



An inspection of the National Crime Agency

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Contents

Summary and Recommendations.....	4
Introduction	18
Our commission.....	18
Background	19
Our terms of reference.....	22
The structure of this report.....	23
Methodology	25
The National Crime Agency’s criminal intelligence function	26
Introduction.....	26
Gathering information	27
Storing information.....	32
Processing information	34
Analysing information	37
Disseminating information	42
The National Crime Agency’s crime-reduction function.....	46
Introduction.....	46
Detection, investigation and criminal proceedings.....	47
Crime prevention	56
Securing activities by others and improvements in co-operation and co-ordination	64
National Crime Agency resourcing and expenditure	68
Introduction.....	68
The operating budget and its allocation	68
Tasking processes	71
Introduction.....	71
Tasking arrangements	72

Progress towards aims	76
Introduction.....	76
The Novo programme.....	76
External reviews of the Novo programme.....	85
Conclusions	88
The statutory functions	88
Tasking arrangements	91
Progress towards aims	92
Annex A – Recommendations	94
Annex B – Areas for improvement	96
Annex C – Methodology	98

Summary and Recommendations

Introduction

1. This inspection was carried out as part of HMIC's inspection programme for 2014–15. The National Crime Agency (NCA) was established in October 2013. This is the first time that we have inspected the NCA.
2. HMIC's inspection report was submitted to the Home Secretary in December 2014. Our report included observations on certain NCA operational matters which, because of their sensitive nature, are not in the public domain.
3. The Home Secretary subsequently asked HMIC to advise on what form a publishable version of the inspection report might take. In response we prepared this publishable version, which the Home Secretary has instructed us to publish.
4. The Crime and Courts Act 2013 sets out two statutory functions for the NCA: the "*criminal intelligence function*"; and the "*crime-reduction function*".
5. Our terms of reference were:
 - "Do the resources and capabilities currently available within the NCA (supported by the use of legislative powers under Part 1 Crime and Courts Act 2013 where appropriate) enable the organisation to discharge its statutory criminal intelligence and crime-reduction functions?"
 - Are the NCA's new internal and national tasking and co-ordination arrangements compliant with the National Intelligence Model¹ and effective in co-ordinating the national law enforcement response to serious and organised crime?"
 - Is the NCA on trajectory to develop the new and existing capabilities it requires to enable it to deliver its intelligence, prioritisation and operational response ambitions?"

¹ The National Intelligence Model is described at: *Code of Practice: National Intelligence Model*, Home Office, National Centre for Policing Excellence and Centrex, 2005, <http://library.college.police.uk/docs/npia/NIM-Code-of-Practice.pdf>; and *National Intelligence Model – Framework Overview Version 1.0*, College of Policing, March 2013, www.acpo.police.uk/documents/crime/2013/201307-cba-nim-framework-v1.pdf

Findings

The NCA's criminal intelligence function

6. We looked for evidence that showed how efficient and effective the NCA was in undertaking the statutory requirement of the criminal intelligence function with regard to information, namely: gathering; storing; processing; analysing; and disseminating.
7. At the time of our inspection the NCA was designing new structures for its intelligence directorate. These structures, which were launched on 1 December 2014, are intended to result in substantial developments to the NCA's criminal intelligence capability.

Gathering information

8. We found evidence that the NCA is developing relationships with other organisations in order to gather information from a wide variety of sources. We are generally satisfied that the NCA can currently access a good range of information.
9. However, when compared with the whole range of opportunities that are available, we consider that the NCA's systems and networks for gathering information are too limited, both in scope and functionality.
10. Many of the intelligence sources from which the NCA can gather intelligence rely on human intervention for gaining access to the data held. This means that the NCA does not have the technical capability it needs to carry out automated bulk data processing.
11. The opportunities presented by society's growing reliance on the internet and mobile communications in everyday life, for intelligence and investigative purposes, are commensurate with the enormous volume of activity that already takes place online. And those opportunities are growing. The NCA has identified that this is an area that must be developed.
12. We found that certain databases held by other government departments are not routinely available to the NCA. We are assured that the leaders of the NCA recognise the situation and are taking steps to address the weaknesses we identify in this report; all of which are the consequence of the generally poor intelligence capabilities inherited by the NCA from its precursor bodies.

Storing information

13. The NCA has inherited a secure physical environment and an information technology infrastructure. These are intended to ensure the storage of information to meet security requirements.

14. We found that although progress was evident in linking different computer databases, one NCA command maintains a stand-alone system and in other parts of the NCA we found examples of information being stored separately.
15. There was a lack of knowledge amongst officers and their managers about who had responsibility for information security, in particular the oversight of retention and storage of information within teams. We understand that mandatory training arrangements are in place to correct this.
16. The NCA acknowledges that there are data held in, for example, spreadsheets, which are not readily accessible as part of the corporate record. We acknowledge that this is a problem the NCA inherited. However, we believe it requires attention. We understand that the NCA's 'desktop modernisation programme' is intended to assist in respect of this problem.
17. During site visits, we witnessed good practice with regard to the security of information: access controls to computer systems and a security culture.

Processing information

18. We looked closely at the NCA's United Kingdom financial intelligence unit (part of the economic crime command). The unit is the central point for the receipt, analysis and distribution of intelligence arising from suspicious activity reports.
19. The number of suspicious activity reports is increasing, with approximately 330,000 each year. As a result the current suspicious activity reports database is now reaching the end its life, which may create risks. The NCA is fully aware of the issues concerning the database and is currently working to find a replacement system.
20. We found evidence that the existing configuration of some databases required intelligence to be double-keyed.
21. We found indications that the NCA was improving its approach to information management: good progress, over a relatively short period of time, was evident in the results of the most recent Home Office assessment of this aspect of the Agency's work.

Analysing information

22. We found that there was no career structure or training programme for analysts in the NCA. New recruits are trained in analysis if they complete the intelligence elements of the NCA's Initial Operational Training Programme.

23. The actual number of those who can perform the role of an analyst remains unclear and the NCA needs to determine the number of analysts which it requires and to have an ongoing plan to provide this capacity and capability. The NCA is working with the College of Policing and others in order to do so.
24. The NCA inherited, and is making good use of, a team of computer specialists and sophisticated computers in its facility called Datalab. This was created by the Serious Organised Crime Agency to support the technical analysis of data and, by joining up the various stand-alone databases, to make them capable of being searched. Datalab has made very good progress in linking the NCA's most vital databases.
25. We were encouraged to learn that the team which manages Datalab is now seeking to add some of the NCA's other databases to those already analysed by Datalab.

Disseminating information

26. We found good evidence of the NCA's leadership role in the way it makes information available to police forces and to law enforcement bodies. However, we established that there is no single gateway for intelligence leaving the NCA.
27. We were assured that the risks associated with the lack of a single gateway are recognised by the intelligence directorate. Improved information technology will lie at the heart of a longer-term solution.

The NCA's crime-reduction function

28. We looked for evidence that showed how efficient and effective the NCA was in undertaking the statutory requirements of the crime-reduction function. We focused during the inspection on the areas of: detection, investigation and criminal proceedings; crime prevention; and securing activities by others and improvements in co-operation and co-ordination.

Detection, investigation and criminal proceedings

29. We expected to find a significant proportion of the NCA's resources dedicated to activities concerned with the investigation and prosecution of organised criminals. This was the case.
30. We found that the NCA was conducting a total of 609 criminal investigations. Over 35 percent of the current investigations have started since the creation of the NCA. Some cases, particularly those in the economic crime command, have already resulted in convictions and are currently the subject of confiscation proceedings.

31. In June 2014, the NCA had lead responsibility for the investigation of 22 of the UK's 48 high priority organised crime groups, the greatest number of any police force or other law enforcement body.
32. Officers told us of a very high degree of supervision and management oversight with regard to investigations of high priority groups. It was clear to us that these groups were being prioritised in terms of the resources that were allocated to their investigation. We consider the NCA's approach to be rigorous.
33. The NCA has 4,587 employees, 85 percent of whom the NCA reports as being in operational roles. A total of 1,985 NCA officers have specific investigative powers: 1,879 of them have the 'triple-designated' powers of a customs officer, constable and immigration officer. We conclude that the large number of officers granted such powers provides the NCA with a significant crime-fighting capacity.
34. We are concerned about the NCA's capacity to collect communications data during periods of extraordinary demand. We understand that this has occurred mainly during a large-scale investigation into a substantial number of individuals suspected of sharing indecent images of children across computer networks (Operation Notarise: paragraph 3.88). Communications data were obtained concerning the suspects' computers, in order to identify them and where they lived. This was a necessary step before the NCA could allocate the cases to the suspects' local police forces for their officers to make arrests.
35. When periods of extraordinary demand arise, there should be scope for the burden to be shared across the NCA, police and other organisations that collect communications data.
36. We understand that a shared arrangement would require amendments to existing legislation.

Recommendation 1

By 30 November 2015, the NCA, working with the Home Office, police forces, law enforcement bodies and the security and intelligence agencies, should investigate opportunities for sharing communications data capacity and determine whether it would be feasible, in law and in practice, to do so. If it is determined that sharing communications data capacity would be feasible, such arrangements should be established and begin operation as soon as possible thereafter.

37. When a major reactive investigation was adopted (during the shadow-running stage in 2013), it required the NCA to identify officers trained in using the Home Office Large Major Enquiry System (HOLMES) and computers.

38. Although the NCA's limited capability in this area is largely consistent with the NCA's remit in respect of serious and organised crime, it could be problematic if the NCA needs to use the HOLMES system frequently. We expect the position to be monitored by the National Strategic Tasking and Co-ordination Group.² This is to ensure that the Agency's need for this capability does not create unreasonable burdens on police forces which may need to supply HOLMES teams and equipment.
39. We considered whether the NCA officers had the necessary equipment to carry out their jobs. This revealed a very mixed picture. We found some examples of highly-sophisticated equipment being put to good use, but in general the NCA needs to improve its information technology provision.
40. We found that the NCA did not have a centralised database for the equipment held by its technical support units. The NCA is addressing this.
41. Information technology as part of investigative capability was another area that we found lacking. For example, mobile devices issued to some NCA officers lack functionality.
42. We found that certain operational teams were well equipped and their ability to support surveillance activities was assessed as a significant benefit.
43. If the NCA is to become more efficient and effective, it must improve significantly its information technology provision. We acknowledge the technical problems associated with maintaining the high levels of information security that are required for the handling of sensitive intelligence, but believe these need to be overcome.³

² The National Strategic Tasking and Co-ordination Group is chaired by the NCA Director General and meets every six months. The group's membership is composed of senior leaders from the police and other organisations and provides the strategic leadership to the national tasking and coordinating structure for serious and organised crime. It is responsible for setting and reviewing the National Strategic Assessment and allocates threats and cross-cutting issues to multi-agency strategic governance groups (SGGs).

³After the inspection had ended HMIC was advised that the NCA has since made good progress in introducing new computer functionality, which we then saw in use: the NCA's 'modernised desktop' enables NCA officers to access sensitive material (including material that is classified as 'secret') held on the corporate network, external organisations' computer applications and the internet. Importantly, users can access this material from single desktop computers – they no longer have to rely on separate computers for access to different classes of material, which was the norm at the time of the inspection. We consider that this development is likely to contribute to a significant improvement in efficiency and effectiveness. The NCA intends that the modernised desktop will be available to all its UK based officers by the end of summer 2015.

Crime prevention

44. The NCA leads a set of strategic governance arrangements that are intended to help the NCA and other organisations to work together to tackle serious and organised crime. The arrangements include a series of 'strategic governance groups' – composed of directors and senior leaders from various organisations that work with the NCA. These groups oversee the work of more junior staff from these organisations, who work together in 'threat groups'.
45. We found that the arrangements were at an early stage of development but that there was a clear commitment and momentum from both the NCA and other organisations in attendance to work together on shared priorities.
46. We examined a number of documents supplied by the NCA that related to the work of the strategic governance groups' underlying threat groups – these were entitled 'strategic action plans'.
47. Overall, we consider that the strategic action plans in place represent good evidence of the commitment by the NCA and a range of other organisations to incorporate the themes of the *Serious and Organised Crime Strategy*⁴ within their planning. However, we noted that not all the strategic action plans included: updates on the status of each of the actions; clear timescales for completion; and the name of each person responsible for completion of a specific action.
48. The relationship between the NCA-led strategic governance groups and the forthcoming National Police Chiefs' Council-led co-ordinating committees needs to be addressed, as does the absence of detail in some of the strategic action plans.

Recommendation 2

By 31 March 2015, the NCA Director General and the National Policing Lead for the Crime Business Area, in conjunction with other National Strategic Tasking and Co-ordination Group members and the College of Policing, should define roles and responsibilities for the strategic governance groups and co-ordinating committees, in order to ensure that accountability for performance is clear and that the potential for duplication of effort is removed.

⁴ *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, available at www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

Recommendation 3

By 31 March 2015, strategic governance group chairs should renew and, if necessary, amend all their strategic action plans so that each person responsible for completion of a specific action is named in the plan, deadlines are set for each action, and written progress updates are provided by each person responsible for completion of a specific action, at least quarterly.

Recommendation 4

By 31 March 2015, the NCA Director General, as chair of the National Strategic Tasking and Co-ordination Group, should establish and begin operation of an adequate system for monitoring progress against each strategic action plan.

Securing activities by others and improvements in co-operation and co-ordination

49. From our interviews with NCA officers we found that relationships with other organisations, such as police forces, Her Majesty's Revenue and Customs, financial institutions, the broader financial sector and internet providers all appeared to have improved considerably since the creation of the NCA.
50. Most of the chief officers whom we consulted also reported that, when they asked the NCA for assistance, they received it and were satisfied with the NCA's response.
51. One issue that was raised consistently by chief officers was an apparent lack of clarity between the roles of the NCA's regional organised crime co-ordinators and branch commanders. This has presented a confused picture in terms of relationships. This had been recognised by the Agency and was being addressed.

National Crime Agency resourcing and expenditure

52. The NCA's annual operating budget for 2014-15 is £435m.⁵ Of this, 53 percent is allocated to paying for the 4,587 officers whom it employs. The remaining 47 percent of the NCA's annual operating budget is allocated to various non-pay related items.

⁵ This includes HM Treasury funding of £417.7m and the remainder is derived from various other sources of income, for example, the Asset Recovery Incentivisation Scheme. A further £31m is provided through external funding to develop and provide national functions, certain overseas activity and specific projects.

Tasking processes

53. In the national tasking arrangements, we found willing participants from a range of organisations and good co-operation with the NCA. While the current arrangements are still in the early stages of development, Operation Notarise demonstrates the NCA's ability to mobilise and target collective efforts against child sexual exploitation. However, in other areas, some meetings we observed tended to function as an opportunity for information-sharing and operational updates rather than prioritising the tasking of people and resources.
54. After the period of the inspection fieldwork we observed a National Strategic Tasking and Co-ordination Group meeting where prioritisation decisions were evident.
55. An issue raised by chief officers concerned instances where police forces or regional organised crime units sought to refer to the NCA investigations, which, in their view, were of a scale that made them more appropriate for the NCA to lead. The referral process was said to be inconsistent.
56. One response from a chief officer captured the view of the majority in summarising the current position when he said: "*[t]here is no criticism of anybody or any agency – this is just a new and complex process which requires time, thought and effort by all of us to make it meaningful and add value*".
57. In the NCA's internal tasking arrangements, we found an effective leadership approach that is building systems and processes to maximise the effectiveness of the NCA's resources.

Progress towards aims

58. We understand that, in October 2013, the newly-formed NCA Board considered a paper on transformation of the Agency's capabilities. This determined that the achievement of its aims would require the Agency to undertake a 3-5 year programme of change, the Novo programme, and that the detail of that change would be in continual development.
59. The NCA is committed to the Novo programme, with effective leaders who have a sound awareness of the programme's status. At the time of the inspection, the Novo programme was at such an early stage that it had not yet had a major effect on the way the Agency worked.
60. The Novo programme had four strands: operational transformation; estates; science and technology; and people. We found clear governance arrangements in place.

61. An NCA document we examined contained an assessment of the programme's overall status, using a 'red/amber/green' system.

Strand	Rating as at August 2014
Operational transformation	Amber
Science and technology	Red/Amber
People	Amber
Estates	Green

62. The tasks and the associated 'delivery dates' described in the Novo programme plan, dated April 2014, only extended until April 2015. We expected to see at least a basic outline of the NCA's expectations for progress into 2016 and beyond.

63. PA Consulting Group began reviewing the Novo programme's progress in June 2014, and reported in August 2014 that:

"the high degree of senior commitment is impressive, and the time invested by operationally experienced officers in transformation activities is unmatched in the review team's experience."

64. They concluded, however, that:

"the NCA has not yet broken down the complexity of transformational challenges adequately to manage overall levels of complexity and uncertainty."

65. On 15 August 2014, the Major Projects Authority conducted a Project Validation Review of the Novo programme. It gave a 'delivery confidence assessment' of 'amber' and made eight recommendations, four of which were regarded as critical by the reviewers.

66. We agree with PA Consulting Group's observations concerning the high degree of senior commitment, their comments on complexity, and also the Major Projects Authority assessment. We consider that the improvement of the Novo programme plan is essential, especially with regard to defining better the steps to be taken across the whole life of the programme.

Recommendation 5⁶

By 28 February 2015, the NCA Director General should ensure that the Novo programme plan, from now until its end, sets out: a clear expression of the sort of organisation the NCA will be; when this will be achieved; and the important milestones that need to be achieved if its aims are to be realised fully.

Conclusions

67. This inspection was carried out within the first year of the NCA's life and we have been very careful to keep this in mind when making judgments about its efficiency and effectiveness. All mergers of organisations are challenging, but this one particularly so.

68. The NCA inherited, mainly from the Serious Organised Crime Agency, poor information technology, analytical capability, and relationships with the police.

69. Seen against this background, we judge that the NCA has made a strong start to the creation of a new national law enforcement agency. The leadership understands the capabilities that it needs to have to fight organised crime in a digital age and has good plans in place to establish them.

Criminal intelligence

70. A good deal of the evidence that we found was encouraging about what has been achieved so far in the NCA's short existence; however, looking ahead, there are considerable challenges in sight: such as investing in the technological and analytical capabilities that are needed.

71. On balance, the resources and capabilities currently available within the NCA enable the organisation to discharge its criminal intelligence function – albeit at a lower level of capability than the Agency aspires to establish through its Novo programme.

⁶ Since the fieldwork and prior to the publication of this report, HMIC reviewed the NCA's progress and is satisfied that the NCA has made sufficient progress to discharge the recommendation.

Crime-reduction

72. Certain aspects of the NCA's investigation, detection, and prosecution capabilities are sound and have inherent strengths: there is an impressive array of specialist capabilities to help investigators gather evidence covertly.
73. However, there is inadequate provision in some areas, as indicated by the evidence concerning the poor quality of organisational support that is available in some areas, such as internet connectivity and mobile information technology. The NCA recognises these shortcomings and there is work being done to improve the way it supports its officers.
74. The NCA is leading and encouraging activity to ensure that the *Serious and Organised Crime Strategy* informs all aspects of its work. That said, the strategic action plans need more work to ensure they achieve their desired effect and, in this respect, the roles and responsibilities of NCA officers need to be clearer.
75. We concluded that the resources and capabilities currently available within the NCA are enabling the organisation to discharge its crime-reduction function – albeit at a lower level of capability than the Agency aspires to establish through its Novo programme.
76. Under both statutory functions, we have not identified any significant areas of work which should reasonably have fallen within the Agency's remit that it is not undertaking. We have found areas for improvement and we are impressed by the positive tone which the leaders of the NCA have adopted with regard to our inspection and their desire to use our findings to improve.

Tasking arrangements

77. The presence of the various strategic and tactical co-ordination arrangements that we found, including the meetings we attended, and the intelligence assessments and other documentation we reviewed, led us to conclude that the NCA's tasking arrangements are compliant with the relevant requirements of the *National Intelligence Model*.
78. Within the constraints we found in the NCA's intelligence capability, there are clear internal and external structures, with appropriate leadership and representation from stakeholders, which lead to a co-ordinated law enforcement response to the threat from serious and organised crime. This is encouraging, albeit that some meetings tended to function as an opportunity for information-sharing and operational updates rather than prioritising the tasking of people and resources.

79. Externally, the clear willingness of other organisations to participate, and the notable absence of any use of the NCA's powers to direct chief constables, indicate a successful approach to relationship-building by the NCA.

80. For its internal tasking arrangements, we concluded that the NCA is investing the necessary time and effort to ensure these arrangements will become as efficient and effective as possible.

