? That’s the reason why the Report comes over the way it does.

**Chair:** We don’t need to have a long discussion about that. Sometimes our recommendations are rejected; sometimes they are agreed with caveats. These were agreed without caveats. I would just make that point.

**Q95 Stephen Phillips:** I just want to look at one that was very clear. The fifth recommendation that our predecessor Committee made was in relation to the poor implementation of the confiscation order scheme, which we said severely hampered its effectiveness. We recommended that “The Criminal Finances Board should develop and implement its improvement plan urgently.” Then we said, “This plan should include well-defined objectives and success measures so that practitioners can prioritise criminal cases and orders and be able to understand and measure success”.

We were not just looking for a piece of paper that said, “Criminal finance improvement plan”; we were looking for something that had “well-defined objectives and success measures so that practitioners can prioritise criminal cases and orders and be able to understand and measure success”. That hasn’t happened, has it, Mr Sedwill, despite the fact that the Government, first, accepted that recommendation in the first Treasury minute and said that it would be implemented by March 2015; and, secondly, said that it had been implemented, when in fact it hadn’t, in the second Treasury minute?

**Mark Sedwill:** I take a different view, Mr Phillips. The Criminal Finances Board did develop a plan and did have objectives and milestones for delivery.

**Q96 Stephen Phillips:** It had milestones—I accept that, and so does the NAO.

**Mark Sedwill:** Not all those milestones were achieved, I agree, but some of them were quite ambitious. The basic point about developing a criminal finances implementation plan, overseen by the board with clear milestones, was good. That plan continues to be developed and refined as ministerial priorities change and the situation we are facing changes.

**Q97 Stephen Phillips:** The difficulty with that answer is that the facts in this Report are now agreed. What the NAO now says about the serious and organised crime strategy and the new improvement plan is, “Neither provide sufficient overall coherence...as they do not set out clear objectives or agreed success measures.” As I understand it—let’s leave the objectives to one side for the moment—there are no success measures in either the serious and organised crime strategy or the criminal finances improvement plan. Despite our recommending that and your accepting it as a Government, they are not there.

**Mark Sedwill:** First, the NAO assessment of that is not part of the Report, is it?

**Q98 Stephen Phillips:** No, I am on the fact of whether those success measures are present in either the improvement plan or the serious organised crime strategy. The Government promised that they would be in them.

**Mark Sedwill:** The serious organised crime strategy is obviously a high-level document that set out the impact it wants to have.

**Q99 Stephen Phillips:** They are not there.

**Mark Sedwill:** It depends what you describe as a success measure, Mr Phillips. Continuing to drive down serious organised crime is the Governments’ overall objective.

**Q100 Chair:** So that’s the top priority.

**Mark Sedwill:** Yes. That is the key success measure: are we continuing to drive down crime?

**Q101 Chair:** There are about six measures.

**Mark Sedwill:** And the criminal finances improvement plan has 11 objectives. They have milestones within them, and the success measure is whether or not we are on track to deliver those. In some cases we are, and in some cases we are behind schedule—

**Q102 Chair:** Mr Sedwill, I just want to chip in here, but Mr Phillips will pick it up. You said earlier that this week that the manifestos of the police and crime commissioners will set out the

priorities locally. You have said previously that you think it is an operational matter to set those priorities, but at this high level, there has to be priority between the various strands. Otherwise, you'll have everyone running in different directions. Each police and crime commissioner could set a completely different set that does not work across the piece. Surely, if the Government have a priority, it is your job to make sure that that is understood by your front-line colleagues.

**Mark Sedwill:** Since 2010, the Government has been very clear that it does not want to set individual targets for individual law enforcement agencies, and it has also been clear that it does not want to do that in essentially a shadow way through—

**Q103 Chair:** I was not talking about targets for individual law enforcement agencies; I was talking about priorities. What is the top priority?

**Mark Sedwill:** Indeed, but if you heard the Home Secretary, she would say she has one priority for law enforcement: to cut crime. Then, on the details of that, there are individual priorities that have been set out. They have been set out in her guidance to the National Crime Agency, for example, where there is a direct relationship. Organised immigration crimes and child sex abuse, for example, are priorities set by Ministers for that agency.

Police and crime commissioners set their own priorities for the individual forces, and chief constables have to reflect those. That is the distinction between the two. There are priorities set in the serious organised crime strategy and the improvement plan to drive up asset recovery, the impact on confiscation orders and the rate of recovery. The NAO has provided the RAG rating. That is the success criterion for Ministers: are we on or off track against the various priorities that they have set?

**Q104 Stephen Phillips:** I am having a little bit of difficulty. My understanding was, in fact, that one of the things behind the improvement plan is that you were not prepared to prioritise the objectives of this policy, because you said that was an operational decision. You have now just said that the most important one is disrupting and deterring criminality. Is that right?

**Mark Sedwill:** Yes, but that is not an issue specific to confiscation orders; that is the overall objective for which confiscation orders are—

**Q105 Stephen Phillips:** But if you go back to paragraph 3.8 of the Report, it is one of the objectives of this policy. It is the third bullet. The Government's objectives were fivefold, and the third was "disrupt and deter criminality". We also had: "confiscate the proceeds of crime; reassure the public that crime does not pay...reduce harm caused to communities by criminality; and remove criminal role models."

What our predecessor Committee essentially said was, "Get in place urgently an improvement plan that makes clear which of these is the most important," so that agencies like Mr Creedon and the police, and Ms Saunders and the CPS, can focus their efforts in accordance with the major objectives behind the policy. What did not happen, either in the improvement plan or the serious organised crime strategy—as I think the Home Office has accepted—was any prioritisation between these objectives at all, despite this Committee's recommending that and the Government's accepting that recommendation.

**Mark Sedwill:** The Government takes its decisions on the serious organised crime strategy, and the criminal finances improvement plan is overseen and led by Ministers. They have not prioritised between these various objectives, but they have set out a series of measures in order to achieve overall—

**Q106 Stephen Phillips:** I don't want to interrupt you, but that was the recommendation: prioritise between them. Tell the agencies what is important and what is less important, so that they can focus their resources accordingly. That is what we recommended, that is what the Government accepted and that is what did not happen. That is the problem, Mr Sedwill.

**Mark Sedwill:** Mr Phillips, I think if you look back at what the Government said we would do—I am sorry to keep harking back to it—we said we would produce a criminal finances improvement plan with milestones and so on, and that is what we have done. That was the Government's interpretation of the recommendation set out by the Committee. There is a long-standing policy on the kind of guidance issued to individual forces. We have acted in accordance with both those statements.

**Q107 Stephen Phillips:** I think that there is a gulf between you and the NAO. The NAO interprets the Committee's recommendation, which was very clear, in a different way. We said that the "plan should include well-defined objectives and success measures". In other words, it should prioritise between what is important and what is not. The NAO's assessment, which I read to you earlier, is that that just did not happen.

**Mark Sedwill:** Neither that assessment nor the original recommendation said to prioritise between these things—it just says, "prioritise criminal cases and orders", and that we believe we are doing. There is just a difference of view, Mr Phillips. The Government believes that we have put in place a system that is clear and that is seeking to drive up performance in this area. We are particularly seeking to do so at the high end. We have increased the amount recovered; we have sharpened the penalties and made it harder for people to squirrel away their assets; and we are seeking to do more of that through the various, more strategic measures ahead. So we believe that we have addressed what the Committee was driving at here. I accept, Mr Phillips, that you may take a different view, but all I can say is that we gave the Government's interpretation of that recommendation and I believe that we have delivered against that, or at least we have sought to do so.

**Q108 Stephen Phillips:** Let us go back to the first recommendation—we have got three and a half left. Our predecessor Committee found, "Not enough confiscation orders are imposed", so we recommended—and the Government accepted—that "prosecution agencies need to agree and apply a common set of criteria". Now, there is no common set of criteria across all law enforcement and prosecution agencies that applies, is there?

**Mark Sedwill:** Again, Mr Phillips, I think our interpretation of that was as we set out in our response to the Committee—that we needed guidance to prosecutors and guidance to law enforcement practitioners, and that those sets of guidance should be aligned.

**Q109 Stephen Phillips:** What you actually said in a Treasury minute is that the CPS “is leading on work with operational partners to develop guidance for investigators and prosecutors when there is a requirement to make consistent decisions on cases where restraint and confiscation orders should be sought”—in other words, a common set of criteria across the piece. What we have, as we heard from Ms Saunders in the previous hearing, is that the CPS has developed something. Why does it not apply across all law enforcement prosecutors? Ms Saunders, have you made it available to everybody, or is it just internal CPS guidance?

**Alison Saunders:** Our guidance is normally published; we do have some guidance, which is practical guidance and on our casework hub, that is not. I can let you know afterwards exactly which is published and which is not, but we speak to law enforcement colleagues about how we will deal with restraint and confiscation—we have restraint clinics, for example, where we will give advice. So we have a set time when investigators may come along and take advice on restraint, and we have single points of contact. We are working very closely with our law enforcement colleagues, and our guidance is there should they want to see it.

**Q110 Stephen Phillips:** Mr Creedon, the College of Policing has done something in this area. That’s right, isn’t it?

**Mick Creedon:** Yes. There are a few points that I can make. The College of Policing, quite right, and the authorised professional practice is available publicly on that—

**Q111 Stephen Phillips:** It is a couple of pages long, is that right?

**Mick Creedon:** No, it is longer than that—last time I saw it. All financial investigators are clearly trained to an accredited national standard. One of the important parts is that the cases that would attract POCA and confiscation activity are cases that we work on jointly with the CPS. It is only in the low-level cases that we would go ahead and charge without liaison with the CPS.

**Q112 Chair:** Mr Creedon, one question that has puzzled me as we have been looking at this is, if I talk to my local police about most issues in crime, even quite a low-ranking officer can start spouting at me about what they are looking for in order to put forward a crime for prosecution—the information that the CPS needs. They often quote that they need this and this and this for the CPS to do something. Do you think that that is understood to the same degree for these sorts of financial crimes? If you have a bobby on the beat who can cover something, do they know what to do and, if not, where to get information and advice from within their own police unit—it might not even be the force, but their local borough command?

**Mick Creedon:** I will try to make this succinct. The short answer is yes, but not enough. This is still only 12, 13 or 14 years old. A huge amount of training has gone on. We are looking to relaunch further training on a regional force level basis. We have the MG14 as part of the case-building file; it is one of the documents on the case build, and it is specifically about criminal assets. I have said before to others that, in policing, I liken this to DNA. I was around when DNA was first a tool for investigators and it has taken a generation for it to become absolutely embedded, so that now when an officer goes to a crime scene, they think DNA and forensics. We are gradually seeing that now; for

example, where a neighbourhood officer sees assets and challenges that or when we arrest someone for a crime, we look at benefit, but it is not there completely.

**Q113 Chair:** So how far does it go? If we take a percentage scale, and 100% was everyone doing it, and 0% was none, where would you say we were roughly?

**Mick Creedon:** The trouble is you could meet some officers who would have a really good working knowledge, and other officers would know, “If I see cash, I need to do something. If I’m stuck, I’ll go and ask the financial investigators.” It does vary. Some local beat officers and investigators are absolutely skilled up. Some are not. One of the things that we are looking to do in the next year—and this is not from this Report or this Committee—is what we can do next about upskilling. I did a piece of work previously with my national team. We will look at a health check for every single force, look at the executive team, give feedback to the executive team, and, in time, the PCC. That will be a piece of work for the forthcoming year.

