

**Main Estimate 2021/22****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 sets the NCA'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 2021/22 Main Estimate and the 2020/21 Supplementary Estimate and Main Estimate.

## **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) 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) is for investment in assets.

Annually Managed Expenditure (AME) consists of estimates for movements in provisions, police pension 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 year and also provides working capital for externally funded projects.

This Memorandum is split into the following parts:

- Summary of the Resource Departmental Expenditure Limit (RDEL) requirements and changes to the prior year's estimates.
- Summary of the Capital Departmental Expenditure Limit (CDEL) requirements and changes to the prior year's estimates.
- Summary of the Net Cash Requirement (NCR) requirements and changes to the prior year's estimates.
- Summary of the Annually Managed Expenditure (AME) requirements and changes to the prior year's estimates.

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

**Comparison of spending totals sought**

Spending total	Amounts sought this year	Compared to final budget last year			Compared to Original budget last year		
		(Supplementary Estimate 2020-21)			Main Estimate 2020-21		
	(Main Estimate 2021-22)						
	£m	£m	£m change	% change	£m	£m change	% change
<b>Departmental Expenditure Limit</b>							
Resource							
o/w							
Admin	37.461	37.443	0.018	0.05	37.443	0.018	0.05
Programme	452.032	466.592	-14.560	-3.12	430.569	21.463	4.98
Capital	44.981	48.016	-3.035	-6.32	50.095	-5.114	-10.21
Less depreciation#	-58.800	-68.100	9.300	13.66	-58.800	0.000	0
<b>Total DEL</b>	<b>475.674</b>	<b>483.951</b>	<b>-8.277</b>	<b>-1.71</b>	<b>459.307</b>	<b>16.367</b>	<b>3.56</b>
<b>Annually Managed Expenditure</b>							
Resource	75.000	100.000	-25.000	25.00	75.000	0	0
Capital	0	0	0	0	0	0	0
<b>Total AME</b>	<b>75.000</b>	<b>100.000</b>	<b>-25.000</b>	<b>25.00</b>	<b>75,000</b>	<b>0</b>	<b>0</b>
#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. Drivers of spending changes to the Supplementary Estimate of 2020/21

##### Reductions

The core CDEL delegation from HM Treasury via the Home Office has decreased by £7.419m.

Core RDEL funding Police settlement top up via the Home Office has been decreased by £2.800m.

Changes in the cost structure of the Foreign Commonwealth and Development Office (FCDO) platform has reduced funding requirements by £1.081m.

Various projects have received first tranche funding and will receive additional funding at the Supplementary Estimate.

A number of funding streams are now part of non - core funding reducing core programme funding.

There is no core Covid 19 funding reducing core programme funding by £9.890m.

##### Increases

New CDEL Research and Development funding of £2.000m has been given at the Main Estimate 2021/22.

Administration funding has increased by £0.018m.

EU transition funding of £8.958m has been received.

There has been a net increase in Cyber funding of £12.050m in an area of increasing criminality.

There has been no transfers from RDEL to CDEL in the Main Estimate 2021/22.

There has been no transfer of core CDEL to the Home Office nor any reciprocal transfer of core programme RDEL from the Home Office at the Main Estimate.

Non - core RDEL funding increases for projects, particularly around Child Exploitation, Organised Immigration Crime, Illicit Finance and Suspicious Activity Reporting system work resulting in increased spend and increased income.

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

The following net decreases, total £14.542m, have been made at the Main Estimate: (Total RDEL funding is £489.493m).

RDEL Administration increase of £0.018m, comprising:

### Cash items

- An increase of £0.018m Administration funding received via the Home Office.