Progress towards aims

81. Less than 12 months into its 3 to 5 year transformation programme, the NCA is on trajectory to achieve its aims – but this should not be taken as an assurance that the NCA will remain on trajectory. There is a long way to go.

Areas for improvement

82. In addition to the five recommendations we make in this report, there are 19 areas for improvement. These areas have not attracted a recommendation by us because there was evidence that the NCA leadership is already aware of these issues and is taking action to address them. Recommendations, on the other hand, were made in relation to issues which require greater recognition and emphasis than were evident from our inspection findings.

Criminal intelligence: areas for improvement

1. The capability to exploit internet-related intelligence should be developed (paragraphs 2.15-2.17).
2. Access to databases held by the police, law enforcement bodies and government departments should be improved (paragraphs 2.20-2.23).
3. Outdated computer systems should be upgraded or replaced (paragraphs 2.91-2.92).
4. Databases and records should be rationalised and made accessible (paragraphs 2.30-2.31).
5. Responsibilities for the oversight of retention and storage of material within teams should be clarified (paragraph 2.34).
6. Relevant officers should be identified and allocated responsibility for all the data which the NCA holds (paragraph 2.36).
7. Efforts to find a replacement for the computer system in the UK financial intelligence unit should be invigorated (paragraphs 2.52-2.53).
8. Processes that involve double-keying of data should be streamlined (paragraph 2.59).

9. NCA analytical requirements should be determined and the required capacity and capability then developed (paragraphs 2.68-2.76).
10. Greater consistency in the intelligence assessments that are provided should be introduced (paragraph 2.110).
11. Intelligence gateways should be rationalised to enable sufficient oversight of intelligence leaving the Agency (paragraphs 2.112-2.113).

Crime-reduction: areas for improvement

12. The NCA's need to use the Home Office Large Major Enquiry System (HOLMES) should be monitored in order to ensure that there is no unnecessary burden placed on police forces (paragraphs 3.32-3.33).
13. A database that allows technical support units to have oversight of technical equipment across each site should be provided (paragraphs 3.40-3.42).
14. Improvements in the support that is provided to NCA officers should be made, in terms of mobile devices that have better functionality, and internet connectivity (paragraphs 3.43-3.49).
15. The respective roles of the regional organised crime co-ordinators and branch commanders should be clarified (paragraph 3.87).

Tasking arrangements: areas for improvement

16. As the NCA's capability to produce a more authoritative picture of the threat from serious and organised crime improves, the national tasking arrangements should evolve to produce more efficient and effective law enforcement activity (paragraphs 5.12 and 7.25).
17. The referral and decision-making processes associated with transferring lead responsibility for investigations to the NCA from police forces and regional organised crime units (and vice versa) should be streamlined as far as possible (paragraph 5.14).

Progress towards aims: areas for improvement

18. Corporate systems should be improved in order to provide more reliable and comprehensive human resource and finance information (paragraphs 6.35-6.37).
19. Efforts concerning better communication and engagement with officers should continue (paragraphs 6.39-6.45).

Introduction

Our commission

- 1.1. Her Majesty's Inspectorate of Constabulary (HMIC) is an independent inspectorate which is required⁷ to carry out inspections of the National Crime Agency (also referred to as 'the NCA' or 'the Agency'). Following an inspection, we must report to the Home Secretary on the efficiency and effectiveness of the NCA.⁸
- 1.2. This inspection was carried out as part of HMIC's inspection programme for 2014–15, which was drawn up after public consultation, and was approved by the Home Secretary.
- 1.3. This is the first time that we have inspected the NCA.
- 1.4. HMIC's inspection report was submitted to the Home Secretary in December 2014. Our report included information concerning certain NCA operational matters which, because of their sensitive nature, are not in the public domain.
- 1.5. The Home Secretary subsequently asked HMIC to advise on what form a publishable version of the inspection report might take. In response we prepared a publishable version of our inspection report. In preparing this we consulted with the NCA and Home Office. We did so in order to identify parts of the original inspection report that may need to be excluded from publication if, in the Home Secretary's opinion, publication of those parts:
 - “(a) would be against the interests of national security,*
 - (b) could prejudice the prevention or detection of crime, the apprehension of offenders, or the prosecution of offences, or*
 - (c) might jeopardise the safety of any person.”⁹*
- 1.6. We removed such parts from the publishable version. We presented the publishable version of the report to the Home Secretary, who instructed HMIC to publish it.

⁷ Section 11(1), Crime and Courts Act 2013

⁸ Section 11(3), Crime and Courts Act 2013

⁹ Schedule 6, paragraph 3(2) (a)-(c), Crime and Courts Act 2013

Background

- 1.7. The means by which serious and organised crimes are planned and carried out are growing ever more complex. Those who commit them are using every benefit that technology in the 21st century is able to provide. Law enforcement bodies need to meet the challenge of these developments and use whatever legitimate means may be at their disposal to thwart those who are intent on committing such crime and to apprehend those who already have.
- 1.8. In particular, the government has identified large-scale cyber-crime and a significant increase in the level of organised crime as “*priority risks*” in its *National Security Strategy*.¹⁰
- 1.9. The NCA was established in October 2013¹¹ along with the launch of the government’s *Serious and Organised Crime Strategy*. The four themes of the strategy are: pursue; prevent; protect; and prepare.¹²
- 1.10. The aim of the Strategy is: “*to substantially reduce the level of serious and organised crime affecting the UK and its interests*”,¹³ and the NCA is identified as the organisation that will “*lead [the government’s] work against serious and organised crime*”.¹⁴
- 1.11. The Strategy sets out the role and structure of the NCA and summarises the government’s expectations as follows:

¹⁰ *A Strong Britain in an Age of Uncertainty: The National Security Strategy*, HM Government, October 2010, Cmnd 7953, page 27. The risk of large scale cyber-crime appears in tier one (the highest set of priority risks for UK national security), and the risk of a significant increase in the level of organised crime affecting the UK appears at tier two (the next highest set of priority risks). See: www.gov.uk/government/uploads/system/uploads/attachment_data/file/61936/national-security-strategy.pdf

¹¹ Section 1(1), Crime and Courts Act 2013

¹² *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, page, 25, paragraph 3.3, see: www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

¹³ *Op cit*, page 25, paragraph 3.1

¹⁴ *Op cit*, page 27, paragraph 4.2

“The NCA will develop and bring together intelligence on all types of serious and organised crime, prioritise crime groups according to the threats they present and, in conjunction with the police, then lead, co-ordinate and support [the] operational response.”¹⁵

- 1.12. The Crime and Courts Act 2013 sets out two statutory functions for the NCA: the “*criminal intelligence function*” and the “*crime-reduction function*”.¹⁶
- 1.13. In order to perform these functions, resources and capabilities from other organisations were brought together to create the NCA. In this report, we refer to these organisations as the ‘precursor bodies’. The NCA’s largest contribution of resources and capabilities came from the Serious Organised Crime Agency. Other contributions came from the National Policing Improvement Agency, the Home Office, the UK Border Agency, the Police Central E-Crime Unit and the Child Exploitation and Online Protection Centre.
- 1.14. In recognition of the challenges that were likely to arise when combining the work and personnel of a number of different organisations, the NCA was established on a ‘shadow’ basis in April 2013, as a unit within the Serious Organised Crime Agency and “*under the operational command and control, and responsibility of the Director General of the [Serious Organised Crime Agency]*”.¹⁷
- 1.15. The Serious Organised Crime Agency was abolished at the formal launch of the NCA in October 2013.
- 1.16. The need to integrate the precursor bodies, harmonise arrangements, adapt to new threats from serious and organised crime and prepare for the future was identified by the NCA’s leadership as a priority in order to ensure a smooth transition from the old to the new order. The NCA Board also identified that an enhanced set of capabilities was required to fulfil the NCA’s mission of leading the UK’s fight to cut serious and organised crime. A transformation programme, known as the Novo programme, commenced in January 2014, to give the Agency the capabilities and other characteristics that it requires.

¹⁵ *Op cit*, page 10, paragraph 1.10

¹⁶ Sections 1(4) and 1(5), Crime and Courts Act 2013

¹⁷ *Memorandum of Understanding between the NCA Programme and the Serious Organised Crime Agency regarding implementation of NCA Shadow Operations*, 23 November 2012, paragraphs 2.1 and 4.1, [Restricted]

1.17. From the outset, it was envisaged that the NCA would be greater than the sum of the individual contributions from the precursor bodies that were brought within its purview. The NCA Board decided that the NCA would pursue an ambitious objective, namely:

*“to be a world-class law-enforcement agency, internationally recognised and respected for leading the fight to cut serious and organised crime”.*¹⁸

1.18. At the time of our inspection the NCA comprised a series of commands and directorates:¹⁹

- the border policing command;
- the economic crime command;
- the organised crime command;
- the child exploitation and online protection command;
- the national cyber crime unit;
- the investigations directorate;
- the intelligence directorate; and
- corporate services.

1.19. There was also a general portfolio which included certain organisational functions.

1.20. The NCA has a unique characteristic that sets it apart from the precursor bodies: its Director General has powers to compel certain people to act. Because of the significance of these new powers, we have reproduced below, in full, the relevant text of the Crime and Courts Act 2013.

¹⁸ NCA Annual Plan 2014/15, NCA, 31 March 2014, page 13, see:

www.nationalcrimeagency.gov.uk/publications/176-nca-annual-plan-2014-15/file

¹⁹ The NCA's description of two parts of the Agency ('investigations' and 'intelligence') differs slightly from the descriptions that we have used in our report. In order to clarify that each part is led by a director, we have described 'investigations' and 'intelligence' as directorates. After our inspection had ended the NCA announced that, with effect from January 2015, the investigations and intelligence directorates will be absorbed into a new 'operational delivery directorate', which will also incorporate the border policing command. For the purposes of this report, we have also treated 'corporate services' as a directorate.

Section 5(5) Crime and Courts Act 2013

“The Director General may direct any of the following persons to perform a task specified in the direction —

- (a) the chief officer of an England and Wales police force;*
- (b) the Chief Constable of the British Transport Police.”*

Section 5(7) Crime and Courts Act 2013

“A person given a direction under this section must comply with it.”

Section 5(9) Crime and Courts Act 2013

“The Director General may give a direction under this section to the Chief Constable of the British Transport Police only if the Secretary of State consents.”

- 1.21. As a matter of Home Office policy, the NCA Director General’s powers of direction also extend to Border Force and other Home Office officials carrying out border, immigration and customs-related functions which are under the direction and control of the Home Secretary.²⁰

Our terms of reference

- 1.22. We are mindful that our inspection took place within the first year of the NCA’s operations, during which the Agency embarked on a substantial programme of change. Our aims were to undertake an inspection that would assess how the NCA is currently performing, while providing help and guidance to those who lead the Agency, which an independent, evidence-based and thorough inspection is able to provide. It seemed clear to us that we needed to consider how well the Agency was performing with regard to its statutory obligations.
- 1.23. In drawing up the terms of reference, we consulted the NCA Director General and the Director General of the Office for Security and Counter-Terrorism.²¹

²⁰ *Framework document for the National Crime Agency*, NCA, October 2013, page 8, paragraph 7.8, see: www.gov.uk/government/uploads/system/uploads/attachment_data/file/249942/NCA_Framework.pdf

²¹ The Office for Security and Counter-Terrorism, within the Home Office, works to counter the threats from terrorism and serious and organised crime. Their work is covered in the government’s counter-terrorism strategy CONTEST and in the Serious and Organised Crime Strategy.

1.24. As a result, our terms of reference were as follows:

“Do the resources and capabilities currently available within the NCA (supported by the use of legislative powers under Part 1 Crime and Courts Act 2013 where appropriate) enable the organisation to discharge its statutory criminal intelligence and crime-reduction functions?

“Are the NCA’s new internal and national tasking and co-ordination arrangements compliant with the *National Intelligence Model*²² and effective in co-ordinating the national law enforcement response to serious and organised crime?

“Is the NCA on trajectory to develop the new and existing capabilities it requires to enable it to deliver its intelligence, prioritisation and operational response ambitions?”

The structure of this report

1.25. We recognise that any organisation that comes into being will take time to reach its optimum effectiveness. When that organisation draws its officers²³ from a number of different groups, all of which have different ways of working, different contractual obligations and different statutory powers, the issues that need to be addressed are stark. Creating a single, effective and efficient Agency will take time, patience and skill.

1.26. Mindful of these matters, we decided from the outset that the most helpful way to make recommendations in our report was to focus not on those issues of which the leaders of the Agency were aware and in respect of which they are taking sufficient action, but on those issues which require greater recognition and emphasis.

1.27. As a result, our report contains fewer recommendations than might be expected. These are set out in Annex A – Recommendations.

1.28. In order to fulfil our statutory requirement – to report on the efficiency and effectiveness of the NCA – and in the interests of providing a complete and accurate record, we have also included in our report all the remaining areas in

²² The National Intelligence Model is described at: *Code of Practice: National Intelligence Model*, Home Office, National Centre for Policing Excellence and Centrex, 2005, <http://library.college.police.uk/docs/npia/NIM-Code-of-Practice.pdf>; and *National Intelligence Model – Framework Overview Version 1.0*, College of Policing, March 2013, www.acpo.police.uk/documents/crime/2013/201307-cba-nim-framework-v1.pdf

²³ The NCA refers to each member of its workforce as an 'officer'. For the purpose of clarity, we have used the same term throughout this report.

respect of which we consider there is a need for the NCA leadership to take action. These areas are summarised in a list at Annex B – Areas for improvement. We recognise that the NCA leadership is already aware of these issues and is taking action to address them.

- 1.29. In this report, permission has been given to quote from a number of official documents. This is because they contain sensitive information about the investigation of serious and organised crime, which includes planning and operational matters.
- 1.30. We support fully the proposition that the NCA should be as open as possible about the exercise of its functions and other matters relating to the NCA. However, we also accept that, on occasion, there is a legitimate need to keep certain aspects of law enforcement confidential.
- 1.31. In order to inform the readers of this report as fully as possible, we have indicated in the text and in the footnotes where certain facts and commentary may be found, even though the document from which they are sourced is not available to the public.²⁴
- 1.32. We accept that this may cause some frustration but we consider this to be a fair balance between the public interest and the needs of the NCA, and the wider law enforcement community.
- 1.33. In the following chapters we set out our findings in line with our terms of reference.
- 1.34. In order fully to provide an answer to the first term of reference, we devote chapters two and three to an analysis of the two statutory functions of the NCA: criminal intelligence and crime-reduction.

²⁴Some of the documents referenced in this report were clearly marked in line with the Government's security classification guidance, formerly known as the Government Protective Marking Scheme. On 2 April 2014, the Government Protective Marking Scheme was replaced by Government Security Classifications. See www.gov.uk/government/uploads/system/uploads/attachment_data/file/251480/Government-Security-Classifications-April-2014.pdf

Methodology

- 1.35. Details are set out in Annex C – Methodology.
- 1.36. In summary, we conducted our inspection between June and August 2014 and spoke to approximately 200 officers of the NCA, at all levels.
- 1.37. We reviewed a series of documents regarding the working of the NCA and observed a number of management and operational meetings.
- 1.38. We consulted a number of chief officers who work closely with the NCA to obtain their views about how the Agency has settled into its role. A list of these consultees is set out in Annex C – Methodology.
- 1.39. In addition, we considered a number of other documents which were created to guide the formation of the NCA. These too are listed in Annex C – Methodology.

The National Crime Agency's criminal intelligence function

Introduction

2.1. In this chapter, we examine how well the NCA is discharging its criminal intelligence function. Because of the importance of understanding exactly what that term covers, we have reproduced below, in full, the relevant text of the Crime and Courts Act 2013.

Section 1(5), Crime and Courts Act 2013

“The NCA is to have the function (the “criminal intelligence function”) of gathering, storing, processing, analysing, and disseminating information that is relevant to any of the following –

(a) activities to combat organised crime or serious crime;

(b) activities to combat any other kind of crime;

(c) exploitation proceeds investigations (within the meaning of section 341(5) of the Proceeds of Crime Act 2002), exploitation proceeds orders (within the meaning of Part 7 of the Coroners and Justice Act 2009), and applications for such orders.”

2.2. We looked for evidence that showed how efficient and effective the NCA was in undertaking the statutory requirement of the criminal intelligence function with regard to information, namely:

- gathering;
- storing;
- processing;
- analysing; and
- disseminating.

Terminology

2.3. There are two specific words which we use in this chapter that require explanation. The legislation that sets out the criminal intelligence function uses ‘intelligence’ in the title of the function itself and ‘information’ in its underlying description. Neither is further defined in the Crime and Courts Act 2013.

- 2.4. In the context of this report, we have given the term ‘information’ its broadest meaning.
- 2.5. The College of Policing states that “...*information refers to all information obtained, recorded or processed... [it] includes information which is processed (known as data, including personal data) and information which has been subject to a process of evaluation (known as intelligence).*”²⁵ So intelligence is in effect a subset of information.
- 2.6. At the time of our inspection, the NCA was designing a new ‘nine desk’ structure²⁶ for the national intelligence hub (part of the intelligence directorate) and two new concepts known as ‘overt fusion’ and ‘covert fusion’, neither of which had been fully implemented. These concepts, which were launched on 1 December 2014, are intended to bring together a wider range of sensitive and non-sensitive intelligence material from the NCA and other organisations. In doing so this is expected to provide a more comprehensive understanding of the threats. We understand that the NCA intends them to be substantial developments to its criminal intelligence capability.

Gathering information

- 2.7. The first part of the NCA’s criminal intelligence function is the function of gathering information.
- 2.8. We looked for evidence to demonstrate how the NCA gathers all the information that it needs to inform its understanding of the threat from serious and organised crime. In order to provide the best possible intelligence picture, the NCA requires as much relevant information as it can access, from as many internal and external sources as possible.
- 2.9. Information is gathered for two main intelligence purposes: strategic intelligence to determine the nature of the threat; and tactical intelligence that relates to a specific operation.

²⁵ *Information Management* [Authorised Professional Practice], College of Policing, 23 October 2013, see: www.app.college.police.uk/app-content/information-management

²⁶ This reflects the nine threats within the *National Strategic Assessment*, namely: firearms; drugs; economic crime; acquisitive crime; prisons; organised immigration crime; child sexual exploitation; cybercrime; and money laundering.

- 2.10. The *National Strategic Assessment*²⁷ draws together the intelligence available.²⁸ This informs the *National Control Strategy*²⁹ that sets out the response to threats from serious and organised crime.³⁰
- 2.11. The *National Intelligence Requirements* form part of the *National Control Strategy*³¹ and are derived from the *National Strategic Assessment*. The *National Intelligence Requirements* set out the information required from the police and law enforcement bodies to enable the NCA to understand and lead the national response to these threats.
- 2.12. In producing an overview of the threat (which the NCA commonly refers to as the 'picture of threat'), the NCA relies on the information which it receives from other organisations. The quantity and also the quality of intelligence that is derived from this information in relation to serious and organised crime may vary. This will be dependent upon the individual priorities of those organisations and their capability and capacity to respond to the *National Intelligence Requirements*.
- 2.13. We found evidence that the NCA is developing relationships with other organisations to gather information from a wide variety of sources as outlined below:
- The border policing command is responsible for NCA activities overseas. It has an international liaison network based primarily in countries that are the most significant sources of, or transit points for, serious and organised crime affecting the UK. Additionally there are officers from other commands deployed overseas who have specific skill sets, for example, cyber, child exploitation and online protection. They are managed by the international department of the border policing command.

²⁷ *National Strategic Assessment of Serious and Organised Crime 2014*, NCA, 1 May 2014, see: www.nationalcrimeagency.gov.uk/publications/207-nca-strategic-assessment-of-serious-and-organised-crime/file

²⁸ The *National Strategic Assessment* is produced by the NCA and agreed by the National Strategic Tasking and Co-ordinating Group.

²⁹ *National Control Strategy Version 2.0*, NCA 2014, [Official-Sensitive]

³⁰ The *National Control Strategy* is intended to enable the Agency and other organisations (through a shared understanding of the threats outlined in the *National Strategic Assessment*) to achieve a consistent response to serious and organised crime.

³¹ *National Control Strategy Version 2.0*, NCA 2014, [Official-Sensitive].