**Chair:** I know that. I think our sister Committee, the Home Affairs Committee, is looking at some of these issues, so we will leave some of that to them.

**Q114 Stephen Phillips:** I want to see where we’ve got to and I want to give you a proper opportunity to comment. Based on what the NAO think, which we will have to form a view on, I am suggesting to you that we said there was a need for a consistent series of standards, which were written down, and which everybody can go and look at, whether they were a CPS prosecutor, a police officer of whatever rank, a prosecutor in the SFO, a prosecutor working for a local authority, the RSPB, the RSPCA—whoever it happens to be from the prosecuting authorities—on whether it is appropriate to consider a confiscation order, and to go to the court and ask for one. I am suggesting to you that that was the recommendation, and it hasn’t been complied with.

**Mark Sedwill:** The experts are sitting either side of me, but I think we have sought to comply with that. The CPS has issued guidance and that is available to all prosecutors; obviously, they do the vast majority of these kinds of cases themselves.

There is separate but aligned guidance in policing. You would expect the guidance to an individual police officer to be somewhat different from the guidance to a prosecutor, but you would expect them to be consistent and aligned. We have sought to achieve both. That is what we set out to do. That is what we set out as the Government’s response to your recommendation and we believe that was meeting that recommendation. We have sought to deliver that.

**Q115 Stephen Phillips:** If we look at the second of the recommendations made by our predecessor Committee, it said, “Not enough is being done to enforce confiscation orders after they had been made, especially in higher-value cases.” We recommended that law enforcement agencies “should work together to ensure that financial investigators are brought in early in high-value cases and use restraint orders quickly to prevent criminals hiding legal assets.” Again, the NAO says progress is “weak/adequate” against that recommendation, which was accepted. What is the problem there? Why hasn’t that one been acted on?

**Mark Sedwill:** Here, Mr Phillips, may I look at what the NAO have actually said? Aside from the overall assessment they have given, what they have said is that we “have made efforts to

address the Committee's recommendations" but it is "too early to assess impact...The enforcement bodies have a greater understanding...and report progress...in enforcing high-value orders regularly to the Board...The numbers of restraint orders have...reduced". Elsewhere in the NAO Report, I think it says that has started going back up again. As you know, in the Serious Crime Act, the Government reduced the legal test for imposing restraint orders and enabling that to be done earlier. Mr Phillips, you will understand the significance of that better than I.

**Q116 Stephen Phillips:** That's important and you deserve plaudits for that. That is another one of the recommendations that has been acted on.

**Mark Sedwill:** If you look at that, we have implemented that recommendation. National investigators are brought in early.

**Q117 Stephen Phillips:** Let us look at that one first, if that is the one you want to look at. Essentially, what we said was that financial investigators should be brought in early in high-value cases. The number of financial investigators has fallen by 6%.

**Mark Sedwill:** Overall in the system, but if you look at the high value cases—again, this is the report we get from the operational agents—

**Q118 Stephen Phillips:** All right, let's look at the other measure of success, because it actually impacts on the Committee's recommendation: restraint orders should be used early in cases to prevent legal assets being hidden. The use of restraint orders fell in 2013-14 and 2014-15.

**Mark Sedwill:** It has now gone back up in 2015-16. It went up by about 10%, I think, if I remember right—I can try and flick through my brief to find it. I think it is about that. I will correct it if not. I think the reason for that is that we have made the threshold easier, but it would take time for that to feed through, and the NAO Report, to be fair, does say it is too early to assess the impact of that kind of thing. But we think the signs are positive.

**Q119 Chair:** I wanted to pick up on this point about financial investigators. You gave a very brief answer there—they have fallen across the whole system—but isn't it a worry that it is hard to recruit these people, and what is your strategy to deal with that? I will start with Mr Sedwill, then Mr Creedon, and I don't know if Alison Saunders wants to add anything.

**Mark Sedwill:** First, a health warning. On inputs, the number of investigators is not exactly the same as the effect that they will have. I think—Mr Creedon will be able to say more about this—that financial investigation techniques are now trained to non-specialists more effectively than they were before. It is part of the College of Policing manifesto; but you are right—capability in this area, like other areas of policing, is part of the focus of this phase of policing reform. Our concern about digital forensics, and the ability to deal, in particular, with some of the most challenging abuse cases—it is an area of capability that we need to improve.

**Q120 Chair:** Are you constrained by the Treasury cap on salaries at all? Is that a problem?

**Mark Sedwill:** I don't know whether we have been in this area. I would have to check and maybe come back to you on whether we think there is a market problem. You are right; these are marketable skills. You will also know that in other areas where we think there is a genuine market—commercial skills etc.—we have been able to negotiate separate salaries.

**Q121 Chair:** I ask that question partly because I wonder if you have done any cost-benefit analysis. Maybe Alison Saunders and Mick Creedon will come in on this, but if it costs more to pay somebody to do one of these really difficult jobs but they get a better result because they have got the forensic skills, it might be worthwhile, and we and the taxpayer might think that seems a sensible balance.

**Mark Sedwill:** Indeed. I will be brief. First, the Treasury caps on salaries do not apply to salaries that police forces and local government bodies can pay. You will be aware that that varies, so it is a more complex picture. Second, if you look at the SFO experience, what they have done is brought in forensic accountants for particular projects. Rather than employing them directly, they have brought them in for specific pieces of work, and that is a model that is interesting for other law enforcement bodies to look at. So I would not want to look at the number of financial investigators itself as a single determinant of this; but you are absolutely right—capability in this area, particularly at the sophisticated high end, is not where it needs to be. We are dealing with some very sophisticated criminals—

**Q122 Chair:** Have you done that cost-benefit analysis, though? I do not quite mean if money were no object, but if you had money to spend. Have you done an analysis of what a good financial investigator could bring back in?

**Mark Sedwill:** I don't believe so. Maybe I can come back to you on the specifics.

**Chair:** Maybe Mr Creedon and Ms Saunders can answer.

**Mick Creedon:** Two or three quick points on that last question, then remind me about the ones I have forgotten. On the last point, I think the experience with the asset recovery teams at regional level is that pound for pound, there are some huge benefits. When you have dedicated investigators in this area working in operational teams, it can make a difference. So the answer to your last question is yes.

On the other parts, quite frankly I thought the reduction would be more than 6%. When you look at the reduction in budgets of 25% over the austerity period, in my case we lost probably 25%, 20% of our staff. To maintain a 6% reduction is quite healthy.

There are two other points. One is the competing demands that are coming in now, which are not financial but particularly in terms of sex abuse cases—paedophile, online, historic, etc. Then competing salaries are particularly a problem, as I understand it, in places like Birmingham, Manchester, Leeds and London. Less so for me in Derbyshire, but I know colleagues in London raised with me last week the challenge of the private sector, which would pay 15% or 20% more than the public sector.

**Q123 Stephen Phillips:** So in fact, if you are one of these financial investigators, you can leave the public sector and go and earn £20,000 more doing a compliance job somewhere else.

**Mick Creedon:** Worse still, perhaps, we end up competing within the public sector on salary bases between agencies. Absolutely, in the private sector there are rich pickings to be made.

**Q124 Stephen Phillips:** Apart from losing good people, do you think that means that the service ends up actually recruiting people who are not up to the job?

**Mick Creedon:** No, strangely. There is a lot of research about why people stay with organisations, and salary is not the only reason. Lots of our staff stay because they like working in the law enforcement arena, prosecuting and investigating. That is part of what they do. I think there is a reality check there.

The other thing that came up last week at the finance board was about people who get trained and accredited and then move on. Perversely, it may be better to have sworn officers trained as Financial Secretary, because there is less chance of a sworn officer moving on than there is of a police staff member.

**Stephen Phillips:** That's very encouraging.

**Q125 Chair:** That is interesting. Ms Saunders, what about from your perspective? Is this an issue for you?

**Alison Saunders:** From our perspective, we are a civil service Department, so we are constrained by civil service terms and conditions, obviously, but we do have trained-up prosecutors within areas, and more particularly within our proceeds of crime division. We do lose them to the public sector, because they are well trained, experienced and expert in what they do, but we have been able to recruit and—

**Q126 Chair:** What is your retention rate? Have you got any idea, and can you tell us?

**Alison Saunders:** I don't know in relation to our proceeds of crime unit particularly, but I can find that out.

**Chair:** That would be very helpful.

**Alison Saunders:** We do not have a huge issue around retention, no more than any other civil service Department.

**Q127 Chair:** That is not something that keeps you awake at night more than other things.

**Alison Saunders:** No.

**Q128 Chair:** I hope lots of things keep you awake at night as Director of Public Prosecutions. We would be reassured if they did, but not this one in particular.

**Alison Saunders:** I wish. We are in the process of recruiting generally across the CPS at the moment. That way we can ensure that we maintain the levels across the areas.

**Mark Sedwill:** That is an important general point, Chair, particularly in areas where people have got marketable skills. We are increasingly relying on—

**Chair:** I'm sorry, Mr Sedwill, but we know about the general point. We are just trying to focus on confiscation orders today. I don't want to cut you off, but I am going to.

**Q129 Kevin Foster:** Moving on to recommendation 4—better performance and cost information—you will see that the recommendation at the time was: “The bodies involved with confiscation orders do not have the information they need to manage the system effectively.” A few moments ago on this point, Mr Sedwill, you said that things were going well. On what do you base that, given that that recommendation, according to this Report, has only been weakly or adequately implemented, rather than fully?

**Mark Sedwill:** I perhaps have two comments. First, we are working on the joint asset recovery database, and I accept that that is taking longer than we had originally hoped. We have done some work in cleansing it and tidying up some of the records—about 5,000 have been done already—but further enhancements to that system are required, and those will be delivered over the next 18 months.

**Chair:** Eighteen months?

**Mark Sedwill:** I think.

**Q130 Chair:** If you are not clear, we will hold you to 18 months if you are going to say that.

**Mark Sedwill:** I will come back to you with a date if that is wrong.

There is quite a lot of detail in the Treasury minute of March 2015 on various different measures. This goes back to the earlier point. Cost-benefit analysis is extremely difficult to do in this area, because the benefit we are seeking to achieve is impact on crime. We are continuing to work on it; I think we have better data now. My colleagues, particularly Alison Saunders, can say a little bit more about their internal measures on this. This is an area we are wrestling with, because the benefit is difficult to pin down.

**Q131 Kevin Foster:** I take on board the fact that you can measure crimes that have happened but cannot necessarily measure crimes that have not happened as a result of the work. Surely in this area there is a slight difference, in that you could measure the fact that, if you put a certain level of investment in and got a certain amount of cash come back, that was a beneficial thing to do financially. Why not adopt that sort of approach?

**Mark Sedwill:** We have got that measure, and I think Mr Creedon just referred to it. If I have the numbers right in my mind, we think, for example, that we can pin to the £1.5 million that we have put into the new asset confiscation enforcement teams more than £20 million—£22 million—of assets recovered. That is the benefit, if you like. There are some areas where one can make that kind of—

**Q132 Kevin Foster:** So, £1.5 million in, £22 million out. That sounds a pretty good cost-benefit analysis.

**Mark Sedwill:** Indeed, but that is only a partial benefit, because the objective is not to generate revenues; the objective is to impact crime.