RDEL Programme net decrease of £14.560m, comprising:

### Cash items totalling £5.260m

- Additional £8.958m from the Home Office for European Union transition work.
- Additional £12.050m funding from the Cabinet Office from the National Cyber Security Programme funding including for special projects, (only the first tranche for 2021/22 has been received), to increase capability in an area of increasing criminality.
- Reduction £3.100m; one off RDEL funding was transferred from the Home Office at the 2020/21 Supplementary Estimate.
- Reduction of £7.067m from the Foreign, Commonwealth and Development Office (FCDO) from the Conflict, Stability and Security Programme Funding (CSSF) to fund overseas work, (only the first tranche for 2021/22 has been agreed), this funding provides improved intelligence and combats crime in the UK. Some of our international work funding is non- core in 2021/22.
- Reduction of £1.081m relating to the NCA use of the FCDO overseas platform.
- Reduction of £1.012m from the FCDO from the Integrated Activity Fund to fund overseas work to provide improved intelligence and combat crime in the UK and Overseas; funding will be received at the Supplementary Estimate 2021/22.
- Reduction of £9.890m from the Home Office as no core funding given for Covid 19 costs and pressures in 2021/22 at the Main Estimate.
- Reduction of £2.818m core programme funding; decrease £2.800m from Home Office Police Settlement funds and £0.018m now given as administration core funding.
- Reduction of £1.300m for the International Anti -Corruption Co-ordination Centre this funding is non- core in 2021/22.

### Non- Cash items totalling £9.30m

Decrease in Depreciation funding of £9.300m as no additional specific project depreciation is required.

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

The following net decreases, total £3.035m, have been made at the Main Estimate:

CDEL Programme, net decrease of £3.035m, comprising:

Cash items:-

- Additional £2.000m of core delegation Research and Development programme funding to fund new Research and Development to enhance the NCAs capabilities.
- Additional £3.100m as there has been no transfer of CDEL funding to the Home Office at the Main Estimate 2021/22.
- Reduction of £7.419m CDEL core delegation programme funding from the HM Treasury via the Home Office.
- Reduction of £0.450m funding from the Cabinet Office from the National Cyber Security Programme funding, (only the first tranche for 2021/22 has been agreed and further funding is expected at the Supplementary Estimate).
- Reduction of £0.266m; as no funding has been transferred from CSSF RDEL funding at the Main estimate to enable the acquisition of assets for the programme. Funding for 2021/22 will be transferred at Supplementary Estimate.

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

The total NCR is £670.000m a change of £0.001m from the Supplementary Estimate for 2020/21.

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

The AME requirement for the Agency is £75.000m a reduction of £25.000m from the Supplementary estimate for 2020/21. The AME requirement will be reviewed at the Supplementary Estimate when there should be less uncertainty surrounding funding requirements.

## 9. Ambit changes.

Expenditure

The ambit incorporates adjusted narrative to enable expenditure on:

- Work in support of HM Government plans for negotiation of new deals with other countries after exiting the European Union.

