

National Crime Agency Supplementary Estimate 2020/21

1. Organisational Overview Status and Priorities

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

The NCA is funded directly by Parliament via the Supply Estimate. We also receive funding for ring-fenced projects from other Government Departments, and contributions from the Scottish Government and the Police Service of Northern Ireland.

The Home Secretary sets the NCA's strategic priorities. Within that framework, the Director General NCA sets the Agency's operational priorities. These inform how we lead, support and coordinate operational activity under the National Control Strategy aligned to the Government's Serious and Organised Crime Strategy.

The Director General's operational priorities provide the focus for the activity of the Agency; these are underpinned by enabling functions which we will deliver in line with our five year strategy.

They are:-

- To enhance the intelligence picture of existing and emerging serious and organised crime threats to the UK.
- To lead, task and coordinate the operational response against agreed priority threats, ensuring the right resources are targeted where they will have the greatest impact.
- To operate proactively at the high end of high risk, undertaking significant investigations resulting in disruption of threats by the most effective means.
- To develop and deliver specialist serious and organised crime capabilities and services where this is best done nationally; enabling their availability where and when needed for the benefit of all UK law enforcement.
- To enhance our capability and credibility by recruiting and retaining talented officers and enabling them with the right skills, facilities, data and technology to operate productively and effectively.

2. Purpose

The primary purpose of this Memorandum is to provide the Committee with an explanation of the underlying business drivers for the changes

made between the NCA's 2020/21 Supplementary Estimate and Main Estimate 2020/21 and the prior year outturn for 2019/20.

3. Spending Controls

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

The spending totals which Parliament votes are:

Resource Departmental Expenditure Limit (RDEL) which is split into Administration and Programme and covers costs for the day-to-day running of the department less income, principally from other Government Departments for ring-fenced projects, various training courses and provision of information.

Capital Departmental Expenditure Limit (CDEL) which is for investment in non-current assets.

Annually Managed Expenditure (AME) which consists of estimates for movements in provisions, and police pensions in-year charges and movements in reserves. This is a non-cash item.

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

This Memorandum is split into the following parts:-

- Summary of the changes sought to the Resource Departmental Expenditure Limit (RDEL).
- Summary of the changes sought to the Capital Departmental Expenditure Limit (CDEL).
- Summary of changes to the Net Cash Requirement (NCR).
- Summary of changes to the Annually Managed Expenditure (AME).

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

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Spending total	Final Amount Sought this year	Compared to original budget this year			Compared to last year's outturn		
	2020-21 Supplementary Estimate Amount	Main Estimate 20/21			Outturn 2019-20		
	£m	£m	£m change	% change	£m	£m change	% change
Departmental Expenditure Limit							
Resource o/w							
Admin	37.443	37.443	0	0%	36.408	1.035	2.8%
Programme	466.592	430.569	36.023	8.4%	448.600	17.992	40.1%
Capital	48.016	50.095	-2.079	-4.2%	63.625	-15.609	24.5%
Less depreciation#	-68.100	-58.800	-9.300	15.8%	-56.674	-11.426	20.2%
Total DEL	483.951	459.307	24.644	5.4%	491.959	-8.008	14.1%
Annually Managed Expenditure							
Resource	100.000	75.000	25.000	33.3%	40.538	59.462	146.7%
Capital	0	0	0		0	0	0
Total AME	100.000	75.000	25.000	33.3%	40.538	59.462	146.7%
#Depreciation, which forms part of resource DEL, is excluded from Total DEL since Capital DEL includes capital spending and to include depreciation of those assets would lead to double counting. Depreciation is a non cash item.							

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

The following net increases, total £36.023m, have been made at the Supplementary Estimate:-

RDEL Programme net increase of £36.023m, comprising:

Cash items totalling £26.723m

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- Additional £5.550m from the Foreign, Commonwealth and Development Office from the Conflict, Stability and Security Programme Funding (CSSF) to fund overseas work to build improved capability to tackle serious and organised crime in overseas countries prioritising those countries where these threats are either driven by UK demand or enabled by UK criminals; and to improve our intelligence.
- Additional £1.012m from the Foreign, Commonwealth and Development Office from the Integrated Activity Fund to fund overseas work to provide improved intelligence and combat crime both within the country and the UK.
- Additional £7.217m funding from the Cabinet Office from the National Cyber Security Programme funding to increase capability including for hostile state actors and special projects in an area of increasing criminality.
- Additional £0.320m Pension funding increase from Home Office to cover additional costs.
- Additional £9.890m from the Home Office to cover the costs of COVID-19 and personal protective equipment.
- Additional £3.100m RDEL programme cash funding transferred from the Home Office.
- Decrease £0.100m from the Foreign, Commonwealth and Development Office International anti-corruption fund returned to HM Treasury reserve.
- Decrease £0.266m transferring RDEL programme cash to CDEL programme cash from CSSF funding to enable the acquisition of required assets.