- Another example is Europol, where NCA personnel routinely share information with law enforcement organisations from other European Union countries. The international liaison officers who we interviewed described varying levels of support and access from countries, depending upon whether there was a common focus on the criminality concerned.
- The NCA's newly-created Supplementary Information Request at the National Entry Bureau³² has access to information shared by European member states.
- Officers in the intelligence directorate³³ have access to a number of external intelligence databases such as the Police National Database.³⁴
- In addition to access to databases to search for relevant material, the intelligence directorate receives intelligence reports from police forces and regional organised crime units.³⁵ These may be strategic assessments, tactical assessments or material relating to organised crime group mapping.³⁶ This intelligence helps the NCA to produce national strategic and tactical assessments.
- Liaison takes place with the security and intelligence agencies.³⁷ Separately, individual commands, directorates and the security and intelligence agencies exchange information relating to serious and organised crime.

³² The Bureau is led by the NCA in the UK which supports co-operation and co-ordination between law enforcement agencies in the European Union member states.

³³ This is a part of the NCA that works with other organisations to develop an authoritative UK intelligence picture of serious and organised crime to increase the amount of inter-agency operational activity.

³⁴ This is a national information management system that improves the ability of police forces and law enforcement agencies to manage and share intelligence and other operational information, in order to prevent and detect crime. It offers a capability for police forces and law enforcement agencies to share, access and search local information electronically, overcoming geographical and jurisdictional boundaries.

³⁵ In England and Wales, these are regional policing units that provide capacity and capability to investigate serious and organised crime in more than one police force area. In eight of the regions there is one region-wide unit; in the Northeast region the unit is split into two sub-regional units.

³⁶ This is a process where UK law enforcement agencies collate and share information in a systematic way to acquire an overall picture of serious and organised crime affecting the UK.

³⁷ The security and intelligence agencies are: the Secret Intelligence Service (MI6); Government Communications Headquarters (GCHQ); and the Security Service (MI5).

- The Centurion team³⁸ has access to information held by the National Offender Management Service, which helps deal with the offending behaviour of high-risk individuals.
- At one of the two strategic governance group meetings which we attended, we observed that there was a structured request to other organisations to provide information to inform the next iteration of the *National Strategic Assessment*.

2.14. Through some of the systems at the disposal of the NCA and the well-developed network of people and relationships (some of which it inherited from the Serious Organised Crime Agency), we are generally satisfied that the NCA can currently access a good range of information.

2.15. However, when compared with the whole range of opportunities that are available, we consider that the NCA's systems and networks for gathering information are too limited, both in scope and functionality – and we explain why we have reached that conclusion in the section that follows.

Limitations in information gathering capability

2.16. The problems caused by a growth in the scale and speed of internet technologies is highlighted prominently in the *National Strategic Assessment*:

*“[i]f there is a single cross-cutting issue that has changed the landscape for serious and organised crime and our response to it, it is the growth in scale and speed of **internet communication technologies**”.*³⁹

2.17. The opportunities presented by society's growing reliance on the internet and mobile communications in everyday life for intelligence and investigative purposes are commensurate with the enormous volume of activity that already takes place online. And those opportunities are growing. The NCA has identified that this is an area that must be developed.

2.18. We found further, less serious, limitations in a number of other areas. Three of the threat groups that report to the Organised Crime Strategic Governance Group highlighted issues regarding the focus for some intelligence products and the flow of intelligence from certain areas related to serious and organised crime.

³⁸ This is a team within the organised crime command of the National Crime Agency which is responsible for managing the risks presented by certain criminals.

³⁹ *National Strategic Assessment of Serious and Organised Crime 2014*, NCA, 1 May 2014, page 4. See www.nationalcrimeagency.gov.uk/publications/207-nca-strategic-assessment-of-serious-and-organised-crime/file

- 2.19. In all these cases work was underway to improve matters.
- 2.20. We found that certain databases held by other government departments are not routinely available to the NCA.
- 2.21. We also found that many of the intelligence sources from which the NCA can gather intelligence rely on human intervention for gaining access to the data held. This means that automated bulk data ingestion⁴⁰ is not possible.
- 2.22. The number of different information technology systems used by police and law enforcement bodies means that the NCA must undertake multiple manual checks of databases to ensure they have the best intelligence picture. In today's technological age, we are certain that there are more efficient ways of ensuring that the NCA is in possession of all the available intelligence about an individual without having manually to check individual databases.
- 2.23. The same principle applies to intelligence that is gathered for strategic purposes: direct access to databases and automated ingestion of bulk data that has been legitimately obtained would be preferable. This would reduce the burden on police forces and law enforcement bodies that is inevitably created when the NCA seeks to gather intelligence from them.
- 2.24. We also found that the emergence of new technology is inhibiting the NCA's ability (and that of police forces and law enforcement bodies) to gather information.
- 2.25. In summary, we consider that the NCA has a good foundation, through existing relationships and access to information sources. However, to be able to provide the best picture of intelligence possible in order to inform the strategic and tactical response, there is still a substantial way to go to gain access to a wider intelligence set and to provide the tools needed to exploit this.
- 2.26. We were assured that the leaders of the NCA recognise the situation and are taking steps to address the weaknesses.

⁴⁰ In this context, ingestion refers to the ability to absorb data from other information technology systems for analysis.

Storing information

- 2.27. The second part of the NCA's criminal intelligence function is the function of storing information.
- 2.28. In exploring this second area, we expected to find a secure physical environment and information technology infrastructure. These would ensure the storage of information to meet security requirements, thereby allowing the NCA, the police and law enforcement bodies to exploit the information as required.
- 2.29. We note that the NCA has inherited a secure physical environment (including a secure off-site hard copy storage facility) and an information technology infrastructure. These are intended to ensure the storage of information to meet security requirements, thereby allowing the NCA, the police and law enforcement bodies to exploit the information as required.
- 2.30. We found that the NCA information technology storage capability did not sufficiently enable all officers to do their job effectively. One senior manager whom we interviewed stated that: *"history has presented the NCA with a lot of information in the wrong places"*. We agree.
- 2.31. The NCA holds information in various forms. The various corporate record structures that the NCA inherited from its precursor bodies have now been gathered together and, collectively, they represent the NCA's corporate record. As a result, it is not surprising that the corporate record is fragmented and not capable of being used effectively for research and analytical purposes. It is a good example of where the whole is less than the sum of its parts.
- 2.32. We do recognise, however, the NCA's use of the 'Datalab' system which has improved their capability to search and retrieve information from various corporate record systems. This system is explored at paragraph 2.77.
- 2.33. Certain NCA commands maintain stand-alone systems (a legacy from the precursor bodies), which they use exclusively or in addition to knowledge and case management systems. This means that there is potentially a delay in finding and linking information.
- 2.34. We found that there was a lack of knowledge among officers and their managers about who had responsibility for information security, in particular, the oversight of retention and storage of information within teams. We understand that mandatory training arrangements are in place to correct this.

- 2.35. We had sight of the NCA's *Information Management Strategy*.⁴¹ We understand that this is available on the NCA intranet. The strategy is reinforced by policy and procedures, updates from 'senior information risk owners' and e-learning. We were pleased to see the formation of an Information Asset and Systems Working Group. The group's intention is to identify what information the NCA retains and to identify relevant officers to whom responsibility for managing information will be allocated. This group is seeking to provide management oversight of all information to avoid duplication, and to identify information that is no longer needed.
- 2.36. The NCA acknowledges that there are data held which are not readily accessible as part of the corporate record. We acknowledge that this is a problem the NCA inherited. However, we believe it requires attention. We understand that the NCA's 'desktop modernisation programme' is intended to assist in respect of this problem and that a review is planned for hard copy material.
- 2.37. During site visits, we witnessed good practice with regard to the security of information. We saw how officers used personal log-on details and passwords to enter corporate systems and then further access controls before they could interrogate individual databases. Those with whom we spoke were satisfied that they had sufficient access to secure storage and we found evidence of a security culture, for example, a 'clear desk' policy was complied with and enforced.
- 2.38. At one site which we visited, we were informed that security guards conduct sweeps of office accommodation at the end of the working day to ensure safes are locked and papers are cleared away in line with the clear desk policy.⁴² Any breaches are reported to local managers for appropriate action. There was evidence of local meetings being held to review security.
- 2.39. In this inspection we decided not to assess the electronic security of the NCA's computer systems.
- 2.40. We recognise the scale of the task that the NCA has in order to rationalise the information storage issues inherited from its precursor bodies. It is clear that the NCA is devoting efforts to deal with these issues.

⁴¹ *National Crime Agency Information Management Strategy Version 3*, NCA, undated, [Official]

⁴² The policy is intended to reduce the risk of a security breach, fraud or information theft caused by documents being left unsecured.

Processing information

- 2.41. The third part of the NCA's criminal intelligence function is the function of processing information.
- 2.42. In exploring this area, we sought to identify whether the information being gathered and stored by the NCA's various units was being processed efficiently and effectively, that is, whether it was being promptly assessed for its intelligence value and then made available for analysis so that it could be used to contribute to the assessment of threat.⁴³
- 2.43. We looked closely at the NCA's UK financial intelligence unit (part of the economic crime command) because of its critical national function to combat money laundering and because of an impending international evaluation of the UK's approach to this type of criminality.
- 2.44. We also looked at other NCA units which routinely process information to support their functions, and we examined the NCA's progress in improving its approach to information management in this context.

Suspicious activity reports and the UK financial intelligence unit

- 2.45. The United Kingdom financial intelligence unit is the central point for the receipt, analysis and distribution of intelligence arising from suspicious activity reports. These reports are submitted to the NCA when a bank or financial institution suspects that a financial transaction or activity may involve the proceeds or crime, such as money laundering or terrorist financing.
- 2.46. In addition to reporting its suspicions and in order to protect itself from criminal liability, the bank or financial institution will, in some instances, seek the consent of the NCA to allow the transaction to go ahead.
- 2.47. In these cases, the UK financial intelligence unit has seven working days to process the information (for example, by cross-checking the information against available databases). If the financial intelligence unit is unable to reach a decision within the seven days, the reporter is able to proceed with the transaction. If the transaction is found to be worthy of further investigation, consent for it to proceed can be withheld for a further 31 days so that the necessary action can be taken: for example, the freezing of the funds.

⁴³ The definition of 'processing' in the Data Protection Act 1998 encompasses a wider range of activities than we covered in our inspection. The definition includes amongst other things obtaining, recording, holding, carrying out any operation or set of operations including organisation, adaptation or alteration, retrieval, consultation or use, disclosure, alignment, combination, and blocking.

- 2.48. We were informed that the volume of suspicious activity reports now being processed is significantly higher than it was in the time of the Lander Report⁴⁴ and that it is likely to increase.
- 2.49. This inspection has not had the opportunity to examine forensically the demand requirements for the UK financial intelligence unit. However the significant increase in reporting since the Lander Report has not been accompanied by a commensurate increase in staff.
- 2.50. This is compounded by the poor quality of some suspicious activity report submissions. These require additional work by the UK financial intelligence unit to establish whether the suspicions in the report are well-founded.
- 2.51. We found that the NCA was working to improve the quality of suspicious activity reports by issuing guidance to those who draft them, and by streamlining its processing of suspicious activity report information.⁴⁵
- 2.52. Furthermore, we were told that the suspicious activity reports database, known as ELMER, was originally designed in 1998 to deal with approximately 20,000 suspicious activity report notifications each year. It is currently dealing with around 330,000. The database is now reaching the end of its life, which may create risks.
- 2.53. The system is managed as part of the NCA's contract with its information technology provider. Some steps have been taken to address the position (for example, computer servers have been made more resilient). However, we consider the risk of its failure is substantial.
- 2.54. We were reassured, however, by the NCA's description of live-time data matching⁴⁶ that is being used more than it was in the Serious Organised Crime Agency. The approach now being applied involves suspicious activity report data being watched closely for suspicious activity being undertaken by members of high priority groups.⁴⁷

⁴⁴ *Serious Organised Crime Agency – Review of the Suspicious Activity Reports Regime*, Sir Stephen Lander ("the Lander Report"), March 2006, page 39, paragraph 94, see: www.betterregulation.com/external/SOCAtheSARsReview_FINAL_Web.pdf

⁴⁵ *Closure of cases requiring consent v2.0*, NCA, September 2014, see: www.nationalcrimeagency.gov.uk/publications/377-closure-of-sars-cases-requesting-consent/file.

⁴⁶ This is a process by which information is assessed for its intelligence value soon after it is received.

⁴⁷ These are organised crime groups that require the highest level of resourcing and attention. Such groups are identified through a process that involves the NCA collating information from police forces and other law enforcement agencies.

- 2.55. The NCA is fully aware of the weaknesses in its database in this area of its work. The issue has been entered on the Agency's risk register; however, at the time of our inspection, a replacement for the database had not been identified and a system which is in place in other states of the European Union was deemed to be unsuitable for the Agency's needs. We consider that the NCA should invigorate its efforts to find a replacement system.
- 2.56. Directly relevant to the issues surrounding suspicious activity reports is the financial action task force⁴⁸ evaluation of the UK, which is scheduled to take place in 2016. The task force is an inter-governmental organisation, with 36 members, which sets standards in financial matters, such as money laundering and terrorist funding.⁴⁹
- 2.57. The workload in the UK financial intelligence unit and the weaknesses of the database both represent risks to the success of the forthcoming financial action task force evaluation, with the consequent adverse effect on the reputation of the UK financial sector. While responsibility at government level rests with Her Majesty's Treasury and the Home Office, the NCA provides a core part of the UK's response to address money laundering.

Branch information and tactical support units

- 2.58. During our site visits, we met officers working in the NCA's branch information and tactical support units (which are part of the investigations directorate rather than the intelligence directorate). These units provide local intelligence support to operations.
- 2.59. We found evidence that the existing configuration of some of the databases available to them required intelligence to be double-keyed. This is the process by which the same data have to be inputted manually and separately on to each database which should house the data because there is no link between the databases. Were there to be such a link, the data could be uploaded once and then automatically sent to each relevant database. This was leading to inefficiencies in processing intelligence material.

⁴⁸ This is an intergovernmental organisation founded in 1989, the purpose of which is to develop policies to combat money laundering and terrorism financing.

⁴⁹ The task force places an onus on member countries to create a regime and an infrastructure which are compliant with a blueprint that has been agreed by members. The UK government as a member is fully committed to achieving compliance with this. Compliance is tested through an intrusive process of mutual evaluation between member countries and the results are published. A country being evaluated needs to demonstrate that there is appropriate legislation in place and that it has an effective response to the risk of money laundering.

Information Management Maturity Model

- 2.60. The competent handling of information is an important part of the processing. We found evidence that the NCA was improving its approach to information management through its participation in the voluntary assessment process, used by the Home Office to promote efficient and consistent information management, called the 'Information Management Maturity Model'.
- 2.61. During the NCA's shadow-running phase in 2013, the Home Office carried out an independent review of the Serious Organised Crime Agency's approach to information management.
- 2.62. The results of the assessment placed the Serious Organised Crime Agency at level two of five ascending levels of achievement which is summarised as: *"[t]he organisation informs its staff about the value of information and the need to manage it"*.
- 2.63. A more recent assessment of the NCA in 2014 revealed improvements and resulted in the NCA achieving level 3 which is summarised as: *"[t]he organisation provides support and guidance for staff in order to deliver effective information management"*.
- 2.64. We recognise the NCA's good progress in a relatively short period of time.

Analysing information

- 2.65. The fourth part of the NCA's criminal intelligence function is the function of analysing information.
- 2.66. Analysis is the process of collecting, reviewing and interpreting information and developing recommendations based on that process. Analysis is used to identify patterns in information and draw inferences, using appropriate analytical techniques.⁵⁰ It allows operational decision-makers to determine the next tactical steps in an investigation, such as intelligence collection or enforcement, and it supports strategic decision-making, prioritisation and the tactical deployment of resources.
- 2.67. We consider that efficient and effective analysis requires two things: a well-trained and experienced team, capable of analysis including the drawing of inferences from information using their professional judgement; and powerful computer-based analytical tools to help the team in its endeavours. We found very little evidence of the former, but promisingly more of the latter.

⁵⁰ *Analysis*, College of Policing, 2013, see: www.app.college.police.uk/app-content/intelligence-management/analysis

- 2.68. The findings in this section describe limitations in the NCA's analytical capabilities that were inherited from the Serious Organised Crime Agency, but strengths in some areas, principally the capability to analyse some forms of bulk data.
- 2.69. We understand that, previously, the Serious Organised Crime Agency adopted the policy that all staff undertook analysis as part of their daily role and did not have dedicated analysts who maintained competency in their role. As a consequence, the NCA inherited an organisation that had very limited analytical capability.
- 2.70. At the time of our inspection, we found that there was no career structure or training programme for analysts in the NCA. That said, there was some training in analytical techniques for new recruits if they completed the intelligence elements within the Initial Operational Training Programme.
- 2.71. While our inspection was underway, the NCA identified a critical shortage of analysts to support its high priority operations. It responded by conducting a trawl of the operational commands to identify officers that: were trained to use its 'i2' analytical software;⁵¹ had experience of analysing communications data; and were experienced in presenting this as evidence in court.
- 2.72. The results of that exercise were that approximately 300 members of the Agency described themselves as analysts. The trawl identified officers with analytical skills who were not being used in analytical roles.
- 2.73. Those undertaking analytical roles were not always being used to the fullest extent of their expertise. Some described themselves as simply "*data crunchers*" who did not have the time to analyse the data and thereby help to guide operations. The focus in some places was on analysts being used to provide evidential support in court rather than earlier in the process during the investigative stage.
- 2.74. We also spoke to officers supporting operations in branch offices, who were undertaking analytical work, either on a full-time or on a case-by-case basis. Furthermore, the work that they were doing was predominantly on spreadsheets rather than using analytical software applications to make the task efficient.

⁵¹ 'i2' is intelligence analysis software used by the NCA, police and other law enforcement bodies.

- 2.75. The actual number of those who can perform the role of an analyst remains unclear and the NCA needs to determine the number of analysts it requires and have an ongoing plan to provide this capacity and capability. The NCA is working with the College of Policing, government bodies and the police-led Intelligence Professionalisation Programme⁵² in order to do so.
- 2.76. We were advised after the inspection that the NCA Board in September 2014 agreed to the funding for either recruitment or internal training for a number of analysts and researchers.

Datalab

- 2.77. Earlier we mentioned the two principal intelligence databases which are available to most (but not all) NCA officers namely, the corporate knowledge and case management systems. We found that these systems contain some, but not by any means all, of the intelligence available to the NCA. However, we also found that the NCA has inherited, and is making good use of, a team of computer specialists and analysts, and sophisticated computers in its facility called Datalab.
- 2.78. Datalab was established in 2009 by the Serious Organised Crime Agency and has been part of the intelligence directorate since the NCA was formed. Datalab was created to support the technical analysis of data and, by joining up various stand-alone databases to make them capable of being searched, to help the Serious Organised Crime Agency to comply with its disclosure obligations and exploit intelligence. Datalab is a computer facility designed to collect data in one place, process them and then analyse them to produce intelligence products.⁵³
- 2.79. Datalab has evolved into a central point for the exploitation of intelligence,⁵⁴ the production of intelligence analysis and for research and development in effective data processing. Officers working in this area are developing the tools to enhance data processing and analytical capability.
- 2.80. We found that, at the time of our inspection, Datalab had made very good progress in linking the NCA's most vital databases to make them capable of being searched following a request. Expressed in terms of data volume, the

⁵² The Intelligence Professionalisation Programme is a multi-agency programme providing a nationally recognised and accredited career structure for intelligence professionals. It is a collaborative venture between police forces, the College of Policing, NCA, Her Majesty's Revenue and Customs and other agencies with a law enforcement responsibility.

⁵³ Intelligence products provide the analytical interpretation of data.

⁵⁴ In this context, 'exploitation' means deriving the most value from the intelligence that is available.

NCA reports that the ability of its officers to search across databases has increased from approximately 5 percent in 2013 to 87 percent in 2014. The remaining 13 percent, which HMIC understands is around 1.2 million documents, is held in the NCA's supplementary file structure.⁵⁵

- 2.81. NCA officers use the supplementary file structure to store and work with information and intelligence, before placing it on the corporate case management system. This means that there is likely to be a significant quantity of intelligence stored in the supplementary file structure. Although there are technical challenges associated with making the supplementary file structure capable of being searched, we were told these can be readily overcome.
- 2.82. Officers have been requested to perform a review of the data that they hold in the supplementary file structure. Once this is done, the NCA intends to ensure that this structure is capable of being searched. Thereafter, the Agency's officers would have the capability to search far more of its most important data.
- 2.83. Datalab is also able to compare data from other bodies and commercial databases with the NCA's data, looking for links. This provides the opportunity to identify individuals or groups with common criminal links and to assist investigations being undertaken by law enforcement or other organisations⁵⁶ as shown in the examples below. To do this, Datalab can 'ingest' the data from the supplier, to 'relevancy test' it against NCA internal data. These comparison exercises can be routine or on a case-by-case basis and we set out two examples.
 - Since November 2013, Datalab has been comparing all applications and renewals data from the Disclosure and Barring Service (formerly known as Criminal Records Bureau) against NCA data. In future, this will amount to around four million checks per year.
 - In May 2014, Datalab compared the UK Missing Persons Bureau central database with NCA data and found 92 individual matches. This led to 30 new leads which were suitable for further investigation and enabled 6 cases to be closed.