Income

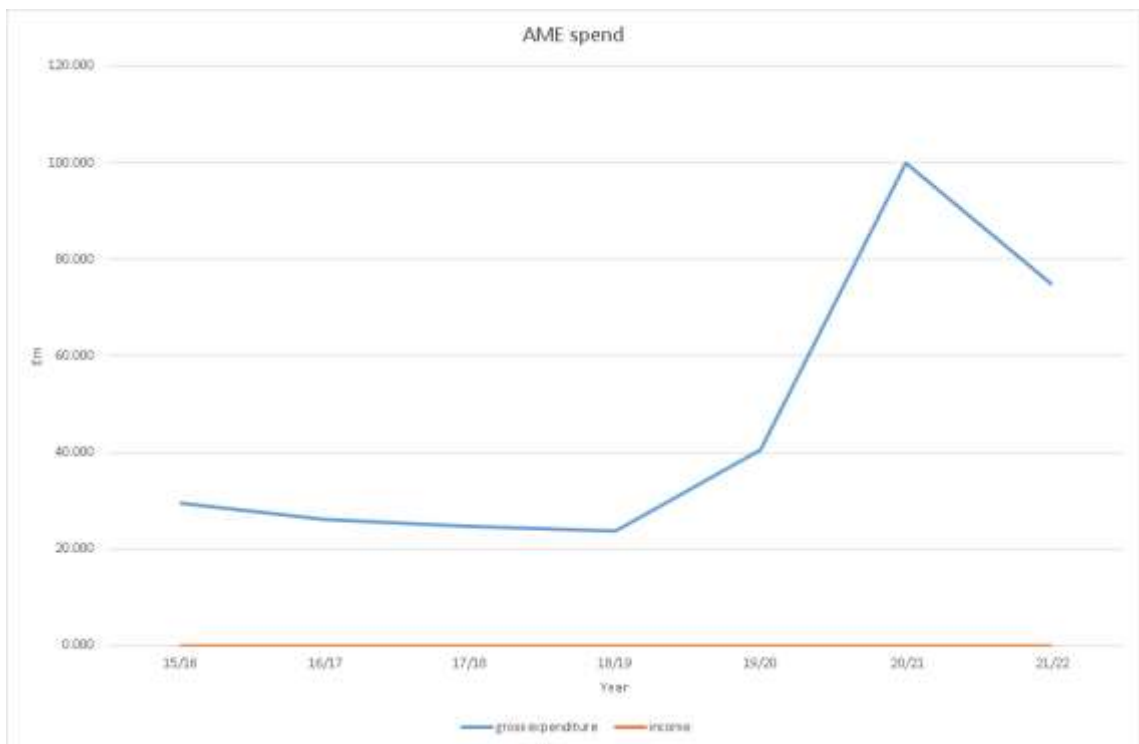
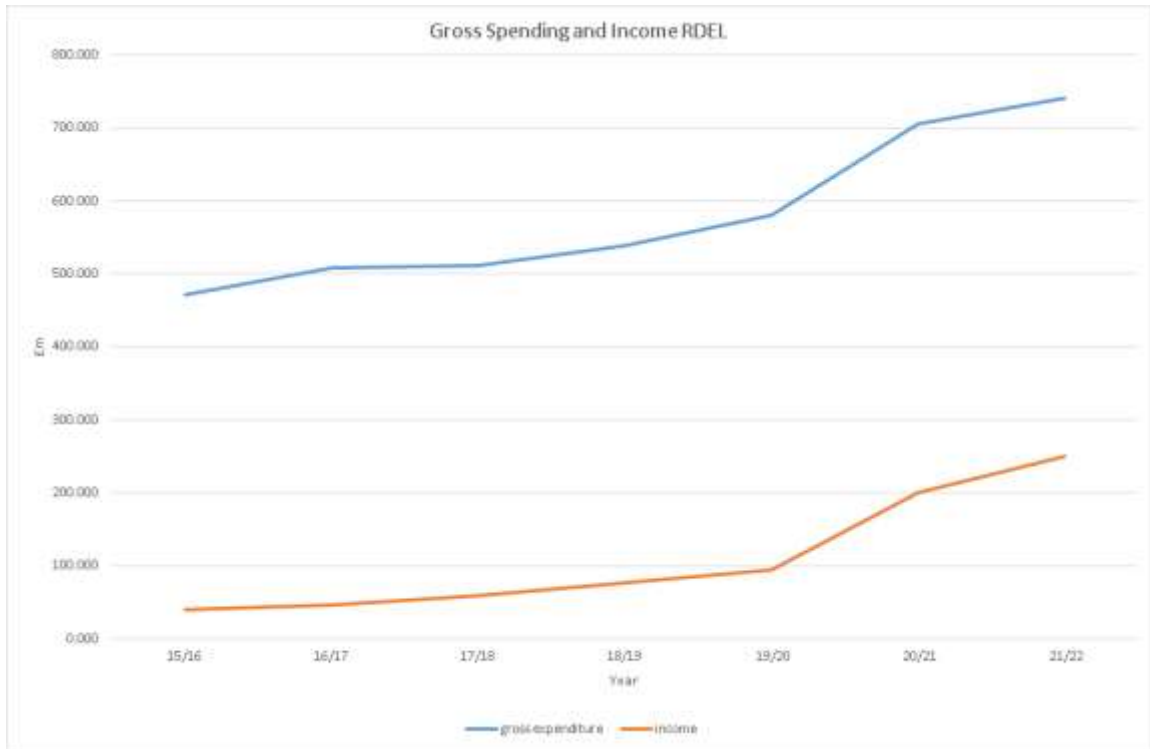
The ambit incorporates adjusted narrative to enable income for:

