

# Serious Fraud Office Supplementary Estimates Memorandum 2022-23

## 1 Overview

### 1.1 Objectives

The Serious Fraud Office (SFO) is a non-ministerial Government department under the superintendence of the Attorney General. The Serious Fraud Office fights complex financial crime, delivers justice for victims and protects the UK's reputation as a safe place to do business.

Our Objectives:

- To investigate and prosecute the most serious or complex cases of fraud, bribery and corruption.
- To uphold the rule of law, deliver justice for victims and recover the proceeds of financial crime.
- To deter criminals and require offending companies to reform in order to protect the UK's economy and global reputation as a safe place to invest and do business.
- To collaborate with partners in the UK and overseas to ensure there is no safe haven for those who commit serious financial crime.

### 1.2 Spending controls

The SFO's net spending is broken down into several different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit (Resource DEL) - a net limit comprising day-to-day running costs, less income from cost awards.
- Capital Departmental Expenditure Limit (Capital DEL) - investment in capital equipment such as servers, laptops and software.
- Annually Managed Expenditure Limit (AME DEL) - used to record legal costs arising from events in year but expected to be paid in future financial years.

In addition, Parliament votes a net cash requirement to cover the elements of the above budgets which require the SFO to pay out cash in year.

### 1.3 Comparison of net spending totals sought

The table below shows how the net spending totals sought for the SFO compares with last year:

Net Spending total Amounts sought this year (Supplementary Estimate 2022-23) £000		Compared to original budget this year (Main Estimate 2022-23)		Compared to final budget last year (Supplementary Estimate 2021-22)	
		£000	%	£000	%
Resource DEL	78,565	57,770	36	73,162	7
Capital DEL	5,502	8,302	-34	3,900	41
AME DEL	4,500	2,500	80	3,500	29

## 1.4 Key drivers of spending changes since original budget this year

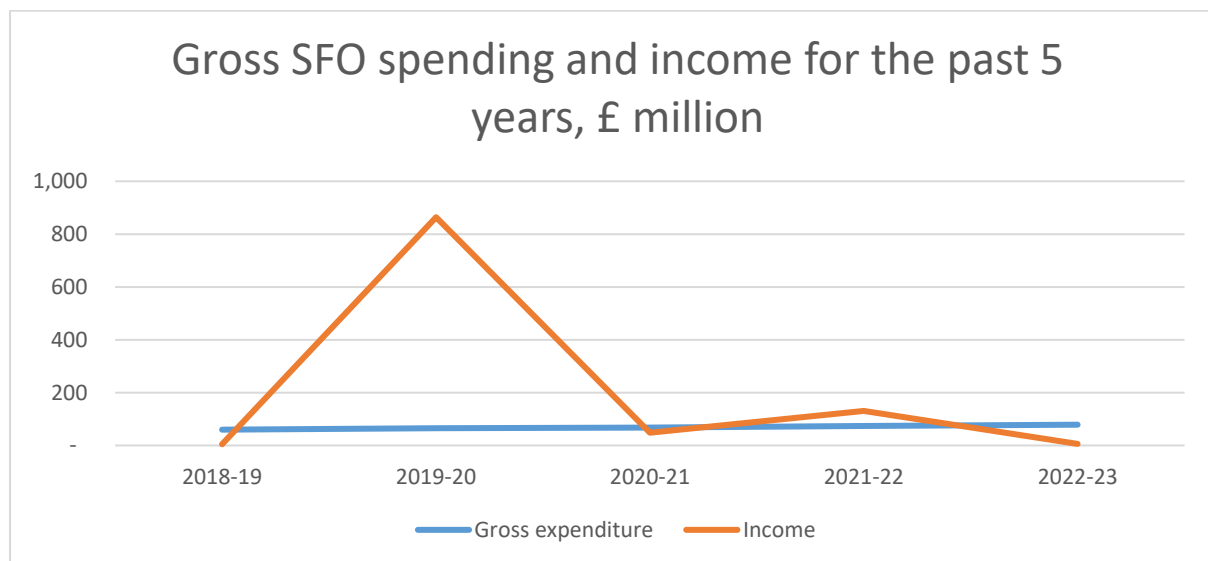
The net Resource DEL has increased by £20.79m since the Main Estimate was agreed, this is reflective of the particular circumstances of the SFO whereby access to the Reserve is available for the additional cost of cases above 4% of non-ringfenced Resource DEL. Of the £20.79m increase, £14.93m is attributed to cases which will cost above the 4% threshold for the year and £3.5m to cover the in-year cost of civil litigation. The remainder of £2.36m is a switch from CDEL to RDEL to reverse part of the IFRS16 adjustment, for our accommodation lease extension agreed at the main estimate – the lease extension for our current building will not be signed in 2022-23.

Capital DEL has decreased by £2.8m since the Main estimate was agreed, this is to reflect changes to our accommodation lease capitalised under IFRS16. The SFO lease extension will not be agreed and signed in-year. The core capital budget for this year of £3.1m (£3.9m in 2021-22), is to enable the SFO to continue to invest in essential IT and digital infrastructure to respond to the increasing volume and complexity of case data and the challenges this poses for disclosure.

AME DEL is 80% higher than agreed at Mains this year. AME at the SFO is used exclusively for the recording of new, or increases in existing, legal provisions at the end of the financial year. This is not a predictable value as there can be significant movements due to in year events not anticipated during the Spending Review.

## 1.5 Spending and income trends

The chart below shows actual overall resource DEL funding, supplementary request and income for the last five years.



## 2 Spending detail

### 2.1 Explanations of changes in spending

Resource DEL costs are expected to be broadly in line with last year. The change in the supplementary estimate request compared to last year is confined to CDEL and is due to the implementation of IFRS16.

## 2.2 Ring fenced budgets

Within the totals, the following elements are ring fenced ie savings in these budgets may not be used to fund pressures on other budgets.

Ring fenced budgets (Supplementary Estimate 2022-23) £000		Compared to original budget (Main Estimate 2022-23)		Compared to final budget last year (Supplementary Estimate 2021-22)	
		£000	%	£000	%
Depreciation	2,700	2,700	-	2,700	-

## 2.3 Changes to contingent liabilities

We continue to monitor potential exposure on our cases and will inform the Committee should material changes occur.

# 3 Priorities and performance

## 3.1 Measures of performance

The SFO's business plan ([see here](#)) sets out the following high-level objectives, and measures of performance for the current financial year.

## 3.2 Major projects

The SFO has commenced Phase 1 of the Enterprise Resource Planning (ERP) project. The ERP project will deliver a modern fit for purpose replacement to the current legacy systems by 31 March 2024; which draws upon industry' best practice, supports the organisation in meeting its objectives, and offers a solid platform for meeting future business demands, pressures and needs.

# 4 Other information

## 4.1 Additional specific information required by the select committee

No additional information has been requested by the Select Committee

# 5 Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved on behalf of the Departmental Accounting Officer.

Liz Corrin

**Chief Financial Officer (CFO)**

Serious Fraud Office

20 February 2023