**Q133 Kevin Foster:** I take on board the point, but you have put £1.5 million into the scheme and, in terms of law enforcement, you have brought back £22.5 million of ill-gotten gains. Let's be clear: this is not like collecting taxes. You are going out and getting back money after a court has said, "This was a proceed of crime." Surely that is an excellent sort of analysis to use. To link back to earlier questions, perhaps we can say that that is exactly the reward, based on that sort of benefit being brought back.

**Mark Sedwill:** I am not disagreeing with you, Mr Foster; I would just not want that to be the determinant of the decisions that law enforcement makes. But with that health warning, of course I am very pleased that an investment of that amount yields that kind of revenue as part of the benefit. Of course, we still say that the main benefit is the impact on crime.

**Mick Creedon:** Clearly there is a much broader benefit in terms of attacking criminality, using this as part of your toolbox. The ACE teams are fascinating, and outside of here I can provide evidence of that to the Committee. One or two of the cases are compelling in terms of how an innovative approach by investigators has unlocked benefit. I include one occasion where the investigators helped someone's wife to sell a car on behalf of her husband that she did not know how to sell, and another one where they managed to get someone to unlock his personal pension scheme to pay the benefit. Those were not massive orders, but in both cases, we were not going to get there without that.

There is a real argument for dedicated teams made up of investigators, enforcement officers and prosecutors drilling down. In policing, we have something we call tasking and co-ordinating—a simple management phrase for running your business. When you task something, put resources against it, monitor it and keep account of what is being done, you get benefits. There is a compelling argument—I appreciate that there is also a cash benefit in this—for dedicating resources to drill down on new confiscation orders, on old orders where we can, and, as Alison mentioned, on revisits of those who have not paid their full benefit.

**Q134 Kevin Foster:** I understand that private sector receivers are being used to collect some offenders' assets. Presumably part of analysing that—any of you can comment on this—is saying, "Here's how much we've paid to the organisation, and here's how much they've yielded." You would not, for example, pay them money and expect to bring nothing back. Surely that cost-benefit analysis makes sense when looking at resources in this area.

**Alison Saunders:** We do count figures as to how many restraint enforcement receivers we use and how much they bring back, to make sure they are value for money. We only use them on the really difficult cases where we do not have the expertise ourselves, and we have refreshed our receivership panel. We have a list of approved receivers, as you would expect.

**Q135 Kevin Foster:** Despite the comment that it is not appropriate to use a cost-benefit analysis, it sounds like quite a lot of that is going on, in terms of making investment decisions.

**Mark Sedwill:** No, there is quite a lot of cost-benefit analysis, but I don't think we would use it—or at least the financial benefit—as the primary driver for investment decisions, because one might draw a conclusion from the £1.5 million to £22 million that if we double it, we'll get £44 million, and so on. That is not the way we want to make decisions in this area, because we obviously want to see the impact on crime.

**Q136 David Mowat:** You have been very adamant that this is all about reducing crime, not just bean counting and getting the money in. You have said three or four times that you do not want to base decisions on that, and I am quite interested in that. Mr Foster gave the example of spending £1 million to bring in £22 million—at the very least, you get £19 million from that, which you can use to solve crimes when budgets are under pressure and everything else.

When HMRC pursues big debts, they don't say, "We're trying to do this because we want to put out a lesson about tax avoidance or evasion." They are doing it because they want to bring the money into the Exchequer. There is nothing wrong with driving decisions based on bringing money into the Exchequer. I am interested that you seem to be so keen to say that that is not what you are all about—I guess because if that was what you were all about, it would mean you could be doing more of a cost-benefit analysis and potentially having more investigators, if it was worth bringing in a bit more money, which sounds like a good idea. Have I been unfair?

**Mark Sedwill:** No. I think it is just about the objectives of different Government Departments. Revenue and Customs' mission is to generate revenue for the Treasury, and they have—you will know this better than I do—a 1:20 investment to return test.

**Q137 David Mowat:** Yes, but you are sitting there with a debt of £2 billion. Okay, your primary focus is to reduce crime. I accept that, and everyone will agree with you, but it is not a small thing to say that getting that 2 billion quid back would be a great benefit for lots of things.

**Mark Sedwill:** Of course it would, but most of it is not retrievable, Mr Mowat.

**David Mowat:** That is your number, but fair enough.

**Mark Sedwill:** We will have to see how this plays out, but what tends to happen is that when you start a new initiative you focus on the lower-hanging fruit and achieve significant goals. Just to be clear, I am not saying that the financial cost-benefit analysis is irrelevant. It is clearly a useful guide to our decisions, but in the end Ministers and PCCs are not making decisions based on the financial benefit; they are making decisions based on a wider benefit, because the mission of the Department, policing and so on is to cut crime, not to generate revenue. That's all I'm saying.

**Mick Crendon:** I was going to make that last point about motivation—the attack on the criminal and the impact of using these powers. “The Laundrymen”, a book by Jeffrey Robinson, talks about the American experience. If you bear with me, I will read a very short quote—

**Chair:** You are doing very well, and better than most witnesses, in getting other things on the agenda, so quickly.

**Mick Crendon:** The quote is: “With cash dangled like an apple on a stick to motivate a mule, some agencies go after cases that produce big cash rewards instead of pursuing more difficult and often more important cases where the prize is nothing but a conviction.” That is the challenge we face. There are many examples with no confiscation—I appreciate that this is about confiscation enforcement—but for us the motivation is fast investigation that is part of our attack on crime.

**Q138 David Mowat:** As you have said that, I want to follow it up. It implies that you have a bigger and nobler purpose: to stop crime. What I am trying to say is that if there is lots of other low-hanging fruit, which may not be best for stopping crime, but nevertheless you could pay out £2 million to bring in £20 million, and do that several times, at the very least that would give you £18 million every time, which you could spend on stopping crime in the future.

**Mick Crendon:** There are two points on that. Looking at historic orders, I would absolutely go for what we can get. On the second bit, I may be mistaken, but if you are suggesting that in the operational sense we attack the low-hanging fruit rather than the harmful—

**Q139 David Mowat:** No. I am suggesting, because you have both said this, that you have a bigger and more noble purpose than just getting money in for the bean counters, and that is stopping crime. That implies that getting money in is a secondary objective. Fair enough, but all I am saying is that if you can bring in £18 million for spending £2 million, at the very least you could spend that money on bringing crime down. I don’t know why you wouldn’t do that a bit more than you seem to be.

**Mick Crendon:** Of the outstanding debt, absolutely. If in that £2 billion or £9 billion, £200 million or £300 million is achievable, we should do what we can about that. Absolutely. That is different from the operational decision making of the investigators.

**Q140 David Mowat:** The two must come together at some point.

**Mark Sedwill:** Mr Mowat, that is exactly the sort of conversation I would expect to be having with Ministers as we look at budgetary decisions. If we say, “Okay, with this investment we think we can achieve this revenue and then use it to improve that capability”, that is exactly the sort of conversation I would expect to have. I don’t think we are that far apart. I am just trying to give a health warning and say that it is not like an investment decision in other areas, because the objectives are broader. That’s all.

**Q141 Chair:** But Mr Sedwill, you have already said several times in this hearing when Mr Phillips questioned you about the 11 overall priorities to reduce crime and so on, that your priorities

are not set from the centre. But you could have a PCC who decided there were pressing operational matters. If you were the PCC for South Yorkshire, child sexual exploitation would obviously be a big issue and a high priority in tackling harm, but I doubt that it would bring in any money. Does that mean you are content that, if something like that is happening in an area, it will take a high priority and recovering criminal assets will drop down the agenda?

**Mark Sedwill:** I think the Government's position is that that is a decision for the police and crime commissioner. That kind of prioritisation within the budget—

**Q142 Chair:** Except that they don't have much choice, do they? Other forces will have been hit by huge issues that they have to spend money on, use officer time on and investigate because that is their job, but that will divert those resources from other, also important work, if not immediately as pressing because someone may not be physically at risk at that moment or a victim in the same sense. Do you ever look at the resourcing and prioritisation from the centre about backfilling those resources locally to make sure that they are not, in that region or that force, losing track of the financial crimes because of these other pressures?

**Mark Sedwill:** Police funding essentially has three components. Very briefly—I know you are experts on this but since you have asked the question—they are precept, which is local taxation set by the police and crime commissioner, central grant, which varies from, I think, less than 20% for Northumberland to about—

**Chair:** Yes, we do not need all the detail. We know roughly.

**Mark Sedwill:** Sorry. So yes, quite a bit variation, and then specific grants for specific events. And then we have, I suppose, a fourth which is the innovation and transformation fund, and Ministers have set that aside for those purposes. The decisions about how to handle different priorities, and how much to draw on reserves in order to maintain capability in certain areas if the force is driven towards dealing with one particular set of issues, are for the police and crime commissioner and, as the Government, you would not take a view on those individual decisions. We do set the strategic policing requirement and that is effectively funded from the central grant, but the strategic policing requirement is largely about capability, not about decisions about individual areas to prioritise, which we regard as a job for the commissioner and the chief constable.

**Mick Creedon:** The point you make is a very good one, Madam Chairman, particularly around not just South Yorkshire but every force, with the explosion in historical sex abuse cases and online sex abuse cases and increased reporting. In my own force we are running eight historical investigations now, all into institutions, all taking resources. So there is a challenge there.

The point, which I mentioned earlier, is that where you have dedicated resources working in this area—the regional asset recovery teams were the example—ring-fenced, they were successful. Now on cost-benefits the evidence is there that they more than paid for themselves year in, year out, in terms of orders obtained. The decision was made a year ago to take the ring-fencing off and RARTs have reduced now by some 25%, and I really worry about the pipeline. We are now working with the Home Office and there is a paper I have submitted to the criminal finances board around this risk, because I think that is about the dedicated investigators. In a time of austerity, with fewer people working in this area, these teams were a real benefit. That is hopefully where we might go with the increased ARIS money, but my worry there is that it is still another year away and it takes time to build the teams, the expertise and the partnership and, of course, in these teams we work

with Revenue and Customs and the CPS, and it isn't just those key agencies, there are dozens of other agencies—small, niche agencies—with no capability that work with us as well.

**Q143 Chair:** You talked earlier, Mr Creedon, about working together making a difference, but are you clear, are your members—your chief constables up and down the country—clear about what the Home Office's priorities are?

**Mick Creedon:** Yes, absolutely. The overarching bit, and the Home Secretary's been very clear about this, is "Cut crime, nothing more, nothing less". It was a statement in her first weeks in office, and she has been very resolute around no targets and a clarity that decision making exists locally, that it is for the police and crime commissioner who has the electoral mandate and the chief constable who is independent. But we work under the umbrella of the various strategies, about which we are all very clear.

**Q144 Chair:** There was always a danger with targets, but you can cut crime by arresting one prolific burglar, which might reduce crime in your area massively, or you can cut crime by catching one big fish and putting a confiscation order on them.