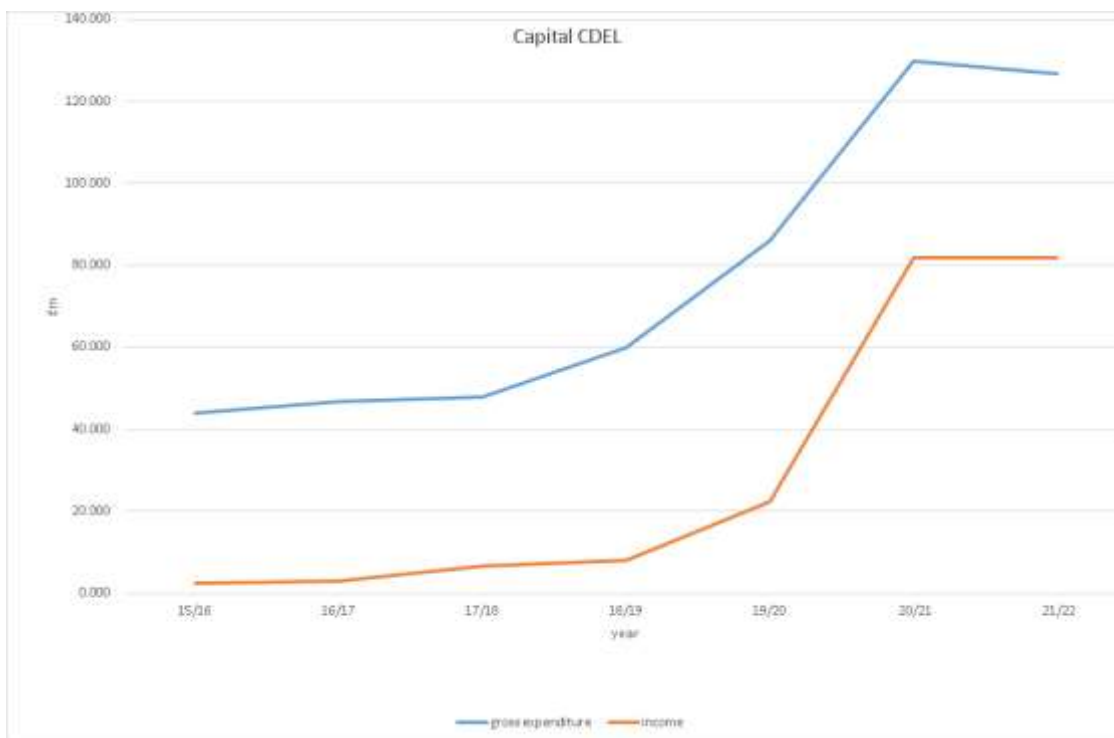
- Recovery of costs incurred for work in support of HM Government plans for negotiation of new deals with other countries after exiting the European Union.

### 10. Spending and Income Trends

The charts below show the overall RDEL, AME and CDEL spending and income trends for the last six years and the current year. Years 2015/16 to 2021/22.

Years 2015/16 to 2019/20 are actual figures and 2020/21 and 2021/22 are budgeted.





### 11. Administration Costs

The NCA has had an increase in its Administration budget of £0.018m to £37.461m in the Main Estimate 2021/22. The increase is the result of a small increase in Admin core funding in our delegation via the Home Office.

This represents an increase of 0.05% on the Supplementary Estimate 2020/21.