⁵⁵ This is the computer memory used by NCA officers to store information.

⁵⁶ There are a number of agencies that are not within the traditional law enforcement community but have an investigatory role.

2.84. We were encouraged to learn that the Agency recognises that the capability needs further expansion and, in particular, to add some of its more sensitive data. This will be progressed in part through its Matrix project. In addition, exploratory work is underway to include, among other data, the full range of sensitive intelligence held in the databases relating to lawful interception material and communications data. The potential benefits of such an approach should not be underestimated.

Identification of high priority groups

2.85. At the time of our inspection, the NCA, police forces and law enforcement bodies had identified 5,512 active organised crime groups which have an effect on the UK, comprising 38,875 members.⁵⁷

2.86. We found that, in order to focus efforts against the greatest serious and organised crime threats, the NCA, police forces and law enforcement bodies had adopted a process by which organised crime groups displaying certain characteristics are treated as high priority groups. Applying that process had led to the identification of 48 high priority groups across the UK.⁵⁸ In each instance, one police force or law enforcement body has assumed lead responsibility for pursuing a group.

2.87. In June 2014, the NCA had lead responsibility for the investigation of 22 of the UK's 48 high priority groups, the greatest number of any police force or law enforcement body.

2.88. The identification of high priority groups is an important analytical function. This is because of the need to perform the crime-reduction function efficiently and effectively, and because of the high level of resourcing and attention that high priority groups attract.

2.89. We were keen to understand how sophisticated the approach was, and whether the right groups were being identified.

2.90. The process is logical, but it would be significantly enhanced by a more sophisticated intelligence analysis capability in the NCA.

⁵⁷ [Quarter] 2 2014 *Statistics National Organised Crime Group Mapping Database version 1.0*, NCA, 10 August 2014, page 4, [Official-Sensitive]

⁵⁸ The exact number of high priority groups changes on a monthly basis, based on the intelligence assessment. There were 48 on 26 June 2014.

- 2.91. We found that the inherited computer system at the organised crime co-ordination centre⁵⁹ which was designed to support the identification of high priority groups was slow in conducting the required searches to inform the analysis. We found that a proposal is in place to improve intelligence searches using the Police National Database.
- 2.92. This is being progressed through the relevant decision-making boards but it is still at the discussion stage without any firm timescales for implementation.
- 2.93. Overall, we have formed the view that the NCA's analytical capability is not sufficient, in its present form, to support the improvements needed for the Agency to realise its ambition to have the best picture of serious and organised crime.
- 2.94. We acknowledge that this is recognised by the NCA Board and that steps are being taken to improve this situation.

Disseminating information

- 2.95. The fifth part of the NCA's criminal intelligence function is the function of disseminating information.
- 2.96. The terms 'intelligence' and 'information' are often interchanged but, for the sake of clarity, we consider that intelligence is information which is assessed to have intelligence value. However, part of the statutory function under section 1 of the Crime and Courts Act 2013 is to disseminate information.
- 2.97. The NCA and police forces (and other designated government bodies) are under a statutory duty to keep each other informed of information held that appears to be relevant to the operation of the other body.⁶⁰
- 2.98. The NCA Commitment to working in partnership with UK Operational Partners says:

“the NCA must maintain close, collaborative and productive relationships... Subject to protective security and legal requirements, all these relationships must be facilitated by intelligence-sharing and transparency regarding NCA priorities and how these are being delivered.”⁶¹

⁵⁹ This is a multi-agency team within the NCA intelligence directorate that manages the organised crime group mapping process.

⁶⁰ Schedule 3, Crime and Courts Act 2013, paragraphs 3-6

⁶¹ *The NCA Commitment to working in partnership with UK operational partners Version 1.0*, NCA, March 2014, page 9, Annex B, paragraph 2, see: www.nationalcrimeagency.gov.uk/publications/178-the-nca-commitment-to-working-in-partnership-with-uk-operational-partners/file

- 2.99. We were looking for evidence that there are effective mechanisms for the dissemination of relevant intelligence.
- 2.100. We found that such mechanisms exist: daily briefing meetings between the NCA and police; the national tasking process (which is explored in chapter five of this report); and the relationships which exist through the strategic governance groups and their underlying threat groups, which we examine at paragraph 3.54.
- 2.101. We were pleased to see that the engagement between officers in the NCA, regional organised crime units and other organisations externally was effective. This represents a significant improvement since the NCA came into being.
- 2.102. In the response which we received from chief police officers we were told that there was much greater openness and transparency compared with the Serious Organised Crime Agency. The willingness of the NCA to improve was also very apparent.
- 2.103. It was clear that, in the majority of regions where the NCA has officers embedded within the regional organised crime units, respondents considered the arrangements for dissemination of intelligence to be satisfactory.
- 2.104. However in three of the nine regions, including two where NCA officers were not embedded within the regional organised crime units, respondents considered that the arrangements for dissemination of intelligence required improvement. Respondents suggested that there was a lack of interaction between staff, cumbersome arrangements and little sharing of intelligence.
- 2.105. A good example of how the NCA (in this case, the child exploitation and online protection command) provided the national co-ordinating point for a large investigation was Operation Notarise (explored as a case study at paragraph 3.88). This involved disseminating intelligence to police forces for them to take the necessary action with regard to their local suspects.
- 2.106. Building on this more open relationship, and in contrast to the comments from some police regions, we found substantial evidence that the NCA is actively disseminating intelligence and exchanging information with international bodies through, for example, the UK financial intelligence unit and the national cyber crime unit.

- 2.107. The NCA has also built on earlier work by the Serious Organised Crime Agency which has led to continued successes in the dissemination of intelligence to other countries and the arrest of UK criminals abroad.⁶²
- 2.108. Strategic intelligence products, which set out the extent of the threat that serious and organised crime poses to the UK, were a mainstay of the Serious Organised Crime Agency. These are now produced by the NCA's intelligence directorate, which brings together material from individual strategic governance group members and other bodies.
- 2.109. We were encouraged to find that the NCA has introduced an approach that actively encourages a dialogue to ensure that intelligence assessments are as accurate as possible in describing the threat.
- 2.110. Those with whom we spoke acknowledged the need for more consistency in the nature of dissemination through the intelligence products used in the *National Intelligence Model* process, that is, the tactical assessments produced for the 'agency delivery meetings'⁶³ and National Tactical Tasking and Co-ordination Group meetings⁶⁴. However, we are aware that there is ongoing development and we were advised that, after the inspection ended, the tactical assessments produced for these meetings will become a single document.
- 2.111. We found good evidence of the NCA's leadership role in making intelligence available to police forces and to law enforcement bodies.
- The NCA passes intelligence to police forces and child protection services about 'at risk' children who come to its attention.
 - The NCA has provided a total of 73 police forces and other organisations an analytical software tool called 'Arena' to be used by financial investigators in relation to the data in suspicious activity reports.

⁶² Working with Crimestoppers, the NCA has continued with Operation Captura (Spain), Operation Return (Netherlands) and Operation Zygos (Cyprus). See www.nationalcrimeagency.gov.uk/campaigns/most-wanted-hub/operation-captura-spain

⁶³ This is the most senior internal tasking meeting within the NCA, held every four weeks. It is normally chaired by the Deputy Director General and attended by directors. It is responsible for ensuring that tasked activity across the Agency is being directed against those threats identified within the *National Control Strategy*.

⁶⁴ This is the most senior external tasking meeting within the NCA, held every eight weeks. It is normally chaired by the Deputy Director General and attended by directors of commands, senior police and law enforcement leads. It is responsible for ensuring that national resources are aligned against the threats identified within the *National Control Strategy*.

- The NCA disseminates intelligence about high risk offenders to regional organised crime units and police forces through its Centurion team.⁶⁵
- The NCA shares intelligence and works collaboratively with officers from both border policing command⁶⁶ and Border Force⁶⁷ in the joint border intelligence units.

2.112. NCA officers can and do disseminate intelligence outside the NCA. However, we established that there is no single gateway for intelligence leaving the Agency.

2.113. We were assured that these risks are recognised by the intelligence directorate. Improved information technology will lie at the heart of a longer-term solution.

2.114. Overall, there was encouraging evidence in the form of structures and engagement with stakeholders which shows that dissemination is taking place and that the NCA is meeting the intelligence-sharing aspect of its commitment to working with other organisations.⁶⁸ The good examples of how intelligence sharing has led to operational success and the dialogue with stakeholders to identify areas for improvement were all encouraging.

2.115. However, there is a need for the NCA to improve the way it monitors the intelligence it disseminates to others.

⁶⁵ This is a team within the organised crime command of the National Crime Agency which is responsible for managing the risks presented by certain criminals.

⁶⁶ This is a command of the NCA that is responsible for leading, supporting and co-ordinating effort to tackle serious and organised crime threats both overseas and at the UK border.

⁶⁷ This is a law enforcement command within the Home Office which is responsible for securing the border by carrying out immigration and customs controls for people and goods entering the UK.

⁶⁸ *The NCA Commitment to working in partnership with UK operational partners Version 1.0*, NCA, March 2014, page 4, paragraph 8, see: www.nationalcrimeagency.gov.uk/publications/178-the-nca-commitment-to-working-in-partnership-with-uk-operational-partners/file

The National Crime Agency's crime-reduction function

Introduction

- 3.1. In this chapter, we examine how well the NCA is discharging its crime-reduction function. Because of the importance of understanding exactly what that term covers, we have reproduced below in full the relevant text of the Crime and Courts Act 2013.

Section 1(4) Crime and Courts Act 2013

“The NCA is to have the function (the “crime-reduction function”) of securing that efficient and effective activities to combat organised crime and serious crime are carried out (whether by the NCA, other law enforcement agencies, or other persons).

Section 1(6)-(10) Crime and Courts Act 2013

“The NCA must discharge the crime-reduction function in the following ways (in particular).

The first way is by the NCA itself –

- (a) preventing and detecting organised crime and serious crime,*
- (b) investigating offences relating to organised crime or serious crime, and*
- (c) otherwise carrying out activities to combat organised crime and serious crime, including by instituting criminal proceedings in England and Wales and Northern Ireland.*

The second way is by the NCA securing that activities to combat organised crime or serious crime are carried out by persons other than the NCA.

The third way is by the NCA securing improvements –

- (a) in co-operation between persons who carry out activities to combat organised crime or serious crime; and*
- (b) in co-ordination of activities to combat organised crime or serious crime.*

The crime-reduction function does not include –

- (a) the function of the NCA itself prosecuting offences; or*
- (b) the function of the NCA itself instituting criminal proceedings in Scotland.”*

3.2. We looked for evidence that showed how efficient and effective the NCA was in undertaking the statutory requirement of the crime-reduction function and focused on the following areas during the inspection, namely:

- detection, investigation and criminal proceedings;
- crime prevention; and
- securing activities by others and improvements in co-operation and co-ordination.

3.3. Our findings with regard to these three areas are outlined in the following sections.

Detection, investigation and criminal proceedings

3.4. This aspect of the NCA's crime-reduction function is closely aligned with the 'pursue' theme of the *Serious and Organised Crime Strategy*.⁶⁹

3.5. The *Blueprint* for the NCA states that the Agency will:

*"pursue those who commit serious and organised crime across regional, national and international borders through all possible enforcement options, using the full powers of the State to detect, investigate, and disrupt criminality at the earliest possible stage, and bringing to justice those responsible."*⁷⁰

3.6. The pursue responsibilities have been emphasised by the Home Secretary in the Strategic Priorities for the NCA:

*"[t]he first priority of the Serious and Organised Crime Strategy is the highest priority for the NCA: to identify and disrupt serious and organised crime including by investigating and enabling the prosecution of those responsible ('Pursue')."*⁷¹

⁶⁹ *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, page 27, chapter 4, see:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

⁷⁰ *NCA Blueprint Version 3.1*, NCA, 30 September 2013, page 2, paragraph 12, [Protect]

⁷¹ *National Crime Agency Annual Plan 2014/15*, NCA, 31 March 2014, page 5, see: www.nationalcrimeagency.gov.uk/publications/176-nca-annual-plan-2014-15/file

- 3.7. As a result of the importance of this priority, we expected to find a significant proportion of the NCA's resources dedicated to activities concerned with the investigation and prosecution of organised criminals.
- 3.8. This was the case with the highest proportion of staff being allocated to investigations. The other commands play a significant role in supporting investigations and the breakdown of the number of officers can be seen within the resourcing and expenditure chapter (paragraph 4.6).
- 3.9. The College of Policing describes investigation as: "*a rigorous search for material to bring an offender to justice*".⁷² We searched for evidence that this was happening by examining how the NCA has:
- conducted criminal investigations;
 - invested in the investigative capacity and capability to respond to demand; and
 - provided the equipment and information technology that NCA officers need to do their job.

Criminal investigations

- 3.10. We found that the NCA was conducting a total of 609 criminal investigations.⁷³
- 3.11. The nature of the NCA's work means that, although an investigation is 'owned' by a specific command or directorate, it will usually involve support from elsewhere in the NCA and from other bodies.
- 3.12. Complex investigations can, and often do, take years. While 394 of the 609 NCA's investigations can be traced back to the Serious Organised Crime Agency, over 35 percent of the current investigations have started since the creation of the NCA.
- 3.13. The NCA's investigations are at various stages of development: some are at an early stage of covert intelligence-gathering to identify suspects and opportunities to disrupt the organised crime group; others have reached the stage of criminal proceedings. Some cases, (particularly those in the economic crime command) have already resulted in convictions and are currently the subject of confiscation proceedings. As we indicated earlier, in June 2014, the NCA had lead responsibility for the investigation of 22 of the UK's 48 high priority groups.

⁷² *College of Policing Authorised Professional Practice*, September 2014, see: www.app.college.police.uk/app-content/investigations/?s

⁷³ source: NCA data supplied to HMIC on 3 September 2014

- 3.14. Officers told us of a very high degree of supervision and management oversight with regard to investigations into high priority groups. It was clear to us that these groups were being prioritised in terms of the resources that were allocated to their investigation. Also, the investigation teams had good access to support services, for example, intelligence development.
- 3.15. As a result of our findings, we are satisfied that the NCA has prioritised its investigations appropriately and we are particularly assured by the extent to which it has initiated investigations in tandem with pursuing those which it inherited from the precursor bodies.

Investigative capacity

- 3.16. Having established the scale of ongoing investigations, we went on to examine the NCA's investigative capacity.
- 3.17. We considered the make-up of the workforce in terms of the various investigative powers which its officers have. The NCA has 4,587 employees,⁷⁴ 85 percent of whom the NCA reports as being in operational roles.
- 3.18. A total of 1,985 NCA officers have specific investigative powers: 1,879 of them are given the triple designated powers of a customs officer, constable and immigration officer;⁷⁵ the small remainder have some of those individual powers (for example, police secondees who temporarily join the Agency already have the powers of constable) as well as powers under proceeds of crime legislation.⁷⁶
- 3.19. For NCA officers the powers are granted on the basis of need and therefore it is for the Agency to determine which powers should be given and to whom. During our inspection, and especially within the investigation directorate, we did not find any evidence that any officer lacked the requisite power to do his or her job.
- 3.20. Therefore, we would conclude that the large number of officers granted the powers outlined provides the NCA with a significant crime-fighting capacity.

⁷⁴ Source: NCA human resource data supplied to HMIC on 4 August 2014

⁷⁵ Source: NCA data supplied to HMIC on 12 June 2014

⁷⁶ Court liaison officers have the powers of a customs officer for the purposes of sections 295 and 298 of Proceeds of Crime Act 2002. Under section 295 this power is to make an application to a magistrate's court for extension of the period during which seized cash may be retained and under section 298 to make an application to a magistrate's court for forfeiture of cash detained under section 295.

Communications data

- 3.21. The exploitation of communications data is a fundamental tactic used by the NCA, police forces, law enforcement bodies and the security and intelligence agencies to gather intelligence and evidence in the investigation of crime.⁷⁷
- 3.22. We are concerned about the NCA's capacity to collect communications data during periods of extraordinary demand. We understand that this occurred mainly during a large-scale investigation into a substantial number of individuals suspected of sharing indecent images of children across computer networks (Operation Notarise: paragraph 3.88). Communications data were obtained concerning the suspects' computers, in order to identify them and where they lived. This was a necessary step before the NCA could allocate the case to the suspects' local police forces for their officers to make arrests
- 3.23. History has shown that large-scale investigations of this nature do occur from time to time. It is likely that, in the future, the NCA, a police force or law enforcement body is likely to face an extraordinary demand for communications data.
- 3.24. When such a demand arises, there should be scope for the burden to be shared. If this were to happen, then no single organisation's communications data capacity would be adversely affected. Access to communications data for ongoing investigations should be secured from the combined national capability when there is insufficient capacity in any single organisation due to exceptional demand.
- 3.25. We understand that a shared arrangement of this nature would require amendments to existing legislation.⁷⁸

⁷⁷ Such data concern phone and internet use, the acquisition of which is governed by the Regulation of Investigatory Powers Act 2000 Part I Chapter II (sections 21 to 25). This includes traffic and service data and subscriber information, colloquially known as, the 'who', 'when' and 'where' of a communication but not the content - what was said or written. In this context, 'communications data' does not include information about the use of postal services.

⁷⁸ section 22, Regulation of Investigatory Powers Act 2000

Recommendation 1

By 30 November 2015, the NCA, working with the Home Office, police forces, law enforcement bodies and the security and intelligence agencies, should investigate opportunities for sharing communications data capacity and determine whether it would be feasible, in law and in practice, to do so. If it is determined that sharing communications data capacity would be feasible, such arrangements should be established and begin operation as soon as possible thereafter.

Investigative capability

- 3.26. We moved on to consider the NCA's investigative capabilities. The Agency inherited a range of capabilities from the precursor bodies. They are detailed in the *NCA Blueprint* and comprised: surveillance; financial investigation; open source⁷⁹; advanced suspect interviewing; witness management; exhibits handling; searching; evidential analysis; and case preparation. These capabilities are supported by various other functions such as: forensics and armed support.⁸⁰
- 3.27. The scope of our inspection did not allow for each specific capability (outlined in the previous paragraph) to be examined in depth. However, we did have significant access to the NCA's investigative teams, which allowed us to explore the range of capabilities that were inherited, and identify relevant strengths and weaknesses. These are discussed in this section.
- 3.28. We found that the NCA is building upon the capabilities and support functions which it inherited and is developing its capability to tackle cyber-crime.
- 3.29. An example of its success in this area can be found in one of its recent operations.

⁷⁹ Open source is the capability to make use of material that is openly available to anyone (usually via the internet as its source), for investigative and intelligence gathering purposes.

⁸⁰ *NCA Blueprint Version 3.1*, NCA, 30 September 2013, page 13, paragraph 3.1, [Protect]

Case study: Operation Dermic

Operation Dermic is an NCA-led and internationally co-ordinated investigation into purchasers of Blackshades. This is a form of malicious software, known as ‘malware’ – a high priority threat within the *National Control Strategy*.⁸¹

Blackshades allows criminals to install programs remotely on victims’ computers without the latter knowing. The criminals then take control of the victims’ computers. This enables them to obtain the personal information stored in the computer memory, to control webcams, to take screen shots and to send unsolicited on-screen messages to victims. They may also steal victims’ usernames and passwords and use the victims’ computers as part of co-ordinated attempts to interfere with other online services.

The United States Federal Bureau of Investigation shared intelligence relating to Blackshades with several European Union countries, including the UK. The NCA co-ordinated a large-scale ‘pursue’ and ‘prevent’ campaign against the identified suspects.⁸² NCA officers met law enforcement teams from the United States of America and European Union member states, including The Netherlands, France, Germany, and Finland. The team also worked with Europol.⁸³

The national cyber crime unit agreed to coordinate activity with the regional organised crime units, the Metropolitan Police Service and Police Scotland to arrest key suspects on the same week. Enforcement action took place in 11 countries simultaneously. This included disabling the domain in the United States of America that underpinned the Blackshades malware. Globally, 97 arrests took place, including 21 in the UK.