**Mick Creedon:** To be fair, this is a conversation, again, that I have had with her personally, and at many meetings. Crime is far beyond the crime stats, and cutting and tackling crime sometimes means finding difficult things. I think the comment was made earlier that some of the crime we are attacking financially is not crime reported by victims—it is hidden crime—and this is more difficult to quantify in terms of cutting crime, because it is not recorded crime.

**Q145 Chair:** Well, that is my point exactly. They are more difficult to quantify, so if you or one of your colleagues is called in in a Star Chamber moment with the Home Secretary—imagine them sitting there in front of her and having to explain their crime figures—would they be more incentivised to go for the numbers on the harmful crimes rather than the financial confiscation? And within that financial confiscation, as we have discussed, there are different focuses.

**Mick Creedon:** If I may, the maturity that is now in place around crime figures is a recognition that crime figures are only one part of the story. There isn't a mechanism now to look at crime figures in the way they were before, and the mission is more about using scarce resources to protect vulnerable people. I am now not seeing chief constables held to account for burglary and car crime rates in the way that we were five, six, seven years ago.

**Mark Sedwill:** Just to be clear, Madam Chairman, we do not have the Star Chambers. We have individual chief constables, because that is very clearly the point Mr Creedon has just made.

**Chair:** I suggest that we do in our own areas, but we might suggest it. The Home Secretary has heard what we have said.

**Q146 Kevin Foster:** I was interested to note, going through, that, in terms of the response, the Crown Prosecution Service developed a suite of 11 performance measures on this area. How is that going?

**Alison Saunders:** That is going well. It is primarily because we have nationalised our proceeds of crime, so we have a single proceeds of crime division that deals with complicated restraint, the enforcement side of things, and international requests that come in. We are seeing the performance of that division improve and I hope it will continue to improve.

**Q147 Kevin Foster:** How are judging improvement? Is it purely by the number of confiscation orders or by the fact that, in individual cases, we have got more out?

**Alison Saunders:** Some of it is about numbers. Some of it is about quantity and about the percentage of orders that we apply for that we are successful in obtaining. Obviously, the number of orders is not entirely our decision. It is what we apply for. I can certainly send you the 11 measures that we have done afterwards, if you would like to see them.

**Q148 Kevin Foster:** How do the data satisfy you that we are pursuing the number of confiscation order that should be pursued? Clearly, this is a key area. Crime should not pay. That is a key part of reducing crime overall. How do the measures satisfy us that we have the systems that are effective in ensuring that those who should have a confiscation order against them do? I accept that the courts make decisions on this independently, but how are you satisfying yourself with the data that the number of applications are being made, given that the number of applications for orders overall has gone down, even though I accept that the money overall in orders has gone up?

**Alison Saunders:** That is always much more difficult. How do you identify the bits that do not happen? There is no such thing as knowing the number of cases in which orders should be asked for. Therefore, we think that is a very difficult question to answer. Every quarter, the proceeds of crime division comes in for an independent assessment where they talk to my headquarters about their performance. We are also talking to ARIS because ARIS will have a role to play in doing the confiscation orders. That is where the close relationship with law enforcement and the guidance that we have put out help. That is what tells prosecutors when they should be looking for confiscation.

**Q149 Kevin Foster:** And does part of your assessment look at how, for example, your prosecutor's time is being well used versus the results in the orders that they are getting? Fundamentally, I am asking about the cost of sending someone to court to pursue this rather than something else versus the amount that comes out in the end. Is that something that you are satisfied with from the data?

**Alison Saunders:** Well, I can tell you how much the proceeds of crime division costs and how much it brings back in enforcement orders. I cannot break that down because confiscation is part of the criminal case. I cannot break it down for the areas as such because we do not do that sort of breakdown in how much time they spend running the case and how much of that time is confiscation. It is all so tied up. It is an intrinsic part of that. Certainly, it costs £18 million to run the proceeds of crime division. Last year, they brought in £87 million on enforcement.

**Q150 Kevin Foster:** It is interesting to hear those examples but when do we expect to have the sort of comprehensive data that we can analyse and manage across the whole system? For example, are we looking to have a system so that a PCC—as we have touched on several times, it is

their decision and priorities—could sit down and analyse whether the resources are being well used across the whole system for them?

**Mark Sedwill:** Sorry, I am maybe slightly missing the point. We are not intending to provide to police and crime commissioners a full management information system for them to make those judgments. They have their own different police forces and their own MI systems. There is not a central MI system on this or other areas of work.

**Q151 Kevin Foster:** Sorry, I am a bit confused because on several occasions you have touched on how PCCs would be looking to make decisions on how they could prioritise certain assets. I had presumed—perhaps naively—that the idea of getting a dataset together and having performance measures was so that they could make an informed decision. Obviously, operationally, it is the chief constable, but we are talking about being able to make informed decisions around investment choices with their budgets, as you touched on.

**Mark Sedwill:** Mr Creedon will be able to tell you more about how it works in an individual force, but the PCCs are responsible for the entire force, including the management information that they want to draw upon to make those decisions. We do not provide central information except through the HMRC reports and those other mechanisms. It is for them to decide what MI they need to make the resource decisions and other decisions that they want. These are essentially independent public corporations. Am I missing something?

**Q152 Kevin Foster:** The point I was going to come to is, without the information, how are they incentivised to see this as a priority? Obviously, the police's role is pretty key in getting down to this and, again, disrupting crime. Surely having bases of information is how they can start to be able to make those decisions. We have said numerous times today that the PCC is deciding the budget, the resources and the priorities, but if there is no consistent information for, say, Devon and Cornwall to compare themselves with South Yorkshire or the Metropolitan police, how can they do that?

**Mark Sedwill:** There is comparative information around, and a lot of it is generated by HMIC through the PEEL inspections, and so on. Again, it is for each PCC to determine what information they need within their own organisation to make their resource decisions. There isn't a central system of management information for 43 police forces. The individual police forces make those judgments, but Mr Creedon may be able to enlighten you further.

**Q153 Kevin Foster:** Mr Creedon, would it help to have some sort of consistent data to manage the system and to give an impression of how these orders work across the piece?

**Mick Creedon:** The ideal route would be through, as was mentioned, the HMIC PEEL assessments. The PEEL assessments are quite ambitious and are far broader than some of the old metric assessments of the past, and this time round they haven't really looked at confiscation orders, criminal finance investigations, et cetera. Those data are not there. My experience is that the PCC sets the priorities and the budgets, and then, working with the operationally independent chief constable, we look at where resources go. Scarce resources will be stretched. I agree with your point, but my experience is that it is one of the few areas of policing where we try to do it nationally.

There are datasets around, such as on crime scene investigators and forensic examiners, that are quite good, but there are not datasets on beat officers, response officers, detectives, major crime teams and surveillance officers—a whole range. It would be hugely ambitious, and I am not sure whether it would give data that would assist, because ultimately those decisions are made locally. I don't think it is something that could necessarily be done through the Home Office, but there is probably a series of headline questions about what an FI does and what an FI can be expected to do.

**Chair:** Let me bring in the National Audit Office.

**Toby Evans:** There could be a role here for the College of Policing, which has a research function. As we say in our Report, they haven't actually used that yet to work out the costs and the performance.

**Q154 Chair:** Mr Creedon, you said that it could be hugely complicated, but Mr Foster has raised an important point. There must be some data that would be easy to collect locally. If those data were available to all, it would be beneficial, especially given that forces will work across borders on occasion.

**Mick Creedon:** There are. The difficulty is that some FIs are working in some areas and some are not. There are some headline data about the activity, the number of FIs, the number of restraint orders, the number of confiscation orders and the work with enforcement but, taking Toby's point, we aspire to evidence-based policing, and the role of the College is probably something that could be explored. We have also done quite a lot with academia, particularly on the money laundering aspect, which again leads to confiscation orders.

**Mark Sedwill:** HMIC is now requiring—Mick, you'll correct me on the timing—quite detailed force management statements, which is a quite detailed dataset of financial and other data, in order to inform the PEEL inspection programme. I don't know what your intent is in this area, but that may provide a more consistent MI picture. In the end, the basic point is that PCCs need to make their own judgment about what information they want, as well as about what priorities they want.

**Q155 Kevin Foster:** Part of my reason for asking is that earlier in the hearing, Mr Creedon, you spoke about how targets for the area are based on what had been pulled up the year before. For me, in terms of understanding how well public money is being spent, I would like to see that people have reasonable grounds for judging their performance so that an area that has done brilliantly doesn't get castigated a year later or, vice versa, that an area that has not been underperforming but has had good luck can continue doing so. For me, having got the answer that there isn't a plan, it is about understanding the need to have an idea of some sort of consistent set of data that a PCC could look at and ask, "Is my force doing a good job in this area or not?" That seems to be my understanding of the answer here.

**Mark Sedwill:** The data the PCC has comes largely through the PEEL inspection programme and the force management statements that will underpin it. We are not intending to produce a single data machine, if you like, for the whole of territorial policing.

**Q156 Kevin Foster:** Moving on, one area where there was a positive review is the comments around more effective sanctions—recommendation 3 in appendix 4. On that the assessment is

“strong/adequate”. That is probably the best one to end on. I am conscious the law came in in May last year. Are there any early indications of how the law is working, and any data that are perhaps emerging?

**Mark Sedwill:** It is very tentative. I mentioned earlier that we have seen an uptick in the use of restraint orders. We think that is probably tied to the lowering of the threshold for that, but demonstrating a causal link is obviously challenging. We are certainly talking to academics and our own crime and policing hub about trying to generate some research around whether there is a causal link, because, given the focus that has been on this area and that fact that restraint orders fell, they could be going back up again for other reasons as well.

In terms of the data we would aim to see from the measures taken, probably the more important is the toughening of the provisions to make it harder to squirrel money away, by putting assets in the name of a family member or putting it overseas and so on. Therefore, probably the key success measure—although not the only one—will be that increase in the proportion of confiscation orders at the high end. The increase, as Mr Phillips said, from 18% to 22% is still much lower than we would want. Obviously we want to have a much greater impact at the high end. The whole anti-money laundering action plan and the Prime Minister’s summit are working in that area. We presume that the Act is having an effect in that area, and we want practitioners to ensure they are making use of the powers that Parliament has provided.

**Q157 Kevin Foster:** Miss Saunders, how are your prosecutors finding using it? Are the new laws helping them use their resources more effectively in pursuing criminals?

**Alison Saunders:** I think we have welcomed them. We think that the changes to the legislation will certainly help us, but it is almost too early to say concretely. I would not disagree with anything Mr Sedwill has just said—that it is early doors—but we think it is helping us already. It is all pretty anecdotal at the moment, but positive.

**Q158 Kevin Foster:** And the use of longer default prison sentences? Keeping people in prison is quite an expensive option. Are we finding that that is more likely to be producing cash coming out, or is it similar? Again, I accept it is early days.

**Mark Sedwill:** It probably is too early to say. As Mr Creedon pointed out, there are some career criminals for whom a prison term is just an occupational hazard, but a 14-year prison term is a pretty big sanction because it is concurrent. That is on top of the prison term they might have had for the original offence. I do not know whether we have even any anecdotal evidence yet that the sanction is having an effect.

