Supplementary Estimates Memoranda (2020-21) for the Security and Intelligence Account (SIA)

1 Overview

1.1 Objectives

The Security and Intelligence Account (SIA), in covering non-ministerial departments, is managed differently to accounts in other parts of Government. The Prime Minister has overall responsibility for intelligence and security matters and is accountable to Parliament for matters affecting GCHQ, MI5 and SIS ("the Agencies") collectively.

The Principal Accounting Officer for the SIA is the Cabinet Secretary

The Secretary of State for Foreign, Commonwealth and Development Affairs is the responsible Secretary of State for SIS and GCHQ, and the Secretary of State for the Home Office for MI5.

The Agencies ensure that the appropriate Secretary of State is briefed on matters that could become the subject of Parliamentary or public interest and on issues which they need to be aware of in discharging their wider Ministerial responsibilities. There are well-established arrangements for seeking Ministerial clearance for operations when required.

Although the SIA is comprised of a number of bodies – its broad objectives can be described as follows:

- To counter national security threats by disrupting those with intent to attack UK interests at home or overseas
- To support policy and military goals through the provision of intelligence
- To conduct covert action and exert influence in support of UK objectives
- To protect information and assets that will keep our society safe and prosperous

In meeting these objectives the individual entities act proportionately and ethically within the defined legal framework. They also aim to exploit cross governmental synergies where possible and ensure value for money

1.2 Spending controls

The SIA'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:

• Non-ring-fenced Resource Departmental Expenditure Limit ("Resource DEL") - a net limit comprising day-to-day running costs, less income

• Capital Departmental Expenditure Limit ("Capital DEL"): - investment in capital equipment such as IT equipment, buildings, or vehicles.

In addition, Parliament votes on a net cash requirement, designed to cover the elements of the above budgets which require the SIA to pay out cash in year. In 2019-20 that requirement was £3,145m.

1.3 Comparison of net spending totals sought

The table below shows how the net spending totals sought for the SIA compare with last year:

Net Spending total Amounts sought this year (Supplementary Estimate 2020-21)		**Difference (+/-) compared to original budget last year (Main Estimate 2020-21)**		**Difference (+/-) compared to final outturn last year (Outturn 2019-20)**	
		£ m	**%**	**£ m**	**%**
Resource DEL	**2,426.1**	**2,444.8**	**-1%**	**2,323.0**	**+4.4%**
Capital DEL	**810.0**	**808.6**	**0%**	**636.4**	**+27.3%**

1.4 Key drivers of spending changes since original budget this year

The net Resource DEL has fallen by 1% from the original budget.

Within this, a number of funding transfers have been made from other government departments to the SIA. These transfers have been offset both by transfers to other departments, as well as a return of funds to HMT.

The net RDEL funding increased from last year, and is a cumulative result from the funding decisions made at both the SR15 and SR19 settlements.

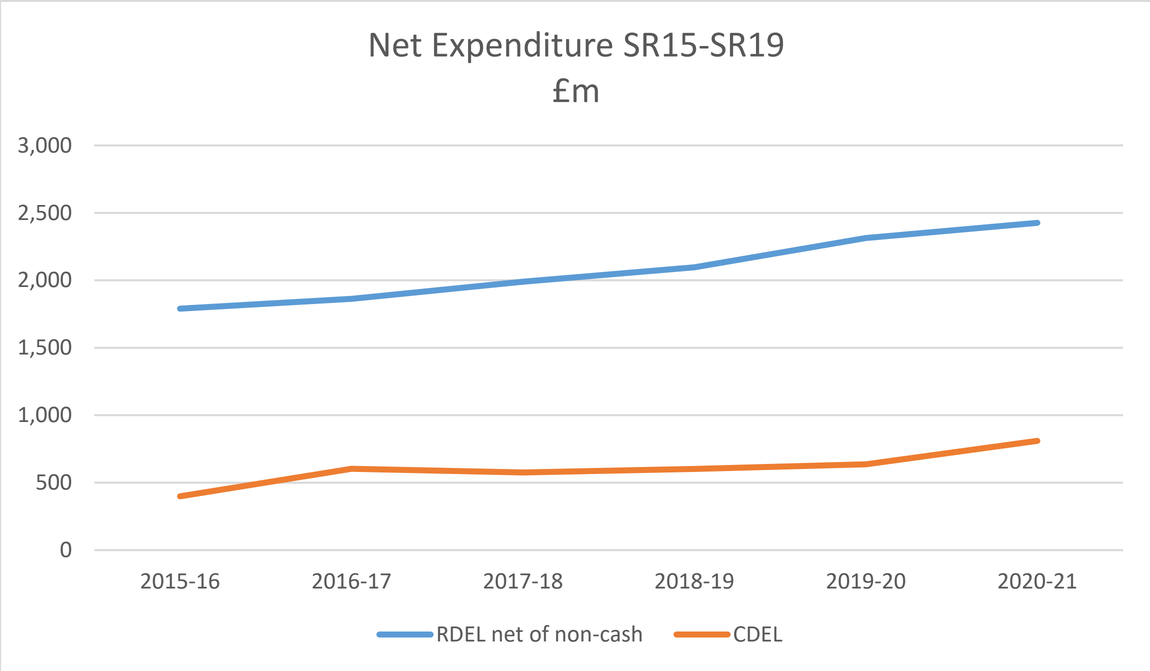
The net capital DEL proposed is unchanged from the original budget in 20/21 and is 27.3% more than last year. The funding changes from last year, are again a cumulative result from the funding decisions agreed at both SR15 and SR19.