The national cyber crime unit then co-ordinated a programme of Prevent activity with the same UK partners. This included sending about 500 letters and emails and visiting 80 individuals who had purchased the malware to warn them of the consequences of using it for criminal purposes. The aim was to deter these individuals from becoming involved in cyber crime.

⁸¹ The *National Control Strategy* is produced by the National Crime Agency and agreed by the National Strategic Tasking and Co-ordinating Group. The strategy is intended to enable the Agency and other organisations (through a shared understanding of the threats outlined in the *National Strategic Assessment*) to achieve a consistent response to serious and organised crime.

⁸² See *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, chapters 4 and 5 for a description of ‘pursue’ and ‘prevent’.

⁸³ Europol is the European Union’s law enforcement agency based in The Hague. Europol’s main goal is to help to achieve a safer Europe for the benefit of its citizens.

- 3.30. We consider that this is a good example of the NCA's capability as it demonstrates its ability to understand an emerging threat (a high priority within the *National Control Strategy*) and co-ordinate the response to deal with those involved.
- 3.31. We then considered the investigative capabilities which the NCA is not designed to provide. The *NCA Blueprint*⁸⁴, *Commitment to working in partnership with UK Partners*⁸⁵ and *Annual Plan 2014/15*⁸⁶ collectively describe an organisation that is focused on tackling the threat and not waiting to react to its consequences, and we found this to be the case: the NCA's core investigative capability is proactive rather than reactive.
- 3.32. When a major reactive investigation was adopted (during the shadow-running stage in 2013), it required the NCA to identify officers trained in using the Home Office Large Major Enquiry System (HOLMES) and computers.
- 3.33. Although the NCA's limited capability in this area is largely consistent with the NCA's remit in respect of serious and organised crime, it could be problematic if the Agency needs to use the system frequently. We expect the position to be monitored by the National Strategic Tasking and Co-ordinating Group⁸⁷ in order to ensure that the Agency's need for this capability does not create unreasonable burdens on police forces which may need to supply HOLMES teams and equipment.

⁸⁴ *NCA Blueprint Version 3.1*, NCA, 30 September 2013, [Protect]

⁸⁵ *The NCA Commitment to working in partnership with UK operational partners Version 1.0*, NCA, March 2014, see: www.nationalcrimeagency.gov.uk/publications/178-the-nca-commitment-to-working-in-partnership-with-uk-operational-partners/file

⁸⁶ *NCA Annual Plan 2014/15*, NCA, 31 March 2014, see: www.nationalcrimeagency.gov.uk/publications/176-nca-annual-plan-2014-15/file

⁸⁷ The National Strategic Tasking and Co-ordination Group is chaired by the NCA Director General and meets every six months. The group's membership is composed of senior leaders from the police and other organisations. The group's role is to: agree the *National Strategic Assessment*; set the *National Control Strategy*; set the *National Intelligence Requirements*; and direct the work of the strategic governance groups.

Equipment and information technology

- 3.34. A significant aspect of investigative capability concerns the equipment which the NCA has at its disposal in order to conduct its investigations. Some investigations rely on more traditional methods, such as the capability to use surveillance tactics. Other investigations rely on more modern techniques, such as the capability to investigate complex, international cyber-crimes or to examine large volumes of computer data in order to find evidence, which the suspect may have thought that he or she had successfully put beyond the reach of the authorities.
- 3.35. We considered whether the NCA officers had the necessary equipment to carry out their jobs. This revealed a very mixed picture. We found some examples of highly-sophisticated equipment being put to good use, but in general the NCA needs to improve its information technology provision.
- 3.36. We visited three offices of the NCA's investigations directorate and examined the technical support equipment. Officers told us that, generally, the technical support equipment which they had was both sufficient and of good quality. We agree.
- 3.37. We were pleased to find that the NCA has some of the latest surveillance equipment available to support investigations.
- 3.38. We found that, in this respect, the NCA is ahead of police forces and is making this capability available to support police and law enforcement bodies.
- 3.39. Equipment of this kind often uses the most modern and sophisticated technology and this makes it expensive. The day-to-day need for such equipment varies across the NCA and so we would expect it to be shared.
- 3.40. We found that the NCA did not have a centralised database for the equipment held by their technical support units. Each technical support unit operates a stand-alone system. We were told that this is due to the sensitivity of the information held on the local databases concerning the technical equipment itself.
- 3.41. However, this means that NCA officers have to contact other teams to establish whether they have a specific piece of equipment that the former needs and, if so, whether it is available. This seems an out-dated approach and one which needs to be swiftly addressed. We understand that the NCA is doing so.

- 3.42. We were told that a business case to install a networked system on all sites is under consideration. In terms of efficiency, it is important that NCA officers are able to establish easily the availability of equipment and thereby aid timely deployment.
- 3.43. Information technology as part of investigative capability was another area that we found lacking.
- 3.44. Generally, when considering information technology issues, we found that the officers within the investigations directorate (and other NCA officers) are not connected with the outside world appropriately, even when in the office. We learned that very few officers could routinely access the internet from their desktop computers. Instead, they had to make use of stand-alone computers.
- 3.45. During our site visits, we were shown the NCA's operational support capability and a demonstration of their equipment used during a training exercise on one site.
- 3.46. We found that the operational support capability was well equipped and its ability to support surveillance activities was assessed as a significant benefit by operational teams.
- 3.47. However, we also found that this capability was not always maximised, because of internet connectivity problems within the branches. If the NCA is to realise its vision, it must improve significantly its information technology provision
- 3.48. After the inspection ended we were informed that a planned programme for the introduction of desktop internet access and improved mobile devices had commenced.
- 3.49. Although, the NCA has some excellent technology at its disposal as part of its investigative capability, it is some of the most basic equipment (that is taken for granted in private industry, the police and parts of law enforcement), such as mobile data and internet connectivity, which is inhibiting the effectiveness of its investigations. We acknowledge the technical problems associated with maintaining the high levels of information security that are required for the handling of sensitive intelligence, but believe these need to be overcome.⁸⁸

⁸⁸After the inspection had ended HMIC was advised that the NCA has since made good progress in introducing new computer functionality, which we then saw in use. The NCA's 'modernised desktop' enables NCA officers to access sensitive material (including material that is classified as 'secret') held on the corporate network, external organisations' computer applications and the internet. Importantly, users can access this material from single desktop computers – they no longer have to rely on separate computers for access to different classes of material, which was the norm at the time of the inspection. We consider that this development is likely to contribute to a significant improvement in

Crime prevention

- 3.50. The second aspect by which we sought to identify how efficient and effective the NCA is in undertaking its crime-reduction function concerns its approach to crime prevention.
- 3.51. As one of the four themes in the government's CONTEST Strategy,⁸⁹ 'prevent' has become commonly linked with activity to tackle radicalisation – challenging extremist ideas that are conducive to terrorism.⁹⁰
- 3.52. However, in the *Serious and Organised Crime Strategy*, preventing people from engaging in serious and organised crime has a broader emphasis. The Strategy's objectives are to:
- i. Deter people from becoming involved in serious and organised crime by raising awareness of the reality and consequences*
 - ii. Use interventions to stop people being drawn into different types of serious and organised crime*
 - iii. Develop techniques to deter people from continuing in serious and organised criminality*
 - iv. Establish an effective offender management framework to support work on Pursue and Prevent.*⁹¹
- 3.53. We examined two important areas:
- the NCA-led strategic governance arrangements that are in place to convert the 'prevent' (and other) objectives of the *Serious and Organised Crime Strategy* into tangible preventive action by the NCA, police forces and law enforcement bodies; and

efficiency and effectiveness. The NCA intends that the modernised desktop will be available to all its UK-based officers by the end of summer 2015.

⁸⁹ *CONTEST: The United Kingdom's Strategy for Countering Terrorism*, HM Government, July 2011, Cmnd 8123, see: www.gov.uk/government/uploads/system/uploads/attachment_data/file/97995/strategy-contest.pdf

⁹⁰ *Op cit*, page 59, paragraph 5.3

⁹¹ *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, Page 45, see: www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

- the NCA’s preventive activity, compared with the ambition set out in the *NCA Blueprint*.⁹²

NCA-led strategic governance arrangements

3.54. The NCA leads a set of strategic governance arrangements that are intended to help the NCA and other organisations to work together to tackle serious and organised crime. The arrangements include a series of ‘strategic governance groups’ - composed of directors and senior leaders from various organisations that work with the NCA.⁹³ These groups oversee the work of more junior staff from these organisations, who collaborate via ‘threat groups’.

3.55. The NCA’s *Annual Plan 2014/15* describes how these arrangements are expected to operate.

“Using the National Control Strategy, the National Strategic Tasking and Co-ordination Group... allocates threats and cross cutting issues to multi-agency Strategic Governance Groups... The [Strategic Governance Groups] chaired by NCA Directors and supported by specialist threat groups, where necessary, will produce a Strategic Action Plan to describe the activity to be undertaken by the NCA and its partners to mitigate the threats and risks. Each Strategic Action Plan will align with the Government’s Serious and Organised Crime Strategy, outlining the activity against each of the 4Ps (Pursue, Prevent, Protect, and Prepare).”⁹⁴

3.56. We looked for evidence of the NCA’s preventive activity in the way these groups worked and in what was written in their underpinning ‘strategic action plans’. During the course of our inspection, we observed two strategic governance group meetings (an economic crime strategic governance group meeting and an organised crime strategic governance group meeting).

3.57. We found that these groups were at an early stage of development, but that there was a clear commitment from both the NCA and other organisations in attendance to work together on shared priorities.

⁹² *NCA Blueprint Version 3.1*, NCA, 30 September 2013, [Protect]

⁹³ There are five strategic governance groups, overseen by: the directors of the economic crime; organised crime; border policing; and child exploitation and online protection commands; and the national cyber crime unit. Threat groups (which report to the strategic governance groups) have been created under each strategic governance group to tackle significant and varied threats. For example, under the organised crime strategic governance group there are threat groups, each chaired by a senior subject matter lead in the following areas: prisons and lifetime management; organised immigration crime; organised acquisitive crime; firearms and drugs.

⁹⁴ *NCA Annual Plan 2014/15*, NCA, 31 March 2014, page 9, see: www.nationalcrimeagency.gov.uk/publications/176-nca-annual-plan-2014-15/file

- 3.58. Part of the process for developing these groups is to agree priorities and determine the most appropriate and relevant organisations that should be members. At the economic crime strategic governance group we attended, four priorities were proposed by the NCA director who chaired the meeting and they were agreed by the group. At the organised crime strategic governance group we attended, it was suggested that membership of the group should be broadened to include the Solicitors Regulation Authority, but action was not identified to progress this decision.
- 3.59. We also examined 11 documents supplied by the NCA that related to the strategic governance groups' underlying threat groups – these were entitled 'strategic action plans'. All except two documents were structured around the themes of the *Serious and Organised Crime Strategy*.
- 3.60. They contained descriptions of a wide range of activity, some at an exploratory stage and some already underway, at both national and international levels. There were indications of preventive work in some of the action plans. Overall, we consider that the strategic action plans in place represent good evidence of the commitment by the NCA and a range of organisations to incorporate the objectives of the *Serious and Organised Crime Strategy* within their planning.
- 3.61. However, we also noted that not all the strategic action plans included: updates on the status of each of the actions; clear timescales for completion; and the name of each person responsible for completion of a specific action. These details ought to be included for each specific action in all the strategic action plans. If not, there is a danger that, without someone being identified in the plan as responsible and without a deadline to which to work, the actions themselves will either be delayed or not carried out at all.
- 3.62. A recurrent issue, reported by the chief officers whom we consulted, concerned "*some overlap and confusion*" and "*conflicting outcomes*". This related to the business being progressed by the strategic governance groups, their related threat groups and other similar groups that are convened by the Association of Chief Police Officers and the College of Policing.
- 3.63. We understand this to be a problem caused by inadequate co-ordination of tasks across the various organisations involved, resulting in unintentional duplication of the work.

- 3.64. Following our inspection, it was announced that the Association of Chief Police Officers will be replaced in 2015 by a new co-ordinating body to be called the National Police Chiefs' Council. This new body will be led by an independent chief constable, who has been appointed and will assume responsibility as chair of the National Police Chiefs' Council in April 2015. A range of co-ordination committees is being designed to replace the business area structure.⁹⁵
- 3.65. The relationship between the NCA-led strategic governance groups and the forthcoming National Police Chiefs' Council-led co-ordinating committees needs to be addressed, as does the absence of detail in some of the strategic action plans.

Recommendation 2

By 31 March 2015, the NCA Director General and the National Policing Lead for the Crime Business Area, in conjunction with other National Strategic Tasking and Co-ordination Group members and the College of Policing, should define roles and responsibilities for the strategic governance groups and co-ordinating committees, in order to ensure that accountability for performance is clear and that the potential for duplication of effort is removed.

Recommendation 3

By 31 March 2015, strategic governance group chairs should renew and, if necessary, amend all their strategic action plans so that each person responsible for completion of a specific action is named in the plan, deadlines are set for each action, and written progress updates are provided by each person responsible for completion of a specific action, at least quarterly.

Recommendation 4

By 31 March 2015, the NCA Director General, as chair of the National Strategic Tasking and Co-ordination Group, should establish and begin operation of an adequate system for monitoring progress against each strategic action plan.

⁹⁵ See: www.acpo.presscentre.com/Press-Releases/Update-on-ACPO-future-308.aspx.

The National Crime Agency's preventive activity

3.66. In addition to the strategic governance arrangements described in the *NCA Annual Plan 2014/15*⁹⁶, covered earlier, we found further evidence of the Agency's preventive activity: the *NCA Blueprint*⁹⁷ describes how the NCA intends to discharge the preventive element of the crime-reduction function and adopt the 'prevent' theme of the *Serious and Organised Crime Strategy*⁹⁸.

"The NCA will disrupt and prevent serious and organised crime by understanding how criminals operate. Using this knowledge, the NCA will identify opportunities to exploit weaknesses in criminal systems, work with relevant partners to develop non-traditional approaches to traditional and emerging crime types, and ensure lifetime management of criminals in some cases.

The NCA will, particularly in the areas of child exploitation and economic crime, seek to raise awareness and educate the public about the threat of serious and organised crime in order to change public behaviour and reduce risk.

*The NCA will also work with partners in industry to identify opportunities to build knowledge and target harden, and will develop and disseminate alerts to a range of partners, thereby denying opportunities and disrupting serious and organised crime."*⁹⁹

3.67. The *NCA Blueprint* also describes a need for the "lifetime management" of some criminals.¹⁰⁰ Thus, the *NCA Blueprint's* description of the NCA's preventive capabilities formed the basis of our expectations concerning the Agency's activities.

3.68. We found that preventive efforts were especially evident in the child exploitation and online protection command, the national cyber crime unit, the economic crime command, and the organised crime command.

⁹⁶ *NCA Annual Plan 2014/15*, NCA, 31 March 2014, see:

www.nationalcrimeagency.gov.uk/publications/176-nca-annual-plan-2014-15/file

⁹⁷ *NCA Blueprint Version 3.1*, NCA, 30 September 2013, [Protect]

⁹⁸ *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, page 45, chapter 5, see:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

⁹⁹ *NCA Blueprint Version 3.1*, NCA, 30 September 2013, page 15, paragraph vii, [Protect]

¹⁰⁰ *Op cit*, page 15, paragraph vii

3.69. The four examples which follow – one drawn from each of the commands identified above – demonstrate that the NCA is working to raise awareness and educate the public in order to deny opportunities to criminals – all requirements in the *NCA Blueprint* and consistent with the ‘prevent’ and ‘protect’ themes of the *Serious and Organised Crime Strategy*.

The child exploitation and online protection command - ‘Thinkuknow’

3.70. This example is based on the child exploitation and online protection command’s ThinkuKnow online learning resources.¹⁰¹ We were told that approximately 5,000 people (mainly teachers, law enforcement personnel and other professionals) have completed the ThinkuKnow ‘ambassador’ course. This course covers areas such as offender behaviour, risk-taking by young people online, and school and organisational responses to the threat on online child exploitation. We were encouraged to learn that Thinkuknow resources have been seen 18 million times since the start of the Thinkuknow programme, with over 100,000 professionals registered to access educational resources.

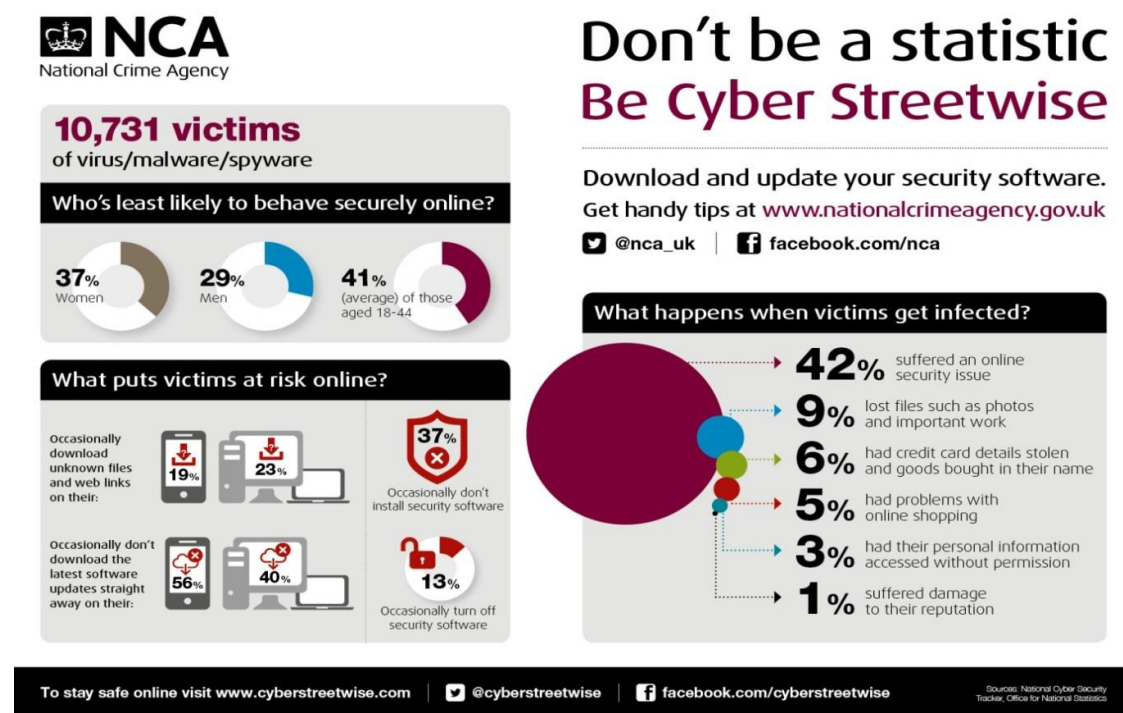
National cyber crime unit – advice messages

3.71. The national cyber crime unit has sought to prevent crime by raising awareness of online threats as outlined in the *National Control Strategy*.¹⁰² During the course of our inspection, several messages offering advice to computer users appeared on the NCA website. One such example appears in Figure 2.

¹⁰¹ See: www.thinkuknow.co.uk

¹⁰² *National Control Strategy - Serious and Organised Crime V2.0*, NCA, March 2014, [Official-Sensitive]

Figure 2: National cyber crime unit online message¹⁰³



3.72. The national cyber crime unit has shown a good understanding of the importance of providing timely messages to the public and the private sector in an attempt to raise awareness and prevent crime.

Economic crime command – awareness campaign

3.73. The National Fraud Intelligence Bureau (in January 2012) identified suspects in a case of company share purchase fraud, predominantly in Spain. This involved a so-called 'boiler room' fraud which is a term used to describe bogus stockbrokers, commonly in overseas call centres, who cold call victims and pressurise them into buying worthless shares.¹⁰⁴ In addition to enforcement work involving the City of London Police and the Spanish National Police, the NCA coordinated activity by others to reduce the threat from share purchase fraud.

3.74. We were informed that this activity included conveying messages to students, through the National Union of Students, to deter them from working in 'boiler rooms', and messages to the public via the Citizens Advice Bureau. It also led to a campaign, working with Crimestoppers in March 2014, to raise awareness of the threat and an appeal to the public to help to locate some of

¹⁰³ See: www.nationalcrimeagency.gov.uk/publications/340-infographic-dont-be-a-statistic-bet-cyber-streetwise/file

¹⁰⁴ See: www.actionfraud.police.uk/fraud-az-boiler-room-fraud

the most wanted international fraudsters. The economic crime command has embraced the importance of publicity as a deterrent which has included targeted communications with students (as a potential risk group) who may become involved unwittingly.