**Chair:** Our sister Committee will be looking at that in detail, I am sure.

**Q159 Kevin Foster:** My final point is that we seem to have kept the 8% interest. Given that we have already talked about the issues with pursuing the debt that is there, that was the one that was left despite the 2013 finding. How do we view that it is still cost-effective thing to pursue the 8% interest, given the views we heard earlier?

**Mark Sedwill:** Ministers have looked at that and decided to stick with it. They did think very carefully about it because of all of the obvious criticisms that were made. I thought quite hard about this one, because I think it is tricky. If you look at it as a whole, and Mr Phillips started with the point about the uncollected stock, if this were a single stock of debt you would be looking to write-down, write-off or farm out. Of course, you have also got to look at the individual level. I think the reason Ministers decided to maintain such a punitive interest rate is because we didn't want to lessen the incentive on the individual non-compliant criminal to pay their confiscation order in a timely fashion. There is an argument about how effective that is, and I absolutely accept that, but we had to look at it, not only in aggregate, but at the individual level as well. The sense that career criminals were being let off, because they had hung on for long enough and not paid their confiscation orders, would obviously be an incentive we would not want to encourage.

**Q160 Stephen Phillips:** I think we see that, Mr Sedwill. The trouble is that 8% of nothing is nothing.

**Mark Sedwill:** Indeed, but of course it is not 8% of nothing; we do collect an increasing amount. There is a question about the effect the 8% has on encouraging criminals to pay early.

**Chair:** Which is a big question.

**Mark Sedwill:** Ministers thought very hard about this and that is the judgment they have reached.

**Q161 Kevin Foster:** Clearly this is based on 8%, but when you compare it with what Wonga charges—

**Mark Sedwill:** It is also the standard rate for a fine, though, so it is aligned with other parts of the criminal justice system.

**Q162 Kevin Foster:** Mr Creedon?

**Mick Creedon:** I understand the rationale, but I really don't think there is any evidence that it incentivises people to pay early. From the ACE teams, we don't find that career criminals are particularly bothered about interest rates when it comes to the reason why they pay off. The parallel bit is that we do not know enough about what would incentivise payment. My only plea would be that whatever there can be, we need a sustained attack on these people. I may be wrong and I stand to be corrected, but I think that if you get a county court judgment out against you, it affects your credit reference and follows you around. If you have a confiscation order out against you, there is no such parallel scrutiny.

**Q163 Mr Jackson:** Mr Creedon, I was struck by what you said at the beginning of the evidence session about prison being regarded as an occupational hazard for serious criminals. What does it say about the criminal justice system and the sentencing regime that hard-core criminals see it as an occupational hazard and are much more concerned about financial issues?

**Mick Creedon:** It was absolutely apparent in the Report. It is not a surprise to me, having been involved in this for 36 years. I know that many—not one or two; not anecdotal—hard-core organised criminals go to prison for eight, 10 or 15 years and they take it: “It’s my turn. You’ve got me eventually. I will stand this. Attack my assets and that will hurt me an awful lot more.” What it says about the system is, I guess, more about what happens when they come out. If they come out and are recidivist organised criminals, it’s a problem. If they are inside the prison system and remain active, as many do, there is another parallel problem. I think the truth is that—not for all criminals; I am talking about the hardened, organised criminal groups—it is a risk that is part and parcel of what they do and they are willing to accept it.

**Q164 Mr Jackson:** Okay. Mr Sedwill, can I draw your attention the evidence given by Keith Bristow on 15 January 2014? He was the director general of the National Crime Agency at the time, and he made reference to work with partner agencies on 124 priority cases that had been allocated and were “potentially enforceable”. That was brought up in the public domain and, as a result, Mr Martin Bentham from the *Evening Standard* decided to put in a number of freedom of information requests to the asset confiscation enforcement teams, the NCA, the Crown Prosecution Service and the Serious Fraud Office, for a list of those priority cases. They all refused to divulge any information. The reason cited was that providing it was contrary to “the public interest” because it might hinder the success of the enforcement efforts.

The SFO response said: “Release of information such as that you have requested would enable individuals to assess how orders are being considered. This may have a negative effect on the ability to enforce them. Therefore, we have concluded that the public interest favours maintaining the exemption in this case.” Do you still take that position regarding the freedom of information regime? How can the public be assured that cases allocated as priority cases are being dealt with appropriately, either through this Committee or in other ways? I appreciate that I have sprung that on you, but it is an important principle.

**Mark Sedwill:** It is an important point.

**Q165 Mr Jackson:** It is question 125 of that session.

**Mark Sedwill:** I cannot claim to recall that exact question, but it is an important point. These decisions are not for the Home Office but for the individual law enforcement and prosecuting authorities. The freedom of information requests do not come into us; they come into them. These are about live investigations. I would have to look into it in more detail.

My colleagues may want to add something, but I guess my initial response, which is probably all I can give at this point, Mr Jackson, is that it is probably right that with live criminal investigations of all kinds that have not yet come to charge or to court—at least in this element it may well be that they are convicted criminals, but there is still a live investigation of the assets—you would not normally disclose those until the investigation was complete, because of potentially prejudicing both the investigation and any sanction that would follow.

**Q166 Mr Jackson:** One assumes that either they or their legal representatives would be fully aware that they are likely to be the subject, given who they are, of confiscation orders.

**Mark Sedwill:** They might well know that they are the subject of a confiscation order, but they might not know the nature of the investigation. The National Crime Agency leads a process by which they identify the top-level cases—those with a confiscation order of more than £500,000 or those with criminals who are significantly harmful in other ways—to try to get at the assets those people are seeking to hide away. We would not want to telegraph to them the nature of that kind of investigation.

**Chair:** This was in 2014.

**Mark Sedwill:** No, but the cases will continue to rotate. Mr Jackson, if there is some refinement to that answer I should give you, perhaps I can come back.

**Q167 Stephen Phillips:** There is this refinement, though, is there not, Mr Sedwill? What the asset bearer is actually saying is not, “We do not want to telegraph to the individuals that they are under investigation”, but, “We do not want to telegraph to the wider criminal fraternity the criteria by reference to which we select priority cases.” That would not be in the public interest, and I suspect the Home Office—I can see Ms Saunders nodding for the CPS—would agree with that position. That still leaves us with Mr Jackson’s question: how can the public have confidence that the right cases are being selected as priorities to be pursued?

**Mark Sedwill:** It is almost a philosophical question. The public have to have confidence that individual police forces are prioritising the right cases to be investigated of all kinds.

**Q168 Stephen Phillips:** Can I make a suggestion to you?

**Mark Sedwill:** Please.

**Stephen Phillips:** The way in which the public can have confidence that the right cases are being pursued as priority cases is for the recommendations that this Committee made—and will make in this Report—to be carefully followed through in their entirety, insofar as they are accepted by the Government. I think you just need to say, “Noted.”

**Mark Sedwill:** Yes. It is a link I have not obviously made.

**Q169 Mr Jackson:** Mr Phillips has beautifully segued to my final point. You talked about it almost being a philosophical question. I think this brings us full circle. It is why we have got in the mess we are in now—a little less philosophy and a little bit more action might have assisted us.

On 15 January, Mr Bristow said, in Sir Humphrey-speak: “The bigger challenge is the 124 priority cases...That will be a test of working in a different way for the asset confiscation enforcement teams we have set up to deliver some real effect on some of these orders. That is the way we need to work. It has to be much more joined-up, much more proactive and much more assertive. That requires us to work together in that way.” I do not know what any of that means, but I think we need to be a little bit more focused in our efforts and a bit more open and transparent within the caveats that Mr Phillips has alluded to, otherwise we will back in another year not agreeing the Report. We need to focus on that.

**Mark Sedwill:** Point taken, Mr Jackson.

**Q170 Chair:** I am going to ask Sir Amyas Morse to make a comment, too. This is the second time we have had to come back to this issue in just a couple of weeks. Do you think on reflection, Mr Sedwill, that you and the Home Office were over-optimistic to accept the recommendations from our previous Report without any caveats? Is that the problem?

**Mark Sedwill:** I would not want us to be in a position where we end up in a negotiation over the language in recommendations. That would not be in your interests or those of the Department.

**Q171 Chair:** But you accept what I am saying. You accepted the six recommendations in full.

**Mark Sedwill:** We accepted all six recommendations and we set out what we believed to be our interpretation of them and how we were going to implement them in the Treasury minute. As I said earlier on, more recently—since you took over the Chair—when you haven't been entirely comfortable with what we have come back to you with, you have come back to us and said, "No, I want more detail on that. I don't think you have got the point" and so on. So I think we should focus on the substance rather than a disagreement about the language because the Government would express something differently from how the Committee would express it. That is what we sought to do.

**Q172 Chair:** Can I be really clear? This Committee, which I was on in 2013, is the same Committee. We call it a predecessor Committee, but we remain the same Committee and comparisons between a few years ago and now are unhelpful, if I may say.

**Mark Sedwill:** Sorry, I was just referring to a practice that, at the time, is always quite challenging, because you come back and write back to the previous—

**Chair:** It certainly was sometimes a focus for the predecessor Committee, but it has been an increased focus, since the last election, to bring people back if we are not happy with the Treasury minute. I warn you of that as well.

**Mark Sedwill:** Just on your point, we will consider, very carefully, the Committee's recommendations and we will consider very carefully the terms in which we respond in order that we are able to support the Committee in conducting these hearings in a more streamlined way than we managed this time.

**Q173 Chair:** I will give the final word to Sir Amyas Morse. You will then have a chance to respond.

**Sir Amyas Morse:** The Permanent Secretary has, very helpfully, brought up quite an important point. I have been whiling away some time looking at the actual Treasury minutes and the actual recommendations, and that is quite helpful because they do not reinterpret what was undertaken—actually, that is not what they do.

This is an important point of precedence for the Committee, so I think it is worth taking a little bit of time over it. The recommendation is set forth very clearly. For example, I am going to give you some words from recommendation 5, which is the one about incentives. It says that the “incentive scheme for bodies involved in confiscation orders should be revised to ensure it is aligned with the success measures and objectives set out in the new Criminal Finances improvement plan and to link effort and reward.” The next words are: “The Government agrees with the Committee’s recommendation.” It does not say that it agrees with its version of the recommendation; it agrees with the recommendation. There is then a target implementation date, which is the end of 2014.

There is then a narrative paragraph, which describes a series of actions to be taken by the Government. It does not reinterpret the recommendation; it simply states a series of actions, which include the following: “This will include consideration of how best to incentivise operational agencies.” That is the comment, which is only an implementation comment.

It is an important point of precedence that when the Government says it accepts a recommendation, that means it accepts the recommendation, which is, after all, very clear and succinct, and in this case it actually includes a specific to link effort and reward. The Government’s action response, quite clearly, takes that into account, so, no, it is not a reinterpretation of the recommendation. It is a statement of actions to be taken pursuant to the acceptance of that recommendation. In fact, some of those actions were taken and some were not. So I would expect that, when the Government has accepted a recommendation like this, it will do its best to carry out the actions it sets forth in the narrative below and, if it does not succeed through those means, it will substitute for them other actions still intended to achieve the commitment it has made to the Committee. Is that a reasonable interpretation of this?

**Mark Sedwill:** Up to a point. I do not agree with the line that we reinterpreted the recommendation. I do not think I said that at any point in the hearing.