### 12. Efficiency Plans

The NCA obtains efficiency savings by rationalising its estate, review and rationalisation of its Information Technology systems and review and rationalisation of its other assets and by investing in the Comprehensive Transformation programme.

### 13. Funding changes in the Main Estimate-

The following net decreases amount to £8.277m Funding which is comprised of the following cash items:-

RDEL Admin increase	+ £ 0.018m
RDEL Programme decrease	- £14.560m
CDEL Programme decrease	- £ 3.035m
Depreciation non cash reduction adjustment	+ £ 9.300m



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RDEL Admin net increase of £0.018m comprising the following cash items:

- An increase of £0.018m in core delegation funding via the Home Office.

RDEL Programme net decrease of £14.560m, comprising:

Cash items totaling £5.260m:

- Additional £8.958m from the Home Office for European Union transition work.
- Additional £12.050m funding from the Cabinet Office from the National Cyber Security Programme funding including for Project Faring, (only the first tranche for 2021/22 has been received), to increase capability in an area of increasing criminality.
- Additional £12.050m funding from the Cabinet Office from the National Cyber Security Programme funding including for Project Faring, (only the first tranche for 2021/22 has been received), to increase capability in an area of increasing criminality.
- Reduction of £7.067m from the Foreign, Commonwealth and Development Office (FCDO) from the Conflict, Stability and Security Programme Funding (CSSF) to fund overseas work, (only the first tranche for 2021/22 has been agreed), this funding provides improved intelligence and combats crime in the UK. Some of our international work funding is non-core in 2021/22.
- Reduction of £1.081m relating to the NCA use of the FCDO overseas platform.
- Reduction of £1.012m from the FCDO from the Integrated Activity Fund to fund overseas work to provide improved intelligence and combat crime in the UK funding will be received at the Supplementary Estimate 2021/22.
- Reduction of £9.890m from the Home Office as no core funding has been given for any Covid 19 costs and pressures in 2021/22 at the Main Estimate.
- Reduction of £2.818m core programme funding; decrease £2.800m from Home Office Police Settlement funds and £0.018m now given as administration core funding.
- Reduction of £1.300m from the International Anti -Corruption Co-ordination Centre this funding is non- core in 2021/22.

Non-Cash items totalling £9.300m

- Decrease in Depreciation funding of £9.300m as no additional specific project depreciation is required.

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### CDEL Programme net decrease of £3.035m comprising the following cash items:

- Additional £2.000m of core delegation Research and Development programme funding to fund new Research and Development to enhance NCA capabilities.
- Additional £3.100m as there has been no transfer of CDEL funding to the Home Office at the Main Estimate 2021/22.
- Reduction of £7.419m CDEL core delegation programme funding from the HM Treasury via the Home Office.
- Reduction of £0.450m funding from the Cabinet Office from the National Cyber Security Programme funding, (only the first tranche for 2021/22 has been agreed and further funding is expected at the Supplementary Estimate).
- Reduction of £0.266m; as no funding has been transferred from CSSF RDEL funding at the Main estimate to enable the acquisition of assets for the programme. Funding for 2021/22 will be transferred at Supplementary Estimate.

### AME decrease £25.000m non cash

AME requirement to provide cover for provisions including pension requirements is reduced by £25.000m to £75.000m for the Main Estimate 2021/22. The NCA will review its AME requirement at the Supplementary Estimate when there should be less uncertainty surrounding funding requirements.

### Net Cash Requirement changes £0.001m

The NCR rounding of £0.001m has been removed at the Main Estimate 2021/22 giving a total of £670.000m.

## **14. Ring-fenced Budgets**

- The depreciation budget is a ring fenced non cash core RDEL programme budget.

## **15. Contingent Liabilities**

There are no new Contingent liabilities:

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

## **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.
- The NCA publishes its Annual Report and Accounts each year which includes a section on performance.

**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.
- Any audit recommendations are reviewed and implemented where appropriate.