Non cash items totalling £9.300m

- Additional £9.300m non cash depreciation to allow for the ongoing review of the Agency's non-current asset base to ensure its effectiveness at combating serious and organised crime.

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

The following net decreases, total £2.079m, have been made at the Supplementary Estimate:

CDEL Programme, decrease of £2.079m, comprising:

- Increase £0.755m funding from the Cabinet Office from the National Cyber Security Programme funding to increase capability in an area of increasing criminality and for a special project.
 - Increase £0.266m funding transferred from CSSF programme cash RDEL funding to enable the acquisition of non-current assets.
 - Decrease £3.100m CDEL core funding transferred to the Home Office.

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

The NCR has remained unchanged in the Supplementary Estimate at £670.001m.

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

The AME requirement for the Agency has increased by £25.000m to reflect changes in requirements for provisions, pensions and property revaluations.

8. Ambit changes

The ambit has the following additional items:-

Expenditure

- Activity to ensure organisational readiness for a negotiated outcome having exited the EU, including but not limited to contingency planning, amendments to Information systems, implement new systems and processes and surge staff to new deployments as required.
- Work in support of Government plans for a negotiated exit of the EU.
- Expenditure on goods and services to enable the reduction of the carbon footprint of the organisation.

Income

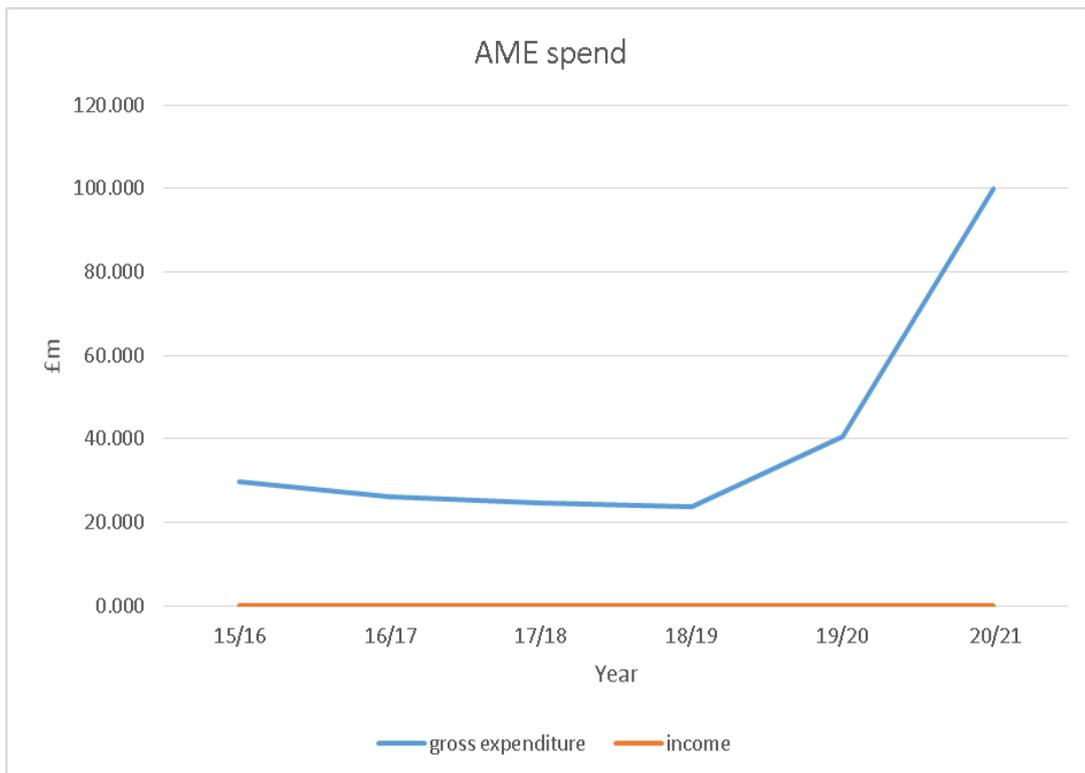
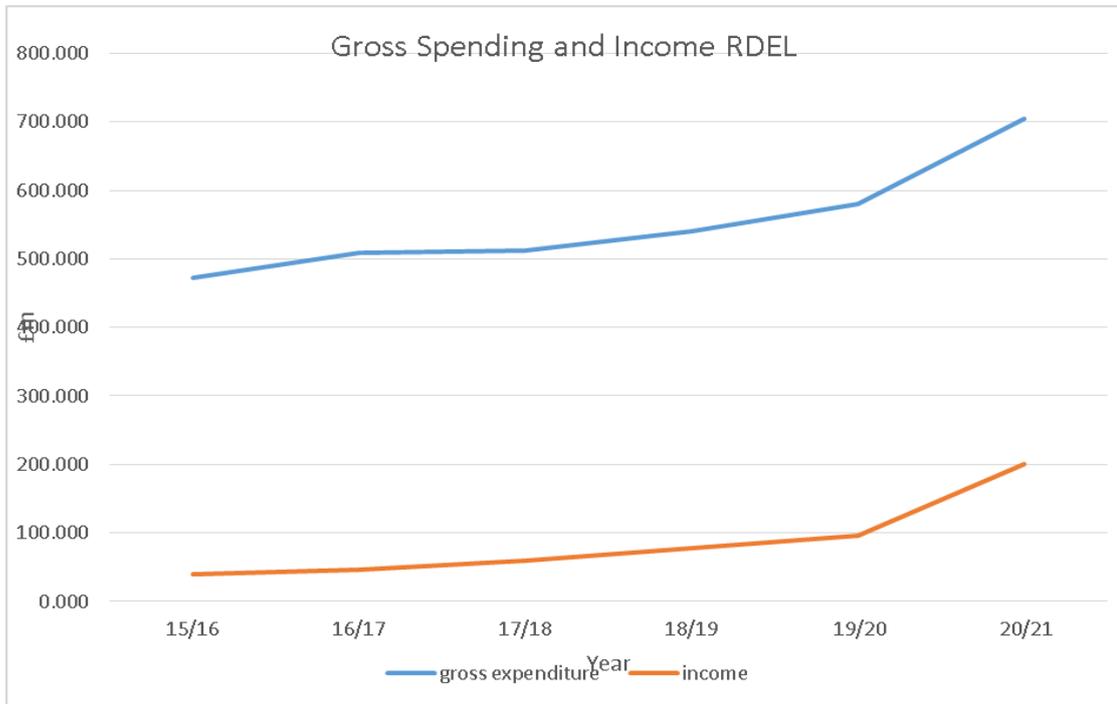
- Recovery of expenditure incurred by NCA enabling capability functions that established IT, recruitment of staff, financial and enabling requirements from 3rd parties who provide the agency with funds to deliver specific and mutually agreed objectives.
- Income relating to costs incurred to ensure organisational readiness for a negotiated outcome having exited the EU including but not limited to contingency planning, amendments to information systems and implement new systems and processes and surge staff to new deployments as required.
- Recovery of costs for work in support of HM Government plans for a negotiated exit of the EU.
- Funds from other Government Departments to enable the organisation to reduce its carbon footprint.