**Sir Amyas Morse:** I think you did say it, but, if you didn’t, I simply want to establish on the record that that is not competent. I do not think it is competent for the Government to reinterpret, and nor do I think any of these responses have that effect. To be honest, they do not do that. All they do is recite actions in response to the commitment made. That is what it actually does. This is an important point of precedence, which is why I am raising it.

**Mark Sedwill:** If we want to go back into a long conversation about process, we will have to, but I think what I have set out clearly here is that the Government set out in the first Treasury minute what we were going to do to implement the Committee’s recommendations.

**Q174 Chair:** You accepted the Committee’s recommendations—

**Mark Sedwill:** Yes, and set out in the first Treasury minute what we were going to do to implement them, with a deadline. Then we set out in the second Treasury minute—a minute that was not mentioned in the NAO Report at all—what we had actually done. I think that is all I have said throughout. What I have said is that in setting out the actions that we are taking, we are setting out how the Government intends to implement the Committee’s recommendation; and then we have set out what we have done to achieve that. That’s all. I don’t think there is—

**Chair:** Mr Sedwill, I am going to bring Sir Amyas back in, but we are unsettled—putting it politely—about this talk of interpreting the Committee’s recommendations as though the recommendations, clear as they were, had many interpretations other than what we intended.

**Sir Amyas Morse:** It may be that we are just agreeing violently with each other, which is great. I will be more than happy if that is so, but I do think it is important, not just for this discussion, that if a recommendation is made—I am happy to take legal advice on this; I am quite sure of what it would say. If a recommendation is set out in very explicit terms and given context, as these recommendations are, and that is followed by the words “The Government agrees with the Committee’s recommendation,” that means it has agreed that recommendation. Then there is a narrative below that says what actions might be taken. Some of those have been taken and some have not. But none of that dilutes the agreement of the recommendation in the first place. You agree with that?

**Mark Sedwill:** Yes.

**Sir Amyas Morse:** Excellent; thank you.

**Mark Sedwill:** All I am saying is that in the narrative, what we are doing is saying, “We agree the recommendation. Here’s what we’re going to do to implement it.” Then in the second minute, we reported back on that.

**Sir Amyas Morse:** But if that does not achieve the recommendation, you are obligated to do other things to deliver it, aren’t you? You are not reinterpreting—

**Mark Sedwill:** We are not reinterpreting the recommendation; we are setting out a programme of activity to implement the recommendation.

**Sir Amyas Morse:** Intended to implement—

**Mark Sedwill:** Intended to implement the recommendation. It is then for the Committee to judge, with your input, whether that meets the expectation that you set, and then the Government will respond to that. I think we are all agreed. All I have said all along is that we set out what we were going to do and then we set out what we had done. That is a more vernacular version of—

**Q175 Chair:** And we have heard today, thanks to my colleagues, what you have done. We will be back to visit this issue again, I’m sure. The Home Affairs Committee, I know, is doing a wider piece of work in this area. I thank all three of you for coming along and giving evidence. As I said at the beginning, it is a hugely important issue. I know you take it very seriously. We do, too, so we hope that when we call you back, there will have been the progress that you have been indicating you are hopeful for as well. Certainly we all, and those members of the public who fund this type of investigation, have an interest in getting a good outcome. Thank you very much indeed. As ever, a transcript will be on the website in the next couple of days. I did say to Mr Sedwill that we wanted to raise another issue with him, so our other witnesses are very welcome to go, but could Mr Sedwill just hold on for a moment while we touch on e-Borders, picking up on some of the issues from our last hearing on this?

**Mark Sedwill:** By the way, Madam Chairman, just on a minor point of process, I was aware you wanted to raise this, but for some reason the message didn't get through directly to me. I was aware of it anyway, so it is not a problem, but it didn't come through directly to me.

**Q176 Chair:** Well, we have our normal channels to get the information to the Home Office. You are the Home Office as far as we are concerned.

**Mark Sedwill:** Okay, well, for some reason it didn't.

**Q177 Chair:** This should be something you know something about. To recap, back in December—on Wednesday 16 December—you and Sir Charles Montgomery came to give evidence about the e-Borders programme. That was looking back at 12 or 13 years of a programme, but in that session we came up with a number of questions. Since that hearing, there has been reporting by Ben Riley-Smith of *The Daily Telegraph*, who has discovered, thanks to his good investigative journalism—first, I will ask you to confirm whether this is true—that Semaphore, the system that checks passenger information against Government watch lists, crashed on 14 June last year, 2015, and again on 15 June. I gather that what you describe this as at the Home Office is “national outage”. Did those incidents occur on those dates, Mr Sedwill?

**Mark Sedwill:** There was a national outage at that time of Semaphore, yes.

**Q178 Chair:** On both 14 June and 15 June?

**Mark Sedwill:** Yes, over the course of those two days.

**Q179 Chair:** Is it also right that you or one of your senior team had to alert the Home Secretary directly, personally, about that outage?

**Mark Sedwill:** We would normally inform Ministers directly. She was alerted, yes.

**Q180 Chair:** Can I refer you back to the transcript? I am sure that if you do not have a copy, someone else will. Can we get it up on a computer please, and make sure that Mr Sedwill has a copy of the transcript of the hearing that took place on 16 December 2015? My colleague Deidre Brock, who unfortunately is unable to be with us today—although I have spoken to her about this—asked you: “Mr Sedwill, if the warnings index system, which is classified by the Government as a critical piece of infrastructure”—with which I think we would all agree—“and is fairly elderly as we all know, is suffering two high-priority incidents a week, which it says on page 22 at the end of the first paragraph,”—of the NAO report—“is that actually working? If we are looking at 104 potentially serious failures of the system in a year, how can we be confident that that is performing the function it is supposed to?”

In response to her, you said: “Again, Charles will be able to answer more of the detail on this”. That is Sir Charles Montgomery, director general of the Border Force. You continued: “Two high-priority incidents essentially are incidents that are urgent. It does not necessarily mean that

they are important or that the system falls over. We have in place measures, if there is an incident of that kind, both to correct it and to ensure the border control is maintained. Charles can add to that”.

I am not going to go into all the detail myself about what Sir Charles Montgomery then said, but you said at the time that measures were in place. You did not tell us in that hearing that there had been a national outage in June of that year. You did not use that opportunity to share with us that there had been a falling over of the system. Why not?

**Mark Sedwill:** Well, first, let me clarify that Semaphore and the Warnings Index are two separate systems. That has been very confused in the press reporting on this. The Warnings Index system is the core national system. That is the system that is used at the border by Border Force officers to determine whether or not someone should enter the United Kingdom. There can also be alerts on that system from the security agencies or the police, if they want somebody to be detained or arrested. That is the Warnings Index system, and at a national level it has been 100% operative for the last two years. Semaphore is an entirely separate system. They are linked, but it is an entirely separate system of pre-departure checks.

For example, I was recently in Turkey and I flew back in from Istanbul. Semaphore is the system—this is important—by which my data are uploaded as I check in. It is primarily an intelligence provision system, so it is looking at passenger travel patterns. It can provide some early warning for action at the border, but it is not the same as the Warnings Index system. In discussing that particular issue, I don’t have the transcript in front of me but I recall that that hearing—and indeed the Report itself, I think—were focused on the Warnings Index system itself, not the separate Semaphore system. It is not our practice anyway—it is not the Government’s practice—to disclose individual incidents. We will disclose the overall performance, but we do not publicly disclose individual incidents. There are obvious security reasons for not doing so, but this is a separate system from the Warnings Index system.

**Q181 Chair:** Well, Mr Sedwill, this is sophistry, really. You may say that, but they are linked. They are really important to maintaining the system. You have talked about having measures in place. Again I quote, this time from page 17 of the transcript, at the bottom of that page, just so that you have got it there: “It does not necessarily mean that they are important or that the system falls over. We have in place measures, if there is an incident of that kind, both to correct it and to ensure the border control is maintained.”

Are you saying to us that border control was maintained on 14 and 15 June and that it wasn’t impaired in any way?

**Mark Sedwill:** Yes.

**Q182 Chair:** But there was no automated washing through of that advance passenger information data?

**Mark Sedwill:** First, as soon as the system is back up, the advance passenger information data are checked again.

**Q183 Chair:** At which point? Just to be clear, how long was it out for? How many hours?

**Mark Sedwill:** The system was out over the period you have set out.

**Q184 Chair:** So it was 48 hours?

**Mark Sedwill:** I don't think it was 48 hours, I can—

**Q185 Chair:** But if you were flying from Turkey, it would be a bit late if it washed through after you had landed and gone wherever it was you were going to go.

**Mark Sedwill:** Please let me explain, because this is important, and the press reporting has caused some unwarranted public concern. The 100% check of everybody—me flying back from Turkey, or whatever—is done at the border. That is the point—at the border itself—at which we have Executive authority to let somebody through, detain them or turn them around and send them back by refusing them entry.

Semaphore is not the system that provides the data to enable us to do that; that is the Warnings Index. Semaphore is a separate system, which provides advance passenger information. It is mostly used by the agencies and police to look at travel patterns and intelligence profiles. It can provide some early warning to say, “Okay, this person is on this flight, and there needs to be an intervention,” but the intervention itself is at the border, on the basis of the Warnings Index. That's the—

**Q186 Chair:** So basically, you're saying that for the 48 hours, only a manual check was available to the Border Force?

**Mark Sedwill:** No, it wasn't a manual check.

**Q187 Chair:** It was a physical check of people physically going through?

**Mark Sedwill:** When you go through Heathrow, or if you are a foreigner and you appear at an immigration desk, the passport is swept, and there is an immediate, instantaneous check against the Warnings Index. If there is a flag on that passport, the Border Force officer is notified. If you are at an e-gate, you will be diverted to a Border Force officer.

**Q188 Stephen Phillips:** But you said that the information which Semaphore ordinarily provides in advance—for example, while someone is en route to the United Kingdom—is, if not previously provided by Semaphore, captured again at the physical border when entry to the United Kingdom is sought.

**Mark Sedwill:** The information captured at the border will be the specific information in the passport and other data of that kind.

**Q189 Stephen Phillips:** That's all that is going to be on Semaphore anyway.

**Mark Sedwill:** Semaphore will tell you which flight somebody is on. As we develop it and get better data, now that we have a new directive agreed within the EU, we will get passenger name records as well.

**Q190 Stephen Phillips:** But does it also give Christian name, surname, passport number, date of birth and issuing authority?

**Mark Sedwill:** Yes, it has all the basic data that you will get as you sweep a passport at the border, but it also has flight details and so on.

**Q191 Stephen Phillips:** That gives rise to a slightly separate question, if I may. Does that information sometimes enable the intelligence services to say, “That person on that flight, which is due to depart in an hour from Istanbul, is not to be allowed to fly”? Do they say that to the Turkish authorities? Is it that real-time?

**Mark Sedwill:** If there is an individual whom we believe to be a threat to the aircraft and we get the advance passenger information in sufficient time that it is possible to provide that information to the authorities, but that—

**Q192 Stephen Phillips:** Right. So for those two days, in fact, you could have had dangerous people on planes, which is perhaps the real point.

