

Serious Fraud Office Main Estimates Memorandum 2021-22

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) - used to record 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:

Amounts sought this year		(Supplementary Estimate 2020-21)		(Main Estimate 2020-21)	
(Main Estimate 2021-22)		£m	%	£m	%
Resource DEL	£55.9 m	£66.9 m	-19.7%	£53.4 m	4.50%
Capital DEL	£3.9 m	£3.6 m	7.7%	£4.0 m	-2.60%
AME	£2.5 m	£1.0 m	60.0%	£1.0 m	60.0%

1.4 Key drivers of spending changes since last year

The net Resource DEL is largely unchanged compared to last year's original budget. Against the supplementary estimate Resource DEL is 19.7% lower than last year.

This is reflective of the particular circumstances of the SFO whereby access to the Reserve is available for the additional cost of cases above £2.1m (4% of non-ringfenced DEL). The additional £13.5m allocated as part of the supplementary estimate 2020-21 is made up of; £9.0m attributed to cases which cost above £2.5m (reserve claim thresholds was 5% of non-ringfenced DEL in 2020-21) for the year, and £4.5m to cover the in-year cost of civil litigation.

The net Capital DEL proposed is 2.6% less than last year's original budget, the SFO is entering the second year of a significant programme of capital expenditure. Due to the global pandemic there was a small amount of project slippage into 2021-22, a Budget Exchange to transfer £0.400m of 2020-21 Capital DEL provision to the 2021-22 financial year was included in the supplementary estimate last year to ensure there is sufficient provision for this in the current year.

The main areas of capital expenditure are;

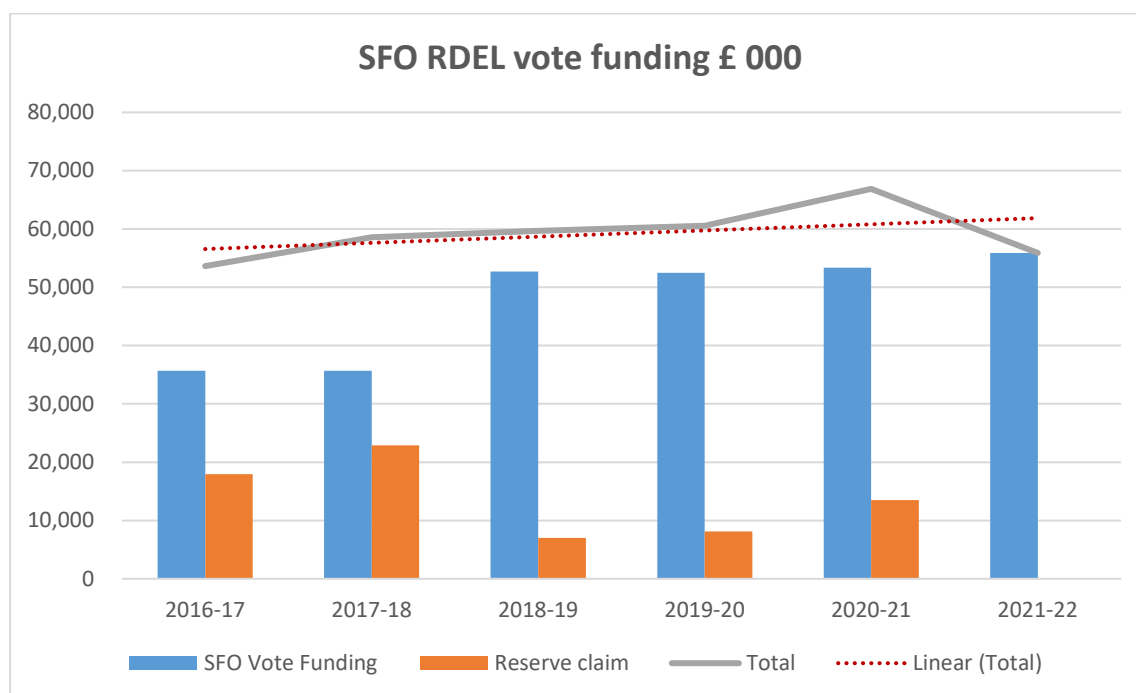
- Investment in our aging IST environment to maintain our working practices, operational delivery and performance overall.
- A new Document and Case Management System.
- The implementation of a new ERP system.
- Investment in digital forensic equipment.

1.5 New policies and programmes; ambit changes

There are no new policies, programmes or ambit changes.

1.6 Spending and income trends

The chart below shows actual overall resource DEL funding for the last five years, plus budget for 2021-22.



1.7 Funding: Spending Review and Budgets

The SFO Resource DEL budget will increase by £2.5m to £53.2m (excluding depreciation) and our Capital budget has been set at £3.5m (this increases to £3.9m following a Capital Budget Exchange included in the supplementary estimate, to transfer £0.400m of 2020-21 Capital to 2021-22, as outlined above.

2 Spending detail

2.1 Explanations of changes in spending

The table below shows how spending plans for Resource DEL compare with last year.

		Resource DEL				
		This year (2021-22 Main Estimates budget sought)	Last year (2020-21 Supp Estimates budget approved)	Change from last year		Is change significant? see explanation
Subheads	Description	£ million	£ million	£ million	%	Note number
A	Investigations & Prosecutions	56.80	67.80	-11.00	-16.2%	1
A	Cost awards & other income	-0.90	-0.90	0.00	0.0%	
A	Net expenditure	55.90	66.90	-11.00	-16.4%	

Note 1. Costs are expected to be broadly in line with last year. The 16.2% change is due to last year's supplementary request of £9.0m attributed to cases which cost above £2.5m for the year, and £4.5m to cover the in-year cost of civil litigation.

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 Amounts sought this year		Compared to final budget last year.		Compared to original budget last year	
(Main Estimate 2021-22)		(Supplementary Estimate 2020-21)		(Main Estimate 2020-21)	
		£000	%	£000	%
Depreciation	2,700	2,700	-	2,700	-

2.3 Changes to contingent liabilities

In addition to the remote contingent liabilities reported in the 2019-20 Annual Report and Accounts, there is a new contingent liability for 2020-21, a longstanding operational case where the jury were directed to acquit the defendants and were awarded costs – the quantum is yet to be established or agreed.

2.4 Major projects

The SFO has is the final stages of implementation for a document management system. The next phase will involve the implementation of the case management systems and the migration of data from its current location. The SFO is in discussions about a shared ERP system with partner agencies, the business case will be finalised and implementation will begin in 2021-22.

3 Priorities and performance

3.1 How spending relates to objectives

SFO spending is under a single subhead which contributes to all objectives.

3.2 Measures of performance against each priority

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

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

CFO and Head of Corporate Services

Serious Fraud Office

26 April 2021