Organised crime command – lifetime management

- 3.75. The lifetime management of offenders is a concept in common use in police forces and law enforcement bodies. The concept involves looking for opportunities to stop people offending before and after they have been sentenced for a specific offence. The NCA's approach to lifetime management, in particular the use of serious crime prevention orders¹⁰⁵ and travel restriction orders¹⁰⁶, features in the *NCA Annual Plan 2014/15*.¹⁰⁷ The organised crime command's 'Centurion' lifetime management team monitors compliance by offenders with the terms of licence conditions and any such orders made against them.
- 3.76. We found that, following research by the team into information held by the National Offender Management Service and the NCA, the team's efforts have been refocused on those offenders with active orders whom the team has identified as presenting the highest risk of breach.
- 3.77. With regard to the preventive effort discussed in this section we found arrangements under the strategic governance group structure that still need to improve. A better developed picture of activity was evident elsewhere, where the positive use of publicity by some commands was being used to good effect to inform and prevent.

¹⁰⁵ Sections 1-43, Serious Crime Act 2007: a serious crime prevention order is a court order which may contain such prohibitions, restrictions or requirements, and any other terms, as the court considers appropriate for the purpose of protecting the public by preventing, restricting or disrupting involvement of the person who is made the subject of the order in serious crime in England and Wales.

¹⁰⁶ Sections 33-37, Criminal Justice and Police Act 2001: a travel restriction order is a court order which may be imposed on a person who has been convicted of a drug-trafficking offence for which a term of 4 years or more imprisonment is considered appropriate that prohibits the offender from leaving the UK at any time in the period beginning with the offender's release from custody and continues for the period of not less than two years specified in the order. It can also direct the offender to deliver up his passport to the Court.

¹⁰⁷ *NCA Annual Plan 2014/15*, NCA, 31 March 2014, page 10, see: www.nationalcrimeagency.gov.uk/publications/176-nca-annual-plan-2014-15/file

Securing activities by others and improvements in co-operation and co-ordination

- 3.78. The third aspect by which we sought to identify how efficient and effective the NCA is in undertaking its crime-reduction function concerns its approach to securing activities by others and improvements in co-operation and co-ordination.
- 3.79. We looked for evidence that *The NCA Commitment to working in partnership with UK Operational Partners*¹⁰⁸ was being brought to life in the NCA's dealings with police forces and law enforcement bodies. We also looked for any notable improvements brought about by the consolidation within the NCA of the functions of the precursor bodies.
- 3.80. In addition to the evidence obtained during our fieldwork, we drew on evidence from some of HMIC's other inspection activity. In February 2014, as part of the Strategic Policing Requirement inspection, HMIC interviewed every police regional organised crime unit head and every NCA regional organised crime co-ordinator. The latter post was created by the NCA to assist in securing the activities and improvements in co-operation that are sought. At that time, HMIC found a positive picture and reported that police forces were: "*fully engaged in the national tasking arrangements which were led by the [NCA]*".¹⁰⁹
- 3.81. Throughout our inspection, we were repeatedly made aware that there had been a positive change in the approach of the NCA from that of the Serious Organised Crime Agency: no longer was there a perceived air of secrecy.
- 3.82. From our interviews with NCA officers, relationships with other bodies, such as police forces, Her Majesty's Revenue and Customs, financial institutions, the broader financial sector and internet providers all appeared to have improved considerably.
- 3.83. Those with whom we spoke told us that the corporate message from the leadership of the NCA was clear: relationships with the police, law enforcement bodies, the media and the public was to be open and transparent; and success was to be shared.

¹⁰⁸ *The NCA Commitment to working in partnership with UK Operational Partners*, NCA, March 2014, see: www.nationalcrimeagency.gov.uk/publications/178-the-nca-commitment-to-working-in-partnership-with-uk-operational-partners/file

¹⁰⁹ *The Strategic Policing Requirement: An inspection of the arrangements that police forces have in place to meet the Strategic Policing Requirement*, HMIC, March 2014, paragraph 2.62. see: www.justiceinspectors.gov.uk/hmic/wp-content/uploads/2014/04/an-inspection-of-the-arrangements-that-police-forces-have-in-place-to-meet-the-strategic-policing-requirement.pdf

- 3.84. The government's *Serious and Organised Crime Strategy* makes it clear that: "[p]olice forces will continue to conduct most law enforcement work on serious and organised crime".¹¹⁰ So it was important to take stock by seeking the views of the relevant chief officers with responsibility for serious and organised crime.
- 3.85. One chief officer representing the views of a number of regions stated "[t]here has been joint working on a scale and in a way not seen before". Generally, the view of chief officers was that the NCA is committed to deploying its officers alongside the police, co-located in shared buildings in the regions where such arrangements exist, and this commitment was helpful in building the relationships that are needed.
- 3.86. Most of the chief officers whom we consulted also reported that, when they asked the NCA for assistance, they received it and were satisfied with the NCA's response. This can only be helpful in securing improvements in co-operation. Examples of the assistance that had been provided included the NCA's: surveillance teams; technical support; armed support; and international liaison.
- 3.87. One issue that was raised consistently by chief officers was an apparent lack of clarity between the roles of the NCA's regional organised crime co-ordinators and branch commanders.¹¹¹ This has presented a confused picture in terms of relationships. This issue was also raised by NCA officers during interviews. The director of the investigations directorate confirmed that this had already been recognised by the Agency and was being addressed.
- 3.88. One operation stands out as an example of the NCA's success in securing an improvement in co-operation and activity by others. We set out the details below.

¹¹⁰ *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, page 10, paragraph 1.11, see: www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

¹¹¹ The regional organised crime co-ordinators manage the relationship between the NCA and regional organised crime units; branch commanders lead investigation teams based within defined geographic areas as part of the investigations directorate.

Case Study: Operation Notarise

Operation Notarise was a joint operation between the NCA and UK policing. The NCA identified a substantial number of individuals sharing indecent images of children across computer networks. The Agency established that offenders identified in this operation lived throughout the UK (as well as abroad), and some held positions of trust that gave them unsupervised access to children. The NCA leadership secured the support of all UK police forces for a co-ordinated approach. NCA officers created a number of investigation packages¹¹² which were sent to the relevant police force areas for action. By July 2014 this had resulted in 660 arrests of individuals suspected of making or distributing indecent images of children, and more than 431 children being safeguarded and protected. The operation continues.

3.89. This is the first operation of such magnitude to have been run nationally by the NCA. It demonstrates that the NCA can successfully co-ordinate the response from police forces across the UK.

The NCA's single unifying structure

3.90. Our inspection also revealed evidence that the bringing together of capabilities within the NCA's single unifying structure has secured improvements in co-operation and co-ordination. We provide three examples below.

- In the NCA's border policing command, we found evidence of intelligence-led border policing investigations being handled effectively. At Gatwick Airport, there is now a joint border intelligence unit (led by the NCA), where the border policing command, Sussex Police's Special Branch and the Border Force work closely together to target criminality. The working arrangements we found should be seen as good practice to help the development of other such units around the UK.
- In another instance, good intelligence-sharing between the NCA's investigations directorate, border policing command and the Border Force led to the identification of a vehicle that was searched and a significant amount of Class A drugs¹¹³ was found.

¹¹² This is a package of information that enables a crime or crimes to be investigated.

¹¹³ This is a category of controlled drugs under the Misuse of Drugs Act 1971 that is deemed the most dangerous and in respect of which possession and distribution carry the harshest punishments.

- We were impressed with what appeared to be a fast maturing relationship between organisations at the border that was already resulting in some significant arrests and seizures. We also found evidence that bringing the Child Exploitation and Online Protection Centre into the NCA as a command has secured improvements where they now use the Agency's network of international liaison officers, extensively and to good effect, in cases where potential offenders travel abroad to abuse children. They reported that, in the past, the Serious Organised Crime Agency international liaison officer network had not been so readily available to them.

National Crime Agency resourcing and expenditure

Introduction

- 4.1. Our first term of reference specifically enjoined us to consider whether the resources and capabilities which are currently available to the NCA enable it to discharge its statutory functions.
- 4.2. In the two preceding chapters, we have set out our findings about the way in which the Agency seeks to undertake its functions relating to criminal intelligence and crime-reduction.
- 4.3. In this chapter, we consider the resources that have been made available to the NCA. We consider whether this level of resources enables the NCA to discharge its statutory functions, although there is a caveat that we need to make clear.
- 4.4. The NCA was launched in October 2013 and entered its first full financial year of operations in April 2014. Therefore, data concerning the NCA's 2014-15 annual operating budget are available but data concerning its annual expenditure are not.¹¹⁴
- 4.5. Consequently, for our commentary concerning expenditure, we have had to rely on data for the first quarter of 2014-15 only; expenditure in one quarter may not be representative of expenditure across the year, especially given that it is the first quarter of the financial year and given that the NCA remains very much in its infancy.

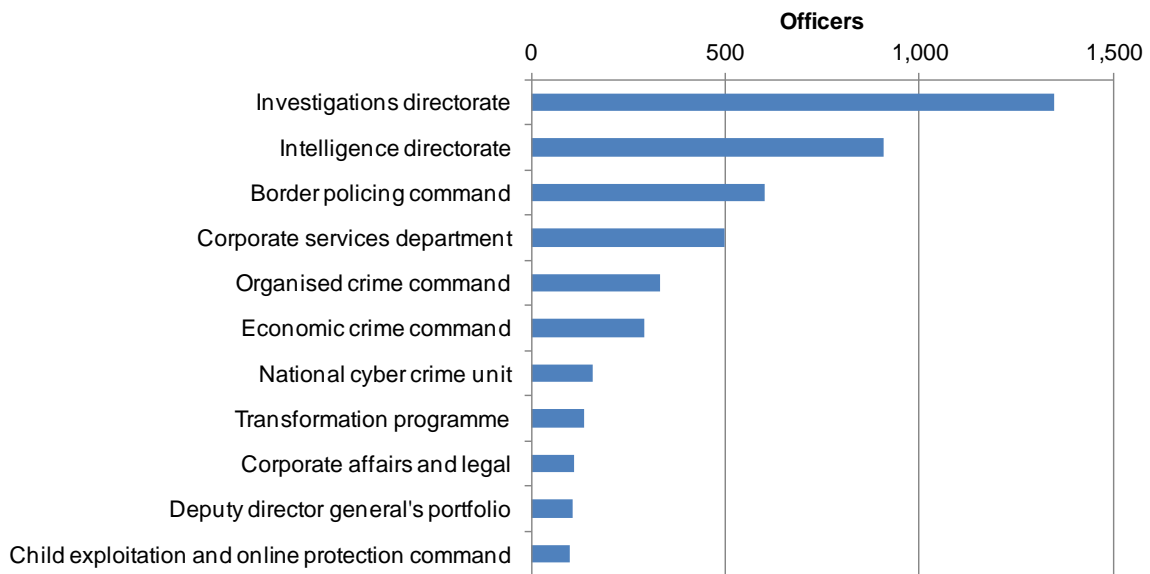
The operating budget and its allocation

- 4.6. The NCA's annual operating budget for 2014-15 is £435m.¹¹⁵ Of this, 53 percent is allocated to paying for the 4,587 officers which it employs. Figure 3 shows how the NCA's workforce is divided between the commands and directorates.

¹¹⁴ The NCA's high-level 2014-5 budget data was provided to us on 19 June 2014. A detailed breakdown of spend-to-date for the 2014-5 financial year was supplied on 15 July 2014, and a subset of the NCA's human resources data was supplied on 4 August 2014.

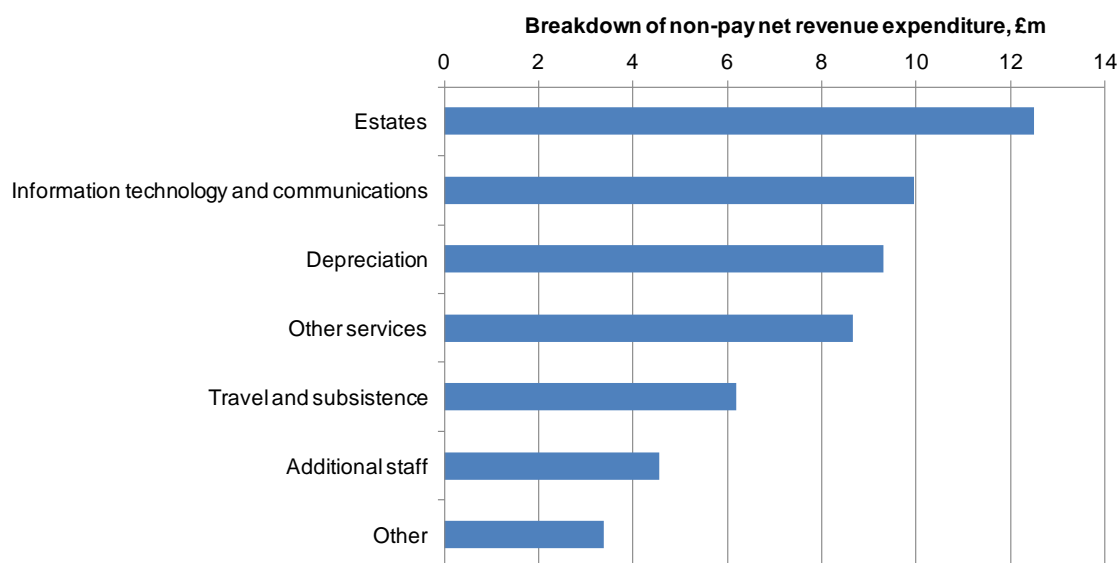
¹¹⁵ This includes HM Treasury funding of £417.7m and the remainder is derived from various other sources of income, for example, the Asset Recovery Incentivisation Scheme. A further £31m is provided through external funding to develop and provide national functions, certain overseas activity and specific projects.

Figure 3: NCA workforce by command and directorate



- 4.7. For presentational purposes we have brigaded: corporate affairs with legal services; and the functions falling under the Deputy Director General's portfolio which include the security and standards department and performance, planning and risk.
- 4.8. The remaining 47 percent of the NCA's annual operating budget is allocated to various non-pay related items. Using the expenditure data for the first quarter of 2014-15, we found that the NCA's principal areas of non-pay net revenue expenditure in April, May and June 2014 were: estates; information technology and communications; and depreciation.
- 4.9. Figure 4 describes the NCA's non-pay net revenue expenditure for the first quarter.

Figure 4: Non-pay net revenue expenditure quarter 1, 2014-15



This figure shows expenditure net of any income earned by each area.¹¹⁶

Communications includes telephony.

Depreciation is a way of accounting for the deterioration in the value of assets such as computers and vehicles.

Other services include a range of areas such as aircraft leases, photographic development and payments for damages to private property.

Additional staff includes consultants, agency and contract staff and those on secondment to the NCA from other organisations.

Other includes: grants, fees and subscriptions, training and recruitment, legal costs, etc.

Estates and information technology (the two highest areas of expenditure) represent two of the four strands in the Novo programme. We examine the NCA's progress with these in chapter six of this report.

¹¹⁶ The NCA receives income in a number of ways which is then offset against expenditure. For example, the NCA provides national training for all accredited financial investigators and receives income from course costs.

Tasking processes

Introduction

- 5.1. Our second term of reference asked us to consider whether the NCA's new internal and national tasking and co-ordination arrangements are compliant with the *National Intelligence Model* and effective in co-ordinating the national law enforcement response to serious and organised crime.
- 5.2. The *National Intelligence Model* is a business process, the intention of which is to provide focus to operational policing and to achieve a disproportionately greater effect from the resources applied to any problem.¹¹⁷ Tasking and co-ordination meetings are at the heart of the process, and success is dependent on a clear analysis of information and intelligence. The *National Intelligence Model* is underpinned by a set of minimum standards, namely:
- the organisation has governance and command structures;
 - the organisation can demonstrate knowledge management;
 - the organisation gathers information and makes use of intelligence; and
 - the organisation has a tasking and co-ordination process.¹¹⁸
- 5.3. For the purposes of assessing *National Intelligence Model* compliance, we focused on the tasking and co-ordination processes that the NCA follows. During our inspection we observed at least one of each of the internal and external tasking meetings. We also reviewed the papers from each of the meetings which we attended and spoke with some of the participants.

¹¹⁷ *Code of Practice: National Intelligence Model*, Home Office, National Centre for Policing Excellence and Centrex, 2005, page 6, paragraph 3.1.1, see: <http://library.college.police.uk/docs/npia/NIM-Code-of-Practice.pdf>

¹¹⁸ *National Intelligence Model – Framework Overview Version 1.0*, College of Policing, March 2013, see: www.acpo.police.uk/documents/crime/2013/201307-cba-nim-framework-v1.pdf

Tasking arrangements

- 5.4. In the national tasking arrangements, we found willing participants from a range of organisations and good co-operation with the NCA. In the NCA's internal tasking arrangements, we found an effective leadership approach that is building systems and processes to maximise the effect of the NCA's resources. However, as we explained earlier and re-emphasise here, the efficiency and effectiveness of both ventures is constrained by some limitations in the NCA's criminal intelligence capabilities.
- 5.5. There are limitations in areas such as: bulk data processing; analytical capability and, generally, intelligence systems that are not fully integrated. Because of these limitations, the understanding of the threat that the NCA is able to provide –and thus task resources to tackle – is not yet sufficiently comprehensive or objective.
- 5.6. The NCA's intelligence assessments would be more comprehensive and objective if the NCA had the intelligence capabilities it aspires to establish. Resources would then be tasked to greater effect, with consequent improvements in efficiency and effectiveness.
- 5.7. Our findings are discussed further in the following sub-sections.

National tasking

- 5.8. There is a clear legal mandate for the NCA Director General, under certain circumstances, to:
- make requests of chief officers of UK police forces and UK law enforcement agencies;¹¹⁹
 - act on requests made by chief officers of UK police forces and UK law enforcement agencies;¹²⁰ and
 - direct chief officers of police forces in England and Wales and, if the Secretary of State consents, the Chief Constable of the British Transport Police.¹²¹
- 5.9. The first two of these provisions are, in effect, reciprocal arrangements, but the third is not – the NCA can require action to be taken by chief officers.

¹¹⁹ Section 5(1), Crime and Courts Act 2013

¹²⁰ Section 5(3), Crime and Courts Act 2013

¹²¹ Section 5(5), Crime and Courts Act 2013

- 5.10. This signals a new dynamic in law enforcement arrangements. It is clear to us that the NCA Director General is sensitive to the position that the Agency holds. We acknowledge that, even before the NCA's launch, a great deal of effort was made by the (then) Director General Designate; chief officers and others, under a duty to co-operate with the NCA and vice versa,¹²² to negotiate and design the new arrangements that would be necessary from October 2013. These new arrangements, including an agreed network of related tasking meetings, were created and have been established.
- 5.11. The meetings which we observed were well attended for the most part by the police, law enforcement bodies and other relevant organisations. Among those attending, we saw a clear willingness to co-operate within the constraints of the other demands specifically faced by each organisation represented. The meetings were chaired by a NCA officer at a suitable level of seniority for each of the meetings, and all were chaired effectively.
- 5.12. While arrangements were still in the early stages of development, Operation Notarise demonstrated the ability of national tasking and co-ordination to mobilise resources and target collective law enforcement efforts against child sexual exploitation. However, in other areas, some meetings we observed tended to function as an opportunity for information sharing and operational updates rather than prioritising the tasking of people and resources.
- 5.13. The feedback we received from chief officers concurred with this view but there was also strong acceptance that current arrangements are still in early stages of development. This is an issue which the NCA recognises, and after the period of the inspection HMIC observed a National Strategic Tasking and Co-ordination Group meeting where prioritisation decisions were evident.
- 5.14. Another issue raised by chief officers in their response concerned instances where police forces or regional organised crime units sought to refer to the NCA investigations, which, in their view, were of a scale that made them more appropriate for the NCA to lead. The referral process was said to be inconsistent.
- 5.15. However, one response from a chief officer captured the view of the majority in summarising the current position when he said "*[t]here is no criticism of anybody or any agency – this is just a new and complex process which requires time, thought and effort by all of us to make it meaningful and add value*".