**Mark Sedwill:** Sorry, it’s a different point. The big point—

**Q193 Stephen Phillips:** It is a different point, but it is the important one that I am on, Mr Sedwill.

**Mark Sedwill:** But let me just separate the two. There is the question of whether anybody was let into the UK as a result of this outage who should not have been; the answer to that is no. On the second question, the answer is also no. Again, Semaphore is just one part of a dataset that the agencies use to make those judgments. You will understand I have to be very careful how much I say about this in public, but Semaphore is just one input into that, and of course it is an input—again, I am being very careful here—that provides biographical information from the passport with which a ticket has been booked.

**Q194 Caroline Flint:** I completely understand what you are saying—that there are different forms of information and intelligence to determine who should come into the country—but at the hearing from which the Chair has quoted, a lot of our discussion was about the point of having the advance passenger information, and what contribution it therefore made to an even earlier warning: stopping someone getting on a plane, a ferry or a train, for that matter.

So, just to be clear, the purpose of Semaphore is advance passenger information, which should then be shared to enable, for example, as my colleague Mr Phillips just said, someone being

prevented from getting on a plane, who then should flag up against a warnings index. Is that the purpose of it?

**Mark Sedwill:** No. That is a purpose of it, but it is not the purpose of it.

**Q195 Caroline Flint:** Is it one of the purposes of it?

**Mark Sedwill:** It is one of them.

**Q196 Caroline Flint:** Okay, fine. So, just to be clear, one of the purposes of Semaphore is advance passenger information which can then be shared to alert the authorities at the embarkation end to stop that person getting on a plane?

**Mark Sedwill:** It is one of the datasets that we would use to provide that kind of information; it is not the only one, and it is not the primary basis—

**Q197 Caroline Flint:** Okay. I am not saying any of that. I am not saying it is the only one, but it is what it says on the tin: advanced passenger information list.

**Mark Sedwill:** Yes, it is. It provides advance passenger information. The primary purpose of that is to provide profiles to the agencies on passenger travel and, in some cases, early warning that someone is travelling to the UK whom we will want to make an intervention against at the border. It is one of the sources of data with which we look at aviation security, as well as border security. I am not downplaying the significance of the incident. Semaphore is an important system and we rely on it, but it is only one source of the data for those kinds of decisions.

**Q198 Caroline Flint:** But it is an important way to have an early warning about people getting on a plane who we might want to stop getting on that plane or, at the very least, for whom we might want to be ready as they arrive at the UK border.

**Mark Sedwill:** Yes, it is one of the data sources that enables us to do that.

**Q199 Caroline Flint:** So in that case, if Semaphore was down during this 48-hour period, potentially there are people on those planes who, until they actually came through and swiped their passport, we might not necessarily know were a threat to this country?

**Mark Sedwill:** Well, our Executive intervention point is at the border. It is worth noting that only a handful of countries have this at all.

**Q200 Chair:** We are not talking about comparisons.

**Mark Sedwill:** No—

**Q201 Caroline Flint:** It is our system that we have set up—for a purpose, hopefully.

**Mark Sedwill:** Yes, and the main intervention point is at the border itself. That is where we have the Executive authority to deny somebody entry to the United Kingdom.

**Q202 Caroline Flint:** Is Semaphore a waste of time, then?

**Mark Sedwill:** No, it is not. It is an important dataset that provides us with a great deal of information. As I say, it is mostly to enable the agencies to look at travel profiles, identify people who may pose a risk and provide some early warning. It is not a trigger system that we primarily use to make individual operational interventions against people to whom we want to deny entry to the UK. That is not its primary purpose; that is done primarily at the border.

**Q203 Caroline Flint:** In answer to Question 73 at the last hearing—when the Chair asked “When you say this year, do you mean this calendar year?”—Sir Charles Montgomery answered: “Since January this year it has been available 100% of the time. In other words, in the period of time over which those figures were covered in the Report, it has been available 100% of the time.” Going to the end of the answer in that paragraph, Sir Charles Montgomery talks about where things could go wrong, saying: “Those could include, for example, defective control points at airports, which restrict the number of points available for control coming across the border. It could include defective systems in a back office that would slow down the process of, for example, checks against an immigration database. It could include a power outage in Calais that is not within our control, but where we have business continuity contingencies.” I find it interesting that we went into quite a lot of detail about how these systems operate; we had a lot of discussion at that hearing about Semaphore and the IT systems and how they work together. But even though Sir Charles Montgomery talks about an outage in Calais, there was no mention of the outages in the Semaphore systems in June. It is quite interesting—and I do not want to be overly conspiratorial about this—but the references were very clear. Since August, you almost get the sense that nobody wanted to tell us about something that had been an important breakdown in the system in June 2015, given that that was during a period of high security alert because of what happened in Paris.

**Mark Sedwill:** Sir Charles’s commentary in that section was about the Warnings Index. It is really important to clear up this confusion. It has been in the press—he was talking about the Warnings Index there. Everything he said there is absolutely correct. We report the overall performance of these systems. We do not disclose publicly individual incidents and the circumstances surrounding them. Frankly, I regret the misleading leak on Semaphore. It is a security breach. This is a national security matter and there are good reasons for not disclosing a lot of information about individual incidents. It is not a matter of performance. We inform the Committee; the NAO has highly cleared staff; they have access to all of this. The Comptroller and Auditor General and I have talked on occasions about what is appropriate for them to disclose in this kind of area. That is something we are very careful about for border security reasons. This was about the Warnings Index; everything Sir Charles Montgomery said is correct.

**Q204 Caroline Flint:** I totally understand the difference between the Warnings Index and Semaphore. Given that it has been established that there was a breakdown in the Semaphore

system for a 48-hour period, during which technicians were frantically trying to get the system back together, and they urgently contacted the Home Secretary and the other senior Minister responsible for this area, do you think that in hindsight it would have been better to be more open about this, rather than have it reported in the press and lead to this confusion?

**Mark Sedwill:** I always regret confusion of this kind that leads to unwarranted concern among the public, and I always regret it when we have a story where we are having to reassure people that the 100% check is operative and that border security was not compromised. That is obviously always a difficult story. There are very good reasons we do not disclose individual incidents. This was a prolonged outage and there are very few of those, and all the data—

**Q205 Chair:** Can you tell us how often it has happened before?

**Mark Sedwill:** I can come back but I am not aware of any outage of this length. Most outages are much shorter in duration.

**Q206 Chair:** Hours? Minutes?

**Mark Sedwill:** Most are minutes, very few are hours. I did ask this question but I do not have the exact data available.

**Q207 Chair:** Let me clear, you don't know or you don't have the data? You do not know how often the system we have got to check people in advance breaks down.

**Mark Sedwill:** Yes, I do, but I don't have it here and we do not define these incidents by the amount of time. We have a tiered system, such as "top tier one incident" and so on. I know how many of those there are; I do not want to disclose that publicly. Those might be highly serious incidents because it is a national outage, in which case even a very short one is a matter of concern and we fix it as quickly as we can. Or it might be because there is a prolonged outage at a particular port over several hours, for example. There are different reasons for declaring a high-priority incident. If we declare a high-priority incident, let alone a critical incident, Ministers are informed and, of course, we apply an awful lot of resources to fix the problem as quickly as we can.

**Q208 Stephen Phillips:** Insofar as you can tell us, with this particular high-priority incident when Sentinel fell over on 14 and 15 June, in broad terms, what was the nature of the problem? Was it a software problem? Was it an upgrade that went wrong? I am not interested in the specifics. I am much more interested, as I suspect the Committee and my colleagues are, in knowing that the Home Office is on top of ensuring that it can't repeat itself in future.

**Mark Sedwill:** This was a very specific data and software disruption. Again, some of the reporting in the press suggested more sinister causes, but there is no evidence of that at all. Frankly, it was the kind of outage that does happen to big and complex systems. It is the reason that sometimes banks or insurance companies have outages of this kind. It was a data and software cause, but that is about as far as I can go.

**Q209 Stephen Phillips:** The other legitimate question, given that this has emerged into the public domain, is this. Sentinel falls over for however long it is in this two-day period, and it is obviously a major outage. It is one of the tools, as you have described it, by which advance passenger information reaches the intelligence services. So, if there is someone who is a threat, not only to the United Kingdom but to the means of transport they are deploying to get here, they can be hauled off.

You said there are others but I don't want to know about those. I want to ask this. During that period, were we and those who were being overflown by aircraft approaching the UK, less safe than otherwise we would have been had Sentinel been operating, notwithstanding that there were other means by which those who might threaten our security might have been interdicted at the port of embarkation?

**Mark Sedwill:** I am pausing because you worded the question very carefully, Mr Phillips.

**Q210 Stephen Phillips:** Deliberately so, Mr Sedwill.

**Mark Sedwill:** I know. Thank you. I am trying to ensure that I give you an answer that is equally carefully worded, so that I am not at risk of breaching.

**Q211 Stephen Phillips:** It is essentially, were we less safe than we would have been if it had been working?

**Mark Sedwill:** Because it is part of our border system, then of course, if any component is out, there is a risk. In this particular period, having run the data back against the people who—

**Stephen Phillips:** It might be said we were lucky.

**Mark Sedwill:** The risk didn't manifest itself. But these risks don't manifest themselves—

**Q212 Stephen Phillips:** I think you are really accepting that as a result of this outage we were left less safe—and indeed, it is self-evident—than otherwise we would have been if it had been working throughout that period.

**Mark Sedwill:** Well, you have described it in your way, and I have tried to describe it—

**Stephen Phillips:** We will draw our own conclusions.

**Q213 David Mowat:** I do not want to labour the point, but it is self-evident; otherwise you would not have the system in the first place. I think your position is reasonable on that. There are other applications which do some of the same things; but to answer the question, there must have been a risk, otherwise it would not have been an issue.

**Mark Sedwill:** We have all these systems. We have a multi-layered system with lots of sources of data, so of course we need all those to work, because that gives us the best border security we can possibly have.

**Q214 David Mowat:** You used the phrase—I am just interested in this, really—it is one of a number of different datasets, a component: it doesn't quite stack up, that description, with having to wake up the Home Secretary, or whatever you did.

**Mark Sedwill:** I don't think we woke up the Home Secretary—

**David Mowat:** Okay, but in terms of having to tell her immediately. When you said, "The system's gone down, but don't worry—it's one of a number of components in the whole architecture, and the datasets in other areas".

**Mark Sedwill:** This is an important system, and Ministers require us, rightly, to keep them informed if there are significant disruptions to those systems. We report system performance as a matter of course, but you are absolutely right: this is a significant outage.

**Q215 Chair:** Enough to wake the Home Secretary?

**Mark Sedwill:** I don't know where this waking her up came from. I don't think that is correct.

**Q216 Stephen Phillips:** Had it been night time would you have woken her up?

**Mark Sedwill:** Probably not, actually, for this, no.

**Q217 Caroline Flint:** The report says, "Mrs May and James Brokenshire...were alerted shortly before midnight as technicians worked through the night, updating the government every hour."

**Mark Sedwill:** That is the press report.

**Q218 Caroline Flint:** Is that true, or not?

**Mark Sedwill:** I am not going to comment on what we disclosed to Ministers.

**Q219 David Mowat:** Just to put it in context, because the issue that we have is whether or not you were less than open with the Committee giving evidence, or your colleague was: the question I would have is how many other times have you had to tell Ministers in the last period of, I don't know, a year, say? Is it a common occurrence? Every month? Or is it once a year?