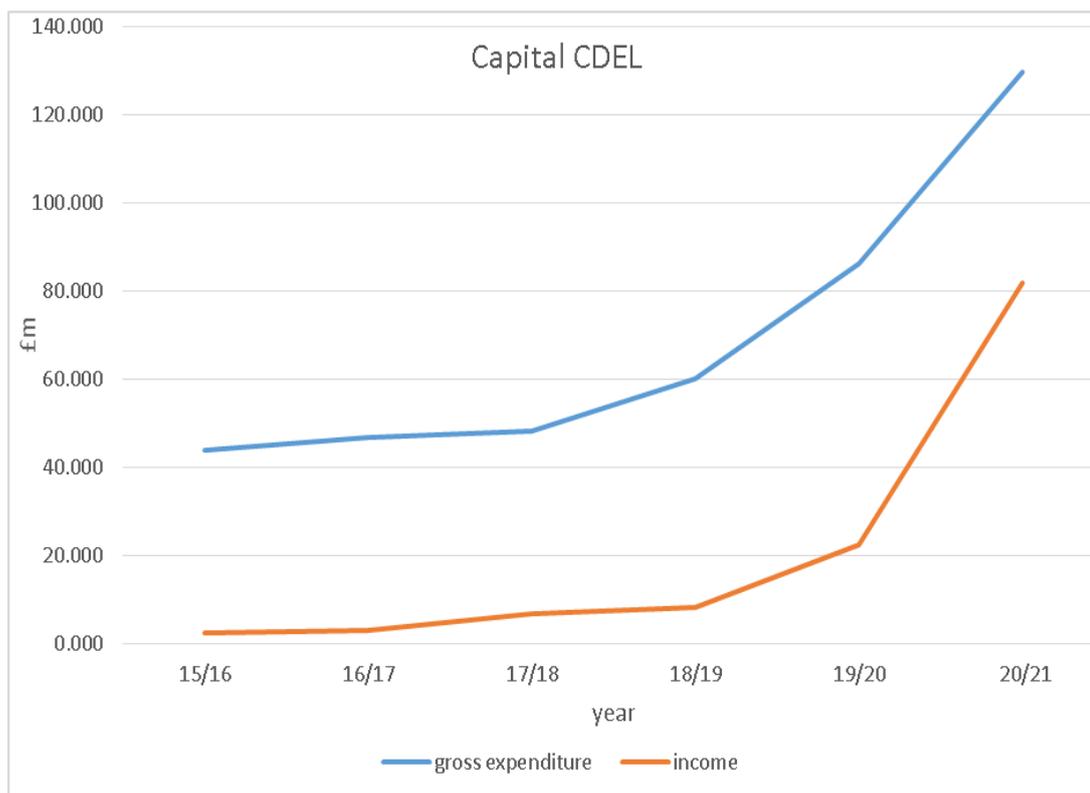
9. Spending and Income Trends

The charts below show the overall RDEL, AME and CDEL spending and income trends for the last five years actuals and the current year budget. Years 2015/16 to 2020/21.

The 2021/22 plans are not yet agreed and, as external funding is a large contributor to the spending and income of the organisation, an estimate at this point in time would be inaccurate.

Increasing amounts of external funding has increased our spending and income in later years.





10. Administration Costs

The NCA Administration budget has remained unchanged from the Main Estimate 20/21 which is £37.443m. This is £0.440m lower than last years funding as the result of an Inflation increase of £0.560m and a reduction of £1.00m as result of all Illicit Finance funding now being externally funded.

Last year’s outturn at £36.408m represents an underspend of 3.9% on last year’s budget and 2.8% on the current year’s.

11. Efficiency Plans

The NCA obtains efficiency savings by delivering targeted savings as approved by the board.

12. Funding: Spending Review and Budgets

The National Crime Agency receives funding through the Spending review and budget transfers from other departments.

It also receives monies from other sources including funding from the devolved Governments, the Asset Recovery Incentivisation Scheme, and also external funding from various sources primarily via Memorandum of Understandings.

13. Funding changes in the Supplementary Estimate

RDEL increases amount to a net increase of £36.023m which is comprised of the following transfers from other departments:-

- An additional non cash depreciation of £9.300m. The NCA continues to review its non-current asset base to ensure its effectiveness at combating serious and organised crime.
- An additional £0.320m pension funding from the Home Office to cover additional costs.
- An additional £9.890m funding from Home Office to cover the costs of COVID-19 and personal protective equipment as a result of the current pandemic.
- An additional £3.100m RDEL programme cash funding transferred from the Home.
- An additional £7.217m of National Cyber Security Programme funding to increase capability, including for hostile state actors and special projects in an area of increasing criminality.
- An additional £5.550m of CSSF funding to fund overseas work to build improved capability to tackle serious and organised crime in overseas countries prioritising those countries where these threats are driven by UK demand or enabled by UK criminals and to improve our intelligence.
- An additional £1.012m of Integrated Activity funds to fund overseas work to provide improved intelligence and combat crime in the UK.
- A decrease of £0.100m from the International anti-corruption fund returned to the HM Treasury Reserve.
- Less £0.266m transfers of CSSF funds to Capital to enable the purchase and production of new non-current assets.

CDEL decreases amount to £2.079m which is comprised of the following transfers from other departments and internal transfers:-

- An additional £0.755m of National Cyber Security Programme funding including for a special project to purchase assets to support the combating of this growing threat.
- An additional £0.266m of funding transferred from RDEL for CSSF asset purchases.
- A decrease of £3.100m funding transferred to the Home Office from core funding.

AME requirement to provide cover for provisions has been increased by £25.00m to reflect changes in requirements for property revaluations.

NCR has remained unchanged at £670.001m and includes allowance for working capital requirements relating to externally funded projects and contingency.

14. Ring-fenced Budgets

The depreciation budget is ring fenced.

15. Contingent Liabilities

There are no new Contingent liabilities:

- We retain the contingent liabilities for firearms training and legal cases.

16. How Spending Relates to Objectives

The NCA spending is under one subhead

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

17. Measures of performance against each priority

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

18. Commentary on steps being taken to address performance issues.

- The NCA continuously reviews processes and procedures for improvement in its efficiency and performance.
- The accounts have not been subject to qualification; however any audit recommendations are reviewed and implemented where appropriate.

19. Approval

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



Philip Lloyd
Chief Finance Officer