1.5 New policies and programmes; ambit changes

There have been no policy changes nor changes to the ambit in 2020-21.

1.6 Spending and income trends

The charts below show overall resource DEL spending and income trends for the last five years, plus plans presented in Estimates for 2020-21. The RDEL figures are shown net of 'non-cash adjustments' such as depreciation. This chart is not adjusted for inflation.



1.7 Administration costs and efficiency plans

Administration costs are set to rise by 3.3% in 2020-21 compared to last year's final budget. This reflects a review of administration costs as a result of the SIA efficiency programme. In some cases, this resulted in reclassifying existing programme spend as administration costs which caused an increase.

Spending total Amounts sought this year (Supplementary Estimate 2020-21)		**Difference (+/-) compared to original budget last year (Main Estimate 2020-21)**		**Difference (+/-) compared to final outturn last year (Outturn 2019-20)**	
		£ m	**%**	**£ m**	**%**
Administration Costs	**80.06**	**77.0**	**+4%**	**77.5**	**+3.3%**

The SIA had an efficiency plan to deliver £1.3bn cumulative efficiencies over the period of the 5 years covered by SR 2015 (2016-17 to 2019-20). NAO has confirmed that this target has been met in a value-for-money study.

1.8 Funding: Spending Review and Budgets

The SIA received the entirety of its funding in 2020-21 through the mechanism of the Spending Review.

1.9 Other funding announcements

There were no other spending announcements made during the year 2020-21.

2. Spending and income detail

2.1 Explanations of changes in spending

The detail for changes in spending which informs the numbers given for RDEL at paragraph 1.3 is only available at a higher security classification and cannot be disclosed here.

2.2 Ring-fenced budgets

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

The ring-fenced budget rose both in relation to the Main Estimate for 20-21 and against last year, due to the fact that more items of expenditure were reclassified from RDEL to CDEL and thus attracted an additional depreciation charge.

Ring fenced budgets Amounts sought this year (Supplementary Estimate 2020-21)		**Difference (+/-) compared to original budget last year (Main Estimate 2020-21)**		**Difference (+/-) compared to final outturn last year (Outturn 2019-20)**	
		£ m	**%**	**£ m**	**%**
Depreciation	**475.1**	**398.1**	**19.3**	**432.1**	**10.0%**

2.3 Contingent Liabilities

The SIA do not normally provide detailed cost breakdown of security activities and operation. To do so could provide information about capabilities and techniques which could undermine national security.

3. Priorities and performance

3.1 How spending relates to objectives

Due to the security classification of specific agency objectives, no further breakdown can be given as to how expenditure relates to these objectives.

3.2 Measures of performance against each priority

Due to the security classification of specific agency priorities, no analysis can be supplied here as to how performance has aligned with priorities.

3.3 Commentary on steps being taken to address performance issues

Due to the security classification of specific agency priorities, no analysis can be supplied here as to how performance has been affected and what steps are being taken to rectify the situation.

3.4 Major projects

There are no major projects being funded within the SIA that are included in the Government Major Projects Portfolio (GMPP). This classification is currently under review.

4. Other information

No additional information can be given beyond what is supplied above, owing to its sensitive nature and its ability to potentially undermine national security.

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.

I have approved the information in this Estimates Memorandum as Departmental Principal Accounting Officer for the SIA.

Simon Case CVO

Cabinet Secretary and SIA PAO

22 February 2021