**Mark Sedwill:** No it isn't. We disclose all performance issues to Ministers, but usually as a matter of routine. I think the last one, for example, where we had a direct disclosure of the kind you are suggesting—so the Warnings Index—was about two years ago.

**Q220 David Mowat:** So it is once a year-ish, at most. That is quite a big deal, actually, in context.

**Mark Sedwill:** This was a significant outage. I don't want to downplay that at all. I am just trying to reassure you, and through you the public, that, because we have a multi-layered system and we have contingency plans in place for when the systems are disrupted—because all complex systems are disrupted—border security wasn't compromised.

**Q221 Caroline Flint:** This system—the advance passenger information system you are using currently—this is the system that was meant to be scrapped five years ago. Is that correct?

**Mark Sedwill:** It was meant to be replaced—not scrapped, Ms Flint; you will understand why. I cannot remember the exact date—the NAO might. Under the original e-Borders plan, Semaphore was due to have been replaced, certainly by now. It may well have been five years ago.

**Q222 Caroline Flint:** And at the moment it is meant to remain in place until March 2019, because obviously, for all the reasons the previous inquiry looked into, there is still a catch-up period to move to a better system that is going to replace the advance passenger information.

**Mark Sedwill:** Yes. Semaphore is a good system. It isn't in the form that it was when it was first developed. It has been enhanced. It has been stabilised. It now operates on an industrial scale, whereas it didn't before. The priority for us in the digital services at the border—DSAB—programme, which is the programme we are now implementing, and which the NAO covered in their Report, is the Warnings Index. So the Warnings Index—again, we have spent a lot of money stabilising that, because that is the core of our system, and the Warnings Index is due to be replaced in I think the next year or so with a more modern system. The two of them will run in parallel, because it is so important, for about a year, and then Semaphore will be replaced.

**Q223 Caroline Flint:** Mr Sedwill, my point really is that we recognise that the system has been working. It had this two-day outage, which has caused concern. We all understand there is a multi-layered system, because you need intelligence coming from all sorts of sources to make some of the decisions about who should be let into the country or not, as the case may be, or who should be removed, for that matter; but given that this system was meant to be replaced, and given that it is meant to be staying in place till 2019, can you give us any more information—as much as you are able to— about whether this outage, which is significant in terms of its duration, has led to further discussion in the Department and with others about whether things need to be prioritised in a different way, or speeded up, or changes made, quicker than the March 2019 deadline?

**Mark Sedwill:** We don't think it is necessary to replace it before then, but of course whenever we have a significant outage, including much less significant outages than this one, the technicians immediately seek to learn the lessons, understand exactly why it happened and ensure

that the system is more resilient against that kind of problem. Again, it is important to understand that these are complex systems. This is dealing with masses of data—220 million people crossing the border in and out every year is a massive data system. As they are revised, these systems—of any kind, modern or old-fashioned—have disruptions from time to time.

**Q224 Chair:** We can come back to that. In questions 152 and 153, you were talking about the pressures of the Olympics, and then you said at the end of question 152: “As I have said already, the immediate priority was to deal with the resilience of the basic systems, because they are—” and at question 153 I interjected to say, “Creaking?” I love the way they break up the questions. You then said: “Yes, they are creaking, and they were obviously vulnerable in the face of fast-changing security threats.” So, as Ms Flint has been teasing out, would you agree that they are not systems that are working as well as they could be? That came out in other parts of the hearing, too.

**Mark Sedwill:** Indeed. We are dealing with technology that is beyond the span it was designed for. We have done a great deal of work to ensure that it is more resilient, but it is not as integrated as we would like. If I can use the language of the audit Report, our systems are effective but they are not as efficient as we want and they need to be revised in order to—*[Interruption.]* They are effective in providing the basic border control, but as we replace them, we will be able to deal with richer datasets, to give better data to the intelligence and law enforcement agencies and to analyse profiles in a more sophisticated way.

As passenger name records come onstream—as you know, we have now secured an EU directive to agree on that after years of lobbying—we will get richer data as well. So, as well as the kind of information Mr Phillips was referring to earlier, we will get information on whether tickets were bought with a credit card or cash and whether that credit card was used in other circumstances. A much richer dataset will come onstream over the next few years.

**Q225 Caroline Flint:** In question 154 of the transcript, we were discussing what sorts of checks were happening—passport controls and so on. In your answer, you say: “We have 100% check at the border. As the Report says, 86% of people are checked twice.” If I recall correctly, that 86% is the percentage that are checked through advance passenger information, so during this 48-hour period, that essential primary check did not take place to ensure that 86% of people were checked twice.

**Mark Sedwill:** They were checked, they just weren’t checked contemporaneously in that way. But, as you say, they were all checked as they crossed the border. That is the contingency we have in place if there is an outage to Semaphore. The point I was making in that earlier hearing was that, as I recall—again, it hasn’t come out in exactly the same way—there was some confusion about whether the coverage of API was consistent with 100% check at the border. I was trying to clarify the point that there are two separate things. There is a pre-departure check, which is less than 100%, and then there is 100% check at the border itself.

**Q226 Caroline Flint:** But it is that pre-departure check that was seen as part of Government policy—you know, “This is an area we should go into and get as much advanced information as possible”. That is why these inquiries have looked at the length of time to try to come up with a system that works. On this particular occasion, as Mr Phillips has said, people were getting on

aircraft for whom that advanced information was not available. Yes, they had one check when they arrived at our border, but a potential threat could have been on the plane.

**Mark Sedwill:** As I have said, that is an extraordinarily rare occurrence.

**Q227 Caroline Flint:** It only takes one.

**Mark Sedwill:** Indeed. It is really difficult to answer this question in a way that will reassure you, Ms Flint, without getting into areas of other data and methodologies that people might use to try to defeat our controls, and I am not going to do that. You will understand why I cannot do that.

**Q228 Caroline Flint:** I do understand, but I think—

**Mark Sedwill:** Of course the basic point that you, Mr Mowat and Mr Phillips have made that this is an important component of our system, there was a period when it was out and therefore our system as a whole was less comprehensive than we want is absolutely the case. What I want to reassure you about, however, is that because it is a multi-layered system, no actual threat manifested itself and we have good risk mitigation and contingency measures in place to ensure that there is no single point of failure in our system.

**Q229 Caroline Flint:** If we had asked about outages on the system at the time of our inquiry, would you have been able to answer us and refer to this 48-hour period?

**Mark Sedwill:** I would probably not have disclosed the individual incident, but I would have given you some sort of summary performance data of the kind that the NAO referred to in terms of the warnings index. Indeed, the NAO, of course, know all of the detailed incidents but rightly summarise them, because they take the same view as us that you should not disclose individual incidents.

**Q230 Chair:** Can I just finish off by asking this? The whole point of advance passenger information—you just referred to it in your answer—is not about the individual. The names on the warnings list are named people, so you would you know that the Meg Hillier with that date of birth was the terrorist you were after and the other one was not. The whole point about the passenger information is that pattern of travel—where they bought their ticket; what their route of travel was. Was it a traditional drug route or are they coming from a country that is of interest—perhaps from an area where there is a terrorist training camp? Can I just be clear that that is the information that, with this outage, you did not have? There was a check at the border but they would not have had that information. Can I just be absolutely clear on that?

**Mark Sedwill:** They would not have had it contemporaneously, but of course they would have had—

**Q231 Chair:** So they wouldn't have had it at the time, but—

**Mark Sedwill:** Sorry, Madam Chairman. The Border Force officer at the border does not get that kind of rich dataset, because—

**Q232 Chair:** I am not saying they do. The Border Force overall did not have that information.

**Mark Sedwill:** Let me try to give a concrete example. If someone is in front of the Border Force officer and there is a flag on the warnings index, that flag could have been put there for a whole range of reasons, and that flag may say, “Deny this person entry” or “Notify the police” or whatever. There will be a whole load of information that has caused the agencies to put that flag on that individual. The individual flight from wherever it might be to the UK will not trigger a warnings index flag, because that is an assessed process. That is a process that looks at someone’s travel pattern over months—where they have been, what they were doing when they left they UK—so it is not a contemporaneous process. It is not an instantaneous process. None of the data were lost; the data were essentially delayed for that period. None of the data were lost, so all of the data that the agencies would have had anyway would have flowed through to them as soon as the system was back up, and they then draw on—

**Q233 Stephen Phillips:** So the dataset was repopulated with the data once the system was back up and running.

**Mark Sedwill:** Exactly. There was no loss of data.

**Q234 Stephen Phillips:** So, in future, when someone wants to travel, where they have been previously can be taken as background.

**Mark Sedwill:** Exactly. Including any flights they took during the period of the outage.

**Q235 Chair:** But in the meantime someone could have come through, and that Border Force officer at the border would have had the warnings index but would not have known if someone had, say, flown—

**Mark Sedwill:** The Border Force officer would only have the warnings index anyway.

**Q236 Chair:** But if it had gone through the operations centre in Stockport, someone there would have done that check and, depending on the length of the flight—it is quite possible for one of the long flights that that information that there was someone worth stopping off a flight because of the other data coming through would have been added to the warnings index. That would have been real time but would not have come through.

**Mark Sedwill:** Theoretically, but that is not really how the system operates or, indeed, how the agencies that put people on the warnings index assess it. They do not assess it on individual flights. We look at flights and points of origin that are at risk in a different way: we apply Border Force resources at the border, and we apply investigative resources overseas, including airline

liaison officers on the ground, on the basis of the overall risk to a flight, rather than chasing down individuals.

**Q237 Chair:** I perhaps should declare that I visited this operations centre in Stockport just prior to the 2010 general election. It was up and running in a fashion, and we rehearsed the arguments—we heard last time that the system was not the final solution to it and was never intended to be—but I saw with my own eyes how those data are matched up, how the passenger route, where the ticket is bought and all those flags merge and bring up a subset of people who warrant a manual investigation. Then action can be taken. What I am being clear on is that, in that 48-hour period, that information clearly was not getting through the system.

**Mark Sedwill:** That particular dataset, as you say, Madam Chairman, was delayed, but all I would say is that in nearly all cases the follow-up action is not one for the Border Force officers themselves, because we are not changing the warnings index all the time on everybody. In nearly all cases, the follow-up action relates to further monitoring of individuals in whom there is a law enforcement or security interest.

**Q238 Chair:** So once they get through the border, you somehow find and monitor them.

**Mark Sedwill:** Again—

**Chair:** You don't want to talk about it.

**Mark Sedwill:** I can't. You understand that I am right up against the boundary—arguably, over—in what I have said already.

**Q239 Chair:** I appreciate that you cannot reveal your surveillance techniques.

Mr Sedwill, thank you very much for answering our questions. We may not be the only Committee asking you, but we have finished with you for today. Our transcript will be up on the website as usual. Our report on the main session will probably be delayed slightly by the various recesses and elections coming up, so I would not bank on seeing it until at least June.

**Mark Sedwill:** On the main session, we will seek to allow the NAO to have a look at the new data we gave you, so that you have audited material—or, at least, NAO-endorsed material—for the report. As I say, we are confident in the numbers I gave you, but obviously they come with a health warning at this stage, because we are only just into the accounting process. Thank you, Madam Chairman.

**Chair:** Thank you very much.