¹²² Schedule 3, Crime and Courts Act 2013

- 5.16. At the National Tactical Tasking and Co-ordinating Group meeting which we attended, a paper was circulated that provided detail of progress against the high priority groups. We noted that detail was present against the high priority groups for which the NCA held lead responsibility to tackle, but not so for many of those groups which were the responsibility of others. While we do not consider it feasible for the National Tactical Tasking and Co-ordination Group to examine progress against all high priority groups, the absence of detail constrained the meeting's ability to explore progress against some of these groups.
- 5.17. While acknowledging that this was a new process, to which some of the attendees may not have had adequate opportunity to contribute, the Deputy Director General, who was chairing the meeting, made it clear that a more comprehensive set of updates was required in advance of future meetings. We agree.
- 5.18. Prior to the NCA's launch, it was decided that the Agency's primary connection with police forces would be through the regional organised crime units, with a recognition that the NCA may have more direct interaction with the largest metropolitan forces. We are aware that, even with an agreed set of capabilities for these units and government funding to support them, the regional organised crime units remain, as a whole, inconsistent in character. We were informed that this inconsistency extends to the tasking arrangements present in each regional unit.
- 5.19. These arrangements are police rather than NCA-led, but the NCA is an important participant and the regional arrangements are an integral part of the overall tasking mechanism. We were informed that, in an attempt to create greater consistency in regional tasking processes, the NCA will work with regional chief officer leads to improve this.

Internal tasking

- 5.20. We found clear evidence of tasking and co-ordinating processes and supporting structures within the NCA. These have evolved since the NCA's launch with a recent move from a centralised approach to internal tasking, which we heard had been problematic, to tactical tasking and co-ordination group meetings held at a local command level; these began while our inspection was underway.
- 5.21. It was accepted within the NCA that the internal tasking arrangements are still being developed and have yet to achieve their full potential.
- 5.22. We consider that, while neither set of tasking arrangements could yet be described as fully effective, the external arrangements are more firmly established.

- 5.23. We learned at a focus group that, in the view of those attending, the change to command level tasking was likely to improve the NCA's internal tasking process – in terms of resource flexibility and agility of response. It was suggested that the new arrangements mean that the NCA is more easily able to prioritise work within individual commands, but that prioritising across commands (and different forms of threat) is less straightforward.
- 5.24. We concur and note the difficulty that the NCA faces in attempting to determine, amongst a range of widely different threats, which is more serious.
- 5.25. However, we found promising evidence that the NCA is seeking a more effective balance of its efforts across different threat types. We saw the NCA apply a process in which the Agency sought to estimate the proportion of its available resources that were being applied to various threat types. Although it is an inexact science, we consider that, in future, this process will help the NCA to make more informed decisions about how to prioritise and balance its efforts.
- 5.26. We were encouraged to see that the NCA recognised the need to assess the effectiveness of operational activity undertaken as a result of tasking arrangements.
- 5.27. We found a system in use, within the command level tasking process, to assess the number of disruptions which had been achieved. We observed this process in action at the command tactical co-ordination group meeting which we attended. It prompted the NCA to make what we considered to be a mature assessment that explored wider issues, beyond arrests and asset seizures. As this system evolves, it will contribute to the *Serious and Organised Crime Strategy's* four 'Ps' approach¹²³ becoming an integral part in the NCA's systems and processes.

¹²³ *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, page 25, paragraph 3.3, see:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

Progress towards aims

Introduction

6.1. The term of reference for this aspect of our inspection was:

Is the NCA on trajectory to develop the new and existing capabilities it requires to enable it to deliver its intelligence, prioritisation and operational response ambitions?

6.2. In answering this question and to provide focus for this part of the inspection, we have drawn on our interviews and observations. In addition, and to gain a better understanding of the NCA's transformation plans and the progress towards achieving its ambition, we have examined:

- the documentation made available to us relating to the Agency's Novo programme;
- a review of the Novo Programme by PA Consulting Group in June 2014; and
- a Project Validation Review of the Novo Programme conducted by the Cabinet Office Major Projects Authority in August 2014.¹²⁴

6.3. The findings that we describe in this section demonstrate that the NCA is committed to its transformation programme, with effective leaders who have a sound awareness of the programme's status. But it is a programme that is at such an early stage that it has not yet had a major effect on the organisation of the Agency.

6.4. Consequently, the NCA's trajectory is still in its upward phase.

The Novo programme

6.5. We were provided with various documents relating to the Novo programme's conception. Its origins can be traced back to October 2013 and we were provided with more recent progress updates which had been prepared for the NCA Board. The documents provided a high-level view of the progress of the programme that is intended to help the NCA to develop the new and existing capabilities which it requires.

¹²⁴ This is a review of a programme or project, reflecting the conclusions of an independent assurance review team, based on discussion and evidence provided within a short timeframe (normally over one day).

- 6.6. We understand that, in October 2013, the newly-formed NCA Board considered a paper on transformation.¹²⁵ This determined that the achievement of its aims would require it to undertake a 3-5 year programme of change, i.e. the Novo Programme, and that the detail of that change would be in continual development.
- 6.7. It also highlighted that the NCA needed to set up the programme in January 2014, with it operating at full capacity by April 2014. The NCA did so and it is evident that the Novo programme began to gather pace from April 2014 onwards.
- 6.8. However, the timing of senior level appointments to the NCA inevitably had an effect: the director of the economic crime command only came into post in April 2014, and the director of the national cyber crime unit did not come into post until June 2014.

Novo programme: structure, governance and progress

- 6.9. The Novo programme had four strands: Operational Transformation; Estates; Science and Technology; and People. We found clear governance arrangements in place. There is a dedicated Novo programme director and the Deputy Director General, who is the NCA Board member with responsibility for the Novo programme, obtains regular updates from the senior responsible officer, a director who chairs the Transformation Board. There are director level leads (who are designated as senior responsible officers) for the four strands of the programme. These directors are supported by programme directors at deputy director rank and a programme team. It is clear that a great deal of the work is supported and undertaken by a wider group of officers within the NCA, working on the Novo programme in addition to their primary roles.
- 6.10. A document the NCA called a 'key milestone chart' (dated April 2014) was provided to us during our field work. This document outlined activity across the four strands and the interdependencies between each until the end of 2016. A more recent *Programme Dashboard*, which includes details on the Novo programme and its milestones, was subsequently provided to us.¹²⁶ This version was used to update the NCA Board in August 2014.

¹²⁵ *National Crime Agency Transformation Strategic Choices*, NCA, 31 October 2013, [Confidential]

¹²⁶ *Transformation Programme, Paper 3A Novo Programme Dashboard v1.0*, NCA, August 2014 [Official- Sensitive]

6.11. Broadly speaking the document was a comprehensive analysis of progress to date, and there was, for the most part, good use of an assessment-rating system to describe whether the various Novo programme activities were on track. The document contained, for each of the strands, an assessment of its overall status, using a 'red/amber/green' system. Figure 5 shows the rating that appeared in the document for each of the four strands.

Figure 5: Novo programme assessment ratings

Strand	Rating as at August 2014
Operational Transformation	Amber
Science and Technology	Red/Amber
People	Amber
Estates	Green

6.12. The document also set out a “*Programme Director’s Overall Assessment*”, which at the time of the inspection was amber. The accompanying commentary identified Novo programme risks including:

- not having sufficient specialist internal capacity and capability to implement change;
- the current information technology supplier not supporting/maintaining and modernising the infrastructure on which transformation depends;
- lack of definition of the end state within the *NCA Blueprint*; and
- not providing clear communications on what the Novo programme will achieve and when.

6.13. At a more detailed level in the document, we found encouraging evidence: 22 of 54 tasks (described as ‘Novo Enabling Programme’s Key Deliverables’) were either rated green or had already been completed. The majority of other tasks were rated amber. However, there were aspects of the document which concerned us.

6.14. The tasks and the associated ‘delivery dates’ described in the document (dated April 2014) only extended until April 2015. There was no detail beyond this. Although the Novo programme was conceived as an iterative programme, and some of the tasks underway at the time of the inspection will clearly inform its future direction, we expected to see at least a basic outline of the NCA’s expectations for progress into 2016 and beyond.

- 6.15. We found a number of tasks which had already been delayed beyond their original forecast finish date, or which (at the time of the inspection) had a deadline which was rapidly approaching. Examples included “*Agency-wide analytical requirements scoped*” (original forecast finish date 30 June 2014, new forecast finish date 30 September 2014, rated red); and “*joint border intelligence unit established*” (original forecast finish date 1 April 2014, new forecast finish date 31 October 2014, rated red). These suggest elements of slippage. However the NCA’s recognition of the status of these examples (in the form of the red ratings that were attached to each of these two examples) suggests that they were being actively managed.
- 6.16. We attended an NCA Board meeting in June 2014 and found a promising picture: board members were engaged in the programme; sufficient challenge and support from the NCA’s non-executive directors was evident; the board’s attention was properly focused on transformation issues; the board made good progress towards agreeing the Novo programme *Blueprint*¹²⁷ for the NCA’s future operating model; and direction about what needed to be achieved was clear.
- 6.17. In the Novo programme *Blueprint* proposed at the meeting we found a good reflection of overall requirements relating to internet-related capabilities that the NCA requires. The *Novo Blueprint* signalled a change in emphasis for the programme and while the four strands remained, the workstreams for each strand were realigned under a new operating model, under which the NCA proposed to focus activity on understanding the threat, responding to the threat and remaining agile to new threats.
- 6.18. This approach is intended to ensure that interdependencies between the four strands are dealt with efficiently and effectively and to stimulate progress in the cross-cutting areas that will help the NCA to achieve its ambition.

¹²⁷ *Novo Blueprint v0.5, Paper 3 National Crime Agency Board, NCA, 23 June 2014, [Official-Sensitive]*

Operational transformation strand

- 6.19. The 'operational transformation' strand is the cross-cutting element which is seeking to change fundamentally the way that the NCA operates and to improve its ability to lead, support and co-ordinate activity to reduce serious and organised crime. Under this strand, an operating model will be put in place that provides the NCA with the ability to "*capture, exploit and generate evidential and non-evidential material*"¹²⁸ from a range of sources to thwart organised criminals.
- 6.20. To achieve this, there are 13 critical objectives in the 'operational transformation' strand, supported by the remaining three strands. These objectives include:
- upgrading intelligence systems (for example, gathering intelligence from a greater range of sources and improving the way that it is processed); and
 - enhancing analytical capability.
- 6.21. These priorities are underpinned by the creation of an innovation centre to ensure that the NCA learns from what works in tackling serious organised crime and is able to tackle increasingly sophisticated criminality.
- 6.22. The most important element is the new operating model which is meant to identify the way in which the precursor bodies should work together. However, at the time of the inspection it was not yet completed. In due course, the model should:
- describe how different types of investigation should be conducted and supported across the organisation;
 - identify the skills and tools which officers will need to work effectively; and
 - set out how data (from all sources) should be collected, analysed and exploited.
- 6.23. The original final date for completion of the model was October 2014, but this was delayed until November 2014. After our inspection visits had ended, we were advised that work has commenced on the design of the operating model.

¹²⁸ *National Crime Agency Transformation Baseline and Next Steps Paper to National Crime Agency Board, NCA, 17 December 2013, [Official-Sensitive]*

Science and technology strand

- 6.24. The NCA faces very significant challenges concerning science and technology. As a result of a history of under-investment in technology, inherited, in the main, from the Serious Organised Crime Agency, the NCA has: poor connectivity between different information systems; a paucity of mobile computing capability; certain critical applications in a fragile state; and (because of the need to maintain especially high levels of information security) very limited internet connectivity. This all has a materially detrimental effect on the NCA's efficiency and effectiveness.
- 6.25. The evidence suggests that the NCA leadership understands the extent of the challenge the Agency is facing and is committed to tackling it. There are positive indicators on the horizon: the NCA has planned to introduce remote laptops, secure mobile devices and desktop internet access by April 2015. This will provide some much-needed support to officers, enhancing their capability and reducing the risks associated with them using their personal equipment to obtain essential information.
- 6.26. The plans for these developments have been laid and the benefits will be realised or proven when the capability has been provided together with the associated business change. While welcome, these are only part of a much wider picture of need in the NCA – a need for more reliable and sophisticated systems.
- 6.27. Consequently, at this stage, we can offer only limited assurance that the NCA's technology transformation plans are on trajectory. The likely timescales and outcomes of the NCA's plans, which involve working with its present information technology contractor and engaging specialist consultancy, were dependent on decisions that had not been made at the time of the inspection.

People strand

- 6.28. A new *People Strategy* was being developed at the time of our inspection. We were provided with a draft, which revealed a cohesive and thoughtful approach by the NCA leadership. The strategy contains six key themes, eight strategic goals and a description of work currently progressing under the Novo programme.
- 6.29. We were encouraged to see an accompanying 'delivery template' document. This described, for each of the eight strategic goals, a series of milestones across the three year period from 2014/15 to 2016/17. We consider that it represented good evidence that the NCA leadership was developing a plan for the implementation of the *People Strategy*.

- 6.30. Our inspection revealed many people-related issues, set out below, that will demand the NCA's attention for the foreseeable future.
- 6.31. The levels of uncertainty and concern among some of the workforce are commensurate with the scale of change that the NCA is seeking to achieve.
- 6.32. The NCA's workforce is made up of personnel from each of the precursor bodies, resulting in different sets of employment conditions. We learned that, at the time of our inspection, the Board was being asked to consider a set of 'core principles' that would subsequently guide the harmonisation of the different sets of pay and conditions.
- 6.33. Some with whom we spoke suggested that, because the NCA has to work within civil service rules, constraints on officer recruitment and pay hampered its ability to recruit people with the right skills, particularly for technical roles. In contrast, those in the economic crime command and the national cyber crime unit reported that they considered that they had sufficient flexibility over pay and conditions to enable them to recruit the right people.
- 6.34. We understand that work is underway in the NCA to create a technical grade pay and reward structure.
- 6.35. The NCA found it difficult to respond to some aspects of our data request, which is a cause for concern. During our inspection, we were told that the human resources and finance systems in use and the management data that they could provide were not always sufficiently accurate or comprehensive enough to enable managers to have complete trust in them. We are aware that the Novo programme is developing plans to improve the human resources and finance systems and the momentum to achieve these improvements needs to be maintained.
- 6.36. We were informed that, by autumn 2014, a skills audit would be undertaken across the directorates and commands. We were told after our inspection that the audit had been completed.
- 6.37. However, we have established that there is a delay in providing a system to capture and maintain the currency of this data and make it widely available. This is due to technical delays associated with making the human resources system available on the corporate desktop computers. The NCA estimated that the ability to capture skills data via this system would not be available until autumn 2015.
- 6.38. Amongst the majority of those with whom we spoke, we found encouraging evidence, at all levels, of a commitment to the Novo programme. Many were involved either directly or indirectly, and it became apparent that an impressive amount of energy and effort was being devoted to the Novo programme.

- 6.39. However, a small but significant number were less well-engaged and we were not always assured during interviews that NCA officers either saw themselves as contributors to the change process or considered that the Novo programme was likely to achieve all that was promised.
- 6.40. One senior manager described an aspiration to “*get more people involved in the storming stage*”, suggesting there may be a need for more involvement with officers and stakeholders to ensure that those who need to gain some benefit from it on a daily basis are better involved in the consideration of the issues now.
- 6.41. We examined the NCA’s *Transformation Communications and Engagement Strategy*.¹²⁹ We found a comprehensive statement of purpose that should help focus the NCA’s efforts on communicating change.
- 6.42. The NCA has focused on reshaping the Agency to ensure that it grows its frontline capability, while also continuing to develop a flexible, professional workforce that is agile enough to respond to changing demands. To this end, the NCA has run a voluntary exit scheme, particularly targeted at managers, alongside a restructure of the Agency. This was in development during our inspection and the new structure is now in the process of being created.
- 6.43. The NCA’s aim is clearly to build capability for new and emerging threats, such as cyber-crime, which we fully endorse. However, we found uncertainty and concern amongst officers at all levels. We attribute this, for the moment, to the Novo programme’s stage of development, which means that detailed plans have yet to emerge, but the leadership of the NCA will want to reflect on our findings in this regard and ensure that the anxieties of their officers are heeded and addressed. We were informed that, after the inspection had ended, a series of director level briefings were given. These briefings were intended to reach all officers.
- 6.44. Our observations over the need for greater levels of consultation with officers were echoed by the leaders of the three staff associations with whom we spoke. We did so on two occasions – once midway through our fieldwork and once again at its conclusion. A unanimous view emerged from these interviews: that the NCA could do more to consult in a meaningful way. This is a sensitive issue, in which there are a number of factors at play.
- 6.45. First, the scale, scope and increasing speed of the Novo programme is inevitably, and unavoidably, having a destabilising effect on the workforce. Secondly, the emergence of a new staff association, the National Crime

¹²⁹ *Transformation Communication and Engagement Strategy Version 2.0*, NCA, 24 April 2014, [Restricted]

Officers Association, alongside the more established Public and Commercial Services Union and the FDA¹³⁰, has created an additional dynamic that needs time to settle. Thirdly, because the NCA is also a new organisation with a new senior leadership team, some of the relationships between senior NCA leaders and staff association leaders have not had time to build the foundations of mutual understanding and trust that would be helpful in the change process. Both sides need to continue to invest time and effort to build these foundations.

- 6.46. Another matter that emerged during our inspection centred on the extent to which there was a genuine need for so many personnel at higher grades, particularly the deputy director grade. One of the senior managers with whom we spoke suggested that middle managers did not feel personally empowered as they felt that they had to report their actions for approval to too many layers of more senior managers.
- 6.47. Because of the unique nature of the NCA's functions in the UK, we were unable in this inspection to make a like-for-like comparison between the NCA's proportion of senior managers and that of other similar organisations. Also, we understand that benchmarking in this area has not been undertaken since the NCA's launch. We suggest that the NCA explore opportunities to benchmark its position.
- 6.48. At this stage in its transformation programme, the NCA faces competing demands: on the one hand, there are efficiencies to be gained by reducing management overheads; on the other hand, the NCA must invest in sufficient management and senior leadership capability and capacity to maximise the Novo programme's prospects of success. Once the programme is finished this need will be less. In due course, in common with the NCA Director General's expectation, we expect to see the Agency's proportion of senior managers reducing.

Estates strand

- 6.49. The estates strategy seems to be working well. The strategy (agreed by the NCA Board in December 2013) aims to reduce the estate from 35 sites to approximately 17, and reduce building costs by 20 percent to around £35m. The strategy has objectives to release excess capacity and maximise the resources available to support the development of operational capabilities.
- 6.50. The update to the NCA Board in August 2014 showed the estates strand with a green progress rating. Plans for co-location are all on track with law enforcement bodies. We saw plans whereby provisional milestones are

¹³⁰ This is a trade union that was formerly called 'First Division Association'.

plotted against known lease break clauses and end dates. This looks sensible, but the final rationalisation of estate will be dependent on the finalisation of the new operating model.

External reviews of the Novo programme

6.51. We found that two external reviews of the Novo programme had been conducted: one by PA Consulting Group¹³¹ and one by the Cabinet Office Major Projects Authority.¹³²

6.52. PA Consulting Group began reviewing the Novo programme's progress in June 2014 and reported in August 2014,¹³³ while our inspection was underway. The commission of this review demonstrates the NCA's commitment to being open to scrutiny. The purpose of the PA Consulting review was to:

- review activity to date;
- ensure that this provides a firm foundation for transformation; and
- to transfer organisational design knowledge to the Novo programme team.

6.53. The PA Consulting Group reported that:

*“the high degree of senior commitment is impressive, and the time invested by operationally experienced officers in transformation activities is unmatched in the review team's experience”.*¹³⁴

6.54. They concluded, however, that:

*“the NCA has not yet broken down the complexity of transformational challenges adequately to manage overall levels of complexity and uncertainty”.*¹³⁵

¹³¹ PA Consulting Group is a consultancy group specialising in management consulting, technology and innovation. It has clients in both the public and private sector, including local and national governments and the defence sector.

¹³² This is a collaborative venture between the Cabinet Office, Her Majesty's Treasury and other government departments, with the fundamental aim of significantly improving the success rate of major projects across central government.

¹³³ *National Crime Agency Novo Programme Review*, PA Consulting, August 2014, [Official]

¹³⁴ *Op cit*, page 1

¹³⁵ *Op cit*, page 2

- 6.55. The PA Consulting Group made four recommendations. These were concerned with: addressing the scope and design principles of the Novo programme; describing the capabilities the NCA requires; prioritising the development of the programme's 'design function'; and creating structures that are intended to improve the Novo programme's prospects of success.
- 6.56. A second review was conducted by the Cabinet Office. On 15 August 2014, the Major Projects Authority conducted a Project Validation Review of the NCA's Novo programme.¹³⁶ This review's terms of reference were: *"to review how the strategic intent to transform the Agency... is being translated into a programme of delivery across the organisation"*.
- 6.57. The Major Projects Authority Review, which gave a 'delivery confidence assessment' of 'amber',¹³⁷ made eight recommendations, four of which were regarded as critical by the reviewers. In summary, the four critical recommendations were that the NCA should:
- establish a plan for updating the NCA's target operating model;
 - define roles and responsibilities;
 - develop the programme plan; and
 - recruit *"without delay"* two key programme personnel.¹³⁸
- 6.58. We agree with PA Consulting Group's observations concerning the high degree of senior commitment, their comments on complexity, and also the Major Projects Authority assessment. We consider that the development of the programme plan is essential, especially with regard to setting out: a clear expression of the sort of organisation the NCA will be; when this will be achieved; and the important milestones that need to be achieved if its aims are to be realised fully.

¹³⁶ *Project Validation Review v0.9 final draft for SRO*, Cabinet Office, 15 August 2014, [Official]

¹³⁷ This provides an overall summary of the status of a project by the Cabinet Office Major Projects Authority.

¹³⁸ *Project Validation Review v0.9 final draft for SRO*, Cabinet Office, 15 August 2014, [Official]

Recommendation 5¹³⁹

By 28 February 2015, the NCA Director General should ensure that the Novo programme plan, from now until its end, sets out: a clear expression of the sort of organisation the NCA will be; when this will be achieved; and the important milestones that need to be achieved if its aims are to be realised fully.

¹³⁹ Since the fieldwork, and prior to the publication of this report, HMIC reviewed the NCA's progress and is satisfied that the NCA has made sufficient progress to discharge the recommendation.

Conclusions

The statutory functions

- 7.1. This inspection was carried out within the first year of the NCA's life and we have been very careful to keep this in mind when making judgements about its efficiency and effectiveness. All mergers of organisations are challenging, but the merging of so many different aspects of law enforcement into one organisation – at a time when organised criminals are rapidly taking up the opportunities presented by digital technology and the internet to commit crimes – makes this merger particularly difficult.
- 7.2. The NCA inherited, mainly from the Serious Organised Crime Agency, poor information technology, analytical capability, and relationships with the police. It seems to us that an opportunity to work more constructively with the Director General of the NCA during the NCA's shadow period of operation to start improving these capabilities was missed by the leadership of the Serious Organised Crime Agency. This meant that it was very difficult for the new leadership of the NCA to understand fully, before the Agency was established in October 2013, the nature and scale of the improvements it needed to make.
- 7.3. Seen against this background, we judge that the NCA has made a strong start to the creation of a new national law enforcement agency. The leadership understands the capabilities that it needs to have to fight organised crime in a digital age and has good plans in place to establish them. However, financial and intellectual investment will be critical to the success of these plans.
- 7.4. We saw evidence that there has been good intellectual investment in the form of new leaders and officers with the necessary capability. Financially, the Agency plans through its Novo programme to make savings from the transformation of the old and fragmented systems and infrastructure of the precursor bodies to invest in the development of the specialist capabilities it needs to tackle the fast growing threat of organised cyber-crime today and the threats of the future.
- 7.5. In chapters two and three we have set out our views about how the NCA is currently undertaking its statutory functions. In chapter four, we have given a brief insight into resource and expenditure.
- 7.6. In the following two sections of this chapter, we set out our conclusions regarding the adequacy of the NCA's efficiency and effectiveness to date in respect of its two statutory functions.

Criminal intelligence function conclusions

- 7.7. The term criminal intelligence does not capture the complexity of the landscape that the NCA has had to bring together in its attempt to provide the “*single authoritative intelligence picture*”.¹⁴⁰
- 7.8. A good deal of the evidence that we found was encouraging about what has been achieved so far in the NCA’s short existence: the NCA’s relationships with other organisations and the two-way flow of intelligence that is clearly underway; progress in improving its own information management systems; and Datalab’s technical analysis capability, which is evidently successful and being further developed.
- 7.9. However, looking ahead, there are considerable challenges in sight: making improvements to analytical capability including automation; gaining access to more sources of intelligence; doing more with the intelligence the NCA already has and reducing the time that elapses between information being collected and it contributing to the intelligence picture.
- 7.10. The NCA is making good progress with these, but they remain as challenges nonetheless. While we found that the NCA was improving in these areas, at present the intelligence picture which the NCA is able to paint is not yet as authoritative as it needs to be; for its own purposes and those of the organisations with which it works, nor as the *Serious and Organised Crime Strategy* demands.
- 7.11. On balance, we conclude that the resources and capabilities currently available within the NCA are enabling the organisation to discharge its criminal intelligence function - albeit at a lower level of capability than the Agency aspires to establish through its Novo programme.

Crime-reduction function conclusions

- 7.12. Our inspection showed that the NCA was configured for ‘proactive’ investigations. In terms of the way in which its resources were allocated across the commands we are satisfied that they have been appropriately weighted towards its ‘pursue’ responsibilities. This is demonstrated by the volume of investigations underway and there are good indications that the capabilities brought together in the NCA’s single unifying structure are working co-operatively.

¹⁴⁰ *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, page 27, paragraph 4.2, see:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

- 7.13. We have concluded that certain aspects of the NCA's investigation, detection, and prosecution capabilities are sound and have inherent strengths. We found, for example:
- working practices that prioritise the threats that are deemed most serious;
 - good equipment used for covert evidence and intelligence gathering and an impressive array of specialist capabilities that were available to help investigators gather evidence covertly; and
 - successful investigations into cyber-related criminality.
- 7.14. This has led us to conclude that the NCA is adapting well to new and emerging threats.
- 7.15. While we consider the NCA's investigative capabilities to be sound overall, there is inadequate provision in some areas, as indicated by the evidence concerning the poor quality of organisational support that is available, such as internet connectivity and mobile information technology. The NCA recognise these shortcomings and there is already work being done to improve these capabilities.
- 7.16. Considering the other aspects of the NCA's responsibilities concerning the *Serious and Organised Crime Strategy*, we are pleased to record that the strategic governance framework is in place and that there are the beginnings of effective preventive work. This has led us to conclude that the NCA is leading and encouraging activity to ensure that the *Serious and Organised Crime Strategy* informs the way it works, albeit that roles and responsibilities need to be clearer and the strategic action plans need more work to ensure they achieve their desired effect – matters that have led us to make three recommendations in this respect.
- 7.17. These factors, taken with the persuasive evidence of co-ordination and co-operation provided by examples such as Operation Notarise and, in general terms, the quality of the NCA's relationships with police forces, lead us to conclude that the resources and capabilities currently available within the NCA are enabling the organisation to discharge its crime-reduction function - albeit at a lower level of capability than the Agency aspires to establish through its Novo programme.

Generally

7.18. We have not identified any significant areas of work, which should reasonably have fallen within the Agency's remit under its statutory functions, that it has failed to undertake. As we have outlined, we have found areas for improvement and we are impressed by the positive tone which the leaders of the NCA have adopted with regard to our inspection and their desire to use our findings to improve.

Tasking arrangements

7.19. The presence of the various strategic and tactical co-ordination arrangements that we found, together with evidence from the meetings we attended, and the intelligence assessments and other documentation we reviewed, lead us to conclude that the NCA's tasking arrangements are compliant with the relevant requirements of the *National Intelligence Model*.¹⁴¹

7.20. However there is a wider picture to consider when assessing the effectiveness of the NCA's tasking and co-ordination arrangements. Ideally, the NCA's understanding of the threat would be as accurate and comprehensive as could be made possible from all the available information and intelligence held by the NCA and other organisations.

7.21. As we set out earlier, the state of intelligence capability means that the NCA does not have such an understanding. Consequently, it must lead the fight with the best understanding it can muster and, working with other organisations, use that understanding to help prioritise activity against the threats that appear to be the most serious.

7.22. We have concluded that, within these constraints, there are clear internal and external structures, with appropriate leadership and representation from stakeholders, which lead to a co-ordinated law enforcement response to the threat from serious and organised crime. This is encouraging, albeit that some meetings tend to function as an opportunity for information-sharing and operational updates rather than prioritising the tasking of people and resources.

7.23. Externally, the clear willingness of other organisations to participate, and the notable absence of any use of the NCA's tasking powers, indicate a successful approach to relationship-building by the NCA.

¹⁴¹ *National Intelligence Model Code of Practice*, Home Office, page 9, section 4: tasking and co-ordinating groups. See: <http://library.college.police.uk/docs/npia/NIM-Code-of-Practice.pdf>

- 7.24. For its internal tasking arrangements, the progress which the NCA has made in balancing its activity across different threat types, and the quality of the assessment process that examines the effect of the NCA's work on disrupting criminality, lead us to conclude that the NCA is investing the necessary time and effort to ensure its internal processes will become as efficient and effective as possible.
- 7.25. When the NCA is in a position to produce, through shared endeavour, an intelligence picture which the police and law enforcement bodies widely recognise as more authoritative than their own, the tasking arrangements and the Agency's powers will take on a new significance and meaning: instead of a gathering at which operational updates are shared between the NCA and other organisations, they will be focusing activity on threats in a more informed way. This should lead to a more efficient and effective approach for the NCA and for others.

Progress towards aims

- 7.26. Our third term of reference required us to consider whether the NCA is on trajectory to develop the new and existing capabilities which it requires to enable it to realise its intelligence, prioritisation and operational response ambitions.
- 7.27. There are promising signs in our evidence:
- energy and effort at all levels, starting with the NCA Board and a dedicated Novo programme director and team;
 - a programme that is clearly gathering pace;
 - the openness to external scrutiny and a realistic self-assessment of progress;
 - an emerging Novo programme *Blueprint* that properly sets out some of the capabilities needed for the future;
 - the significant management capacity that is available to support the Novo programme; and
 - aspects of the programme, such as the estate workstream, that are progressing well.

- 7.28. These promising signs are balanced, however, by some of our other evidence:
- the NCA's self-assessment identifies four significant programme risks, including the "*lack of definition of the end-state*", which is similar to both our and PA Consulting Group's observations;
 - critical recommendations in the Cabinet Office Major Projects Authority's report;
 - the indications of slippage which we found in the 'key deliverables'; and
 - the levels of workforce engagement and consultation which were not as convincing as we would have liked.
- 7.29. We conclude that, less than 12 months into its 3-5 year transformation programme, the NCA is on trajectory at the present time - but this should not be taken as an assurance that the NCA will remain on trajectory. There is a long way to go, with major challenges lying ahead and uncertainty about how they will be tackled and if they can be overcome.
- 7.30. The scale of the challenges and the depth of uncertainty prompted us to make our final recommendation. We concluded that, in order to hold a reasonable prospect of achieving its ambition, the NCA must use its understanding of the problems that stand in the way, to create a more comprehensive, compelling and persuasive plan for how it will overcome them.

Annex A – Recommendations

Recommendation 1

By 30 November 2015, the NCA, working with the Home Office, police forces, law enforcement bodies and the security and intelligence agencies, should investigate opportunities for sharing communications data capacity and determine whether it would be feasible, in law and in practice, to do so. If it is determined that sharing communications data capacity would be feasible, such arrangements should be established and begin operation as soon as possible thereafter.

[paragraph 3.25]

Recommendation 2

By 31 March 2015, the NCA Director General and the National Policing Lead for the Crime Business Area, in conjunction with other National Strategic Tasking and Co-ordination Group members and the College of Policing, should define roles and responsibilities for the strategic governance groups and co-ordinating committees, in order to ensure that accountability for performance is clear and that the potential for duplication of effort is removed.

[paragraph 3.65]

Recommendation 3

By 31 March 2015, strategic governance group chairs should renew and, if necessary, amend all their strategic action plans so that each person responsible for completion of a specific action is named in the plan, deadlines are set for each action, and written progress updates are provided by each person responsible for completion of a specific action, at least quarterly.

[paragraph 3.65]

Recommendation 4

By 31 March 2015, the NCA Director General, as chair of the National Strategic Tasking and Co-ordination Group, should establish and begin operation of an adequate system for monitoring progress against each strategic action plan.

[paragraph 3.65]

Recommendation 5¹⁴²

By 28 February 2015, the NCA Director General should ensure that the Novo programme plan, from now until its end, sets out: a clear expression of the sort of organisation the NCA will be; when this will be achieved; and the important milestones that need to be achieved if its aims are to be realised fully.

[paragraph 6.58]

¹⁴² Since the fieldwork and prior to the publication of this report HMIC reviewed the NCA's progress and is satisfied that the NCA has made sufficient progress to discharge the recommendation.

Annex B – Areas for improvement

Criminal Intelligence: areas for improvement

1. The capability to exploit internet-related intelligence should be developed. (paragraphs 2.15-2.17).
2. Access to databases held by the police, law enforcement bodies and government departments should be improved (paragraphs 2.20-2.23).
3. Outdated computer systems should be upgraded or replaced (paragraphs paragraphs 2.91-2.92).
4. Databases and records should be rationalised and made accessible (paragraphs 2.30-2.31).
5. Responsibilities for the oversight of retention and storage of material within teams should be clarified (paragraph 2.34).
6. Relevant officers should be identified and allocated responsibility for all the data which the NCA holds (paragraph 2.36).
7. Efforts to find a replacement for the computer system in the UK financial intelligence unit should be invigorated (paragraphs 2.52-2.53).
8. Processes that involve double-keying of data should be streamlined (paragraph 2.59).
9. NCA analytical requirements should be determined and the required capacity and capability then developed (paragraphs 2.68-2.76).
10. Greater consistency in the intelligence assessments that are provided should be introduced (paragraph 2.110).
11. Intelligence gateways should be rationalised to enable sufficient oversight of intelligence leaving the Agency (paragraphs 2.112-2.113).

Crime-reduction: areas for improvement

12. The NCA's need to use the Home Office Large Major Enquiry System (HOLMES) should be monitored in order to ensure that there is no unnecessary burden placed on police forces (paragraphs 3.32-3.33).
13. A database that allows technical support units to have oversight of technical equipment across each site should be provided (paragraphs 3.40-3.42).

14. Improvements in the support that is provided to NCA officers should be made, in terms of mobile devices that have better functionality, and internet connectivity (paragraphs 3.43-3.49).
15. The respective roles of the regional organised crime co-ordinators and branch commanders should be clarified (paragraph 3.87).

Tasking arrangements: areas for improvement

16. As the NCA's capability to produce a more authoritative picture of the threat from serious and organised crime improves, the national tasking arrangements should evolve to produce more efficient and effective law enforcement activity (paragraphs 5.12 and 7.25)
17. The referral and decision-making processes associated with transferring lead responsibility for investigations to the NCA from police forces and regional organised crime units (and vice versa) should be streamlined as far as possible (paragraph 5.14).

Progress towards aims: areas for improvement

18. Corporate systems should be improved in order to provide more reliable and comprehensive human resource and finance information (paragraphs 6.35-6.37).
19. Efforts concerning better communication and engagement with officers should continue (paragraphs 6.39-6.45).

Annex C – Methodology

Our inspection took place during June, July and August 2014.

We interviewed every executive member of the NCA Board and two of its non-executive members. Further interviews and focus groups took place with deputy directors, managers, and other junior NCA officers across the organisation and representatives from the three staff associations which represent their interests.

In total, we spoke with approximately 200 NCA officers.

We observed a series of the NCA's management and operational meetings, including:

- one NCA Board meeting (internal);
- two strategic governance group meetings (one of each held by the economic crime command and the organised crime command);
- one national tactical tasking and co-ordinating group meeting;
- one national tactical intelligence group meeting;
- one tactical intelligence and operations group meeting (internal);
- one command tactical tasking and co-ordinating group meeting (internal);
- one agency delivery meeting (internal);
- one national daily briefing meeting; and
- one daily briefing meeting (internal).

We reviewed a series of documents produced by the NCA to support these meetings and other business processes.

During visits to operational bases, we examined a sample of the equipment available to NCA officers for operational activity. We observed NCA officers as they used the computer systems available to them for their day-to-day activities and observed a demonstration of the NCA's bespoke data processing facility called Datalab.¹⁴³

We analysed human resource and finance data from the NCA.

¹⁴³ See 'Analysing information' within 'The National Crime Agency's criminal intelligence function' chapter.

At our request, the NCA provided examples of operational case studies which demonstrate the NCA's achievements, acting alone and with other bodies. We have included the most relevant in our report.

We also consulted a number of interested parties who work closely with the NCA, including the Metropolitan Police Commissioner; the chief constables of Police Scotland, the Police Service of Northern Ireland, Greater Manchester Police and West Midlands Police; the head of the National Policing Crime Business Area;¹⁴⁴ the National Policing Serious and Organised Crime Portfolio lead;¹⁴⁵ and the chief officer leads for the regional organised crime units in England and Wales.

In addition to the *Serious and Organised Crime Strategy*, we considered:

- *NCA Blueprint*¹⁴⁶ – this document, produced in September 2013 by the Home Office-led NCA design team, sets out the design of the NCA and its guiding principles. It explains how the NCA should operate; when the NCA should lead, support or co-ordinate operational activity; and the operational capabilities which the NCA should have at its disposal.
- *Framework document for the NCA*¹⁴⁷ – this document, also produced by the Home Office-led NCA design team, sets out the NCA's accountability, management, operational and financial arrangements and explains how the relationship between the Home Secretary and the NCA is intended to function. It was presented to Parliament when the NCA began its work in October 2013.
- *National Strategic Assessment of Serious and Organised Crime 2014*¹⁴⁸ – this document is produced by the NCA, based on intelligence from the NCA's sources and contributions from other organisations that work with the NCA to tackle serious and organised crime. The *National Strategic Assessment* is intended to help the NCA and other organisations by offering a

¹⁴⁴ The association of chief police officers leads and co-ordinates operational policing nationally and within this there are chief officers who lead on thematic areas of policing.

¹⁴⁵ *Ibid*

¹⁴⁶ *NCA Blueprint* Version 3.1, NCA, 30 September 2013, [Protect]

¹⁴⁷ *Framework document for the National Crime Agency*, Home Office and NCA, October 2013, see: www.gov.uk/government/uploads/system/uploads/attachment_data/file/249942/NCA_Framework.pdf. Schedule 2 Part 1, Crime and Courts Act 2013 places requirements on the Secretary of State and the NCA Director General concerning this document's preparation, issuing, publication, and regard which must be had to it.

¹⁴⁸ *National Strategic Assessment of Serious and Organised Crime 2014*, NCA, 1 May 2014. See www.nationalcrimeagency.gov.uk/publications/207-nca-strategic-assessment-of-serious-and-organised-crime/file

comprehensive and objective assessment of the serious and organised crime that affects the UK and its interests. The *National Strategic Assessment* is updated every six months for each National Strategic Tasking and Co-ordinating Group meeting. The most recent version available at the time of our inspection was dated 1 May 2014.

- *National Control Strategy*¹⁴⁹ – this document, produced by the NCA and agreed by the National Strategic Tasking and Co-ordinating Group, is intended to enable the NCA and other organisations (through a shared understanding of the threats outlined in the *National Strategic Assessment*) to achieve a consistent response to serious and organised crime. The *National Control Strategy* incorporates the *National Intelligence Requirements*, which describe the nature of intelligence material that is required from contributors to the *National Strategic Assessment*.
- *The NCA Commitment to working in partnership with UK Operational Partners*¹⁵⁰ – this document, published after a consultation process between the NCA and the organisations with which it works, details: how the NCA intends to work with them to tackle serious and organised crime; how the NCA will work with them to determine who is best placed to lead on operational activity; and the range of NCA specialist assets and capabilities available to support them.
- *NCA Annual Plan 2014/15*¹⁵¹ – this document published by the NCA in March 2014, sets out: the NCA’s priorities for the current year; how the NCA plans to exercise its functions; and how it will build capabilities. The *NCA Annual Plan 2014/15* also describes the plans which the NCA is making in order to ensure that the Agency is able to keep pace with new technology and develop a workforce that meets the challenges of the future.

¹⁴⁹ *National Control Strategy Version 2.0*, NCA, March 2014, [Restricted]

¹⁵⁰ *The NCA Commitment to working in partnership with UK Operational Partners*, NCA, March 2014, see: www.nationalcrimeagency.gov.uk/publications/178-the-nca-commitment-to-working-in-partnership-with-uk-operational-partners/file

¹⁵¹ *NCA Annual Plan 2014/15*, NCA, 31 March 2014, see:

www.nationalcrimeagency.gov.uk/publications/176-nca-annual-plan-2014-15/file.

Section 4(3) Crime and Courts Act 2013 places a requirement on the NCA Director General to publish an annual plan before the beginning of each financial year.