



National Audit Office

Report

by the Comptroller
and Auditor General

Home Office, National Crime Agency

Tackling serious and organised crime

Key facts

4,500+

identified organised crime groups operating in the UK

£2.9bn

government's estimate of total expenditure on tackling serious and organised crime in 2015-16, including front-line spending to tackle crime (£2.2 billion) and spending on back-office functions (£0.7 billion)

£37bn

government's estimate of the social and economic cost of serious and organised crime, 2015-16

£1.8 billion

estimated spending by police and crime commissioners on forces' work to tackle serious and organised crime locally (out of £2.9 billion total expenditure), 2015-16

79%

of the estimated front-line spending by government and law enforcement bodies to tackle crime went on pursuing serious and organised criminals, 2015-16

4%

of the estimated front-line spending by government and law enforcement bodies to tackle crime went on preventing serious and organised crime, 2015-16

6,993

potential modern slavery and human trafficking victims identified in 2018, a 36% increase since 2017, up from 5,142

61,646

sexual crimes committed against under 16s in 2018 (not including crimes involving indecent images), a 9% increase since 2017, up from 56,346

more than 100

government and law enforcement bodies, agencies and other organisations with a role in tackling serious and organised crime

six

serious and organised crime threats identified as national priorities in 2018-19 and 2017-18, up from five in 2016-17 and three in 2015-16

Summary

Introduction

1 Serious and organised crime is planned, coordinated and committed by people working individually, in groups, or as part of transnational networks. Criminals' motivation is often financial gain but varies depending on the type of criminality. The most harmful serious and organised crimes include modern slavery and human trafficking, organised immigration crime, child sexual exploitation and abuse, money laundering, fraud and other economic crime, bribery and corruption, cyber-crime, illegal firearms and illegal drugs. Serious and organised crime is closely linked to other national security risks. For example, organised criminals may provide access to firearms and fraudulent identification documents to terrorists.

2 The challenges in tackling serious and organised crime are formidable. There are more than 4,500 identified UK organised crime groups operating in changing and often unpredictable ways. These groups use violence and intimidation in communities to operate and prey on vulnerable people. Serious and organised crime knows no borders and many offenders work as part of large networks spanning multiple countries (**Figure 1** on pages 6 and 7). A large amount of serious and organised crime remains hidden (child sexual exploitation and abuse, modern slavery) or underreported (fraud, cyber-crime). The government estimated that the annual social and economic cost of serious and organised crime was £37 billion in 2015-16. This included a cost of £20 billion resulting from drugs crimes, including from drug-related deaths and hospital treatments, and a cost of £8 billion from economic crime.

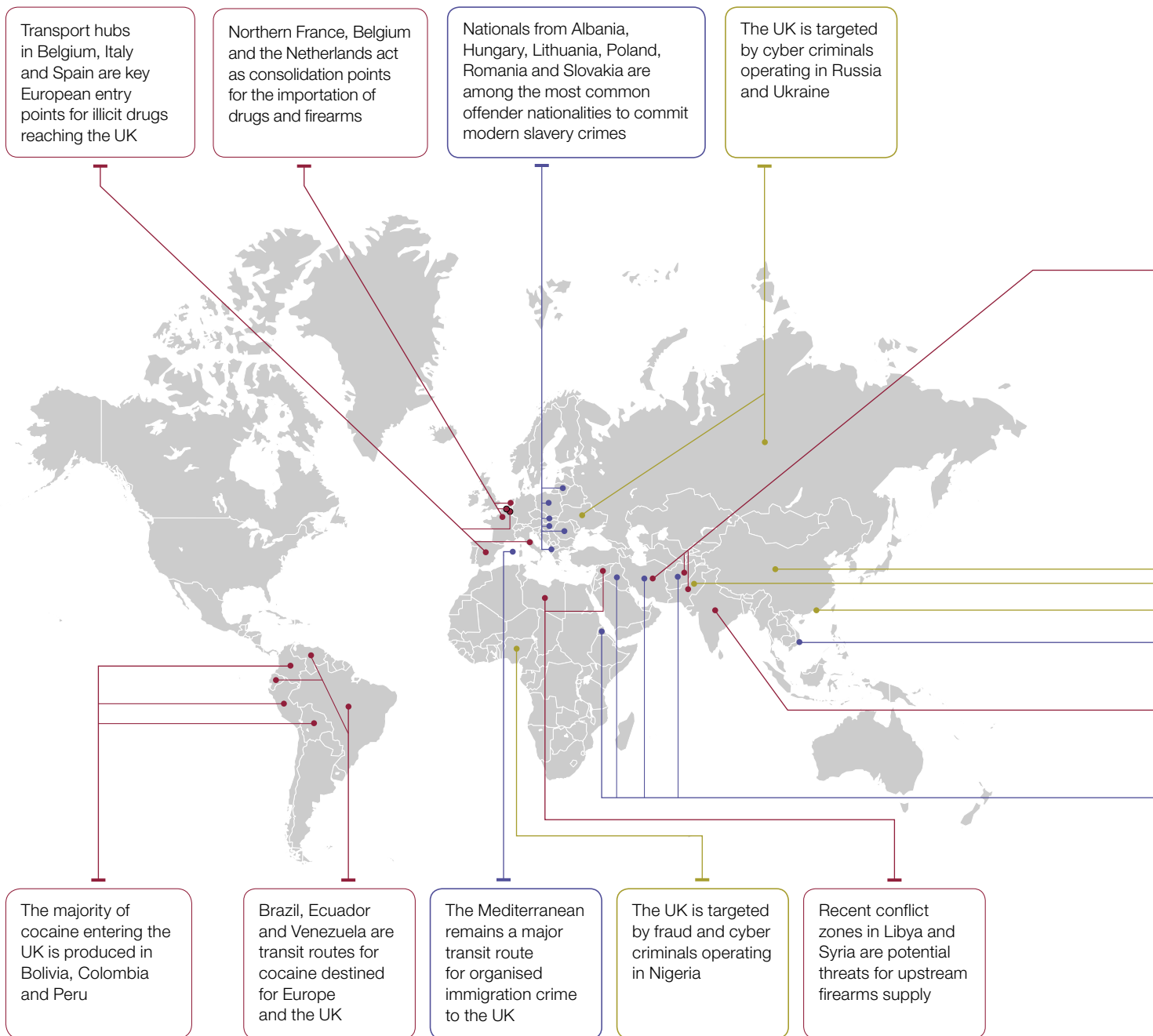
3 The government published its serious and organised crime strategy in 2013 and revised it in 2018. Both use a strategic framework that has four 'P' work strands (Prevent, Pursue, Protect and Prepare), which is based on the UK's counter-terrorism strategic framework. Both the 2013 and 2018 serious and organised crime strategies set out actions to:

- **prevent** people from getting involved in organised crime;
- **pursue** and disrupt serious and organised criminals;
- **protect** individuals, organisations and communities against serious and organised criminality; and
- **prepare** for when serious and organised crime occurs and mitigate its impact.

Figure 1

Examples of significant international origins of serious and organised crime affecting the UK

Serious and organised crime operates across international borders and many countries have links to groups operating in the UK



Notes

- 1 Map shows some of the ways in which other countries are involved in the UK; it is not a complete picture.
- 2 An additional smuggling route for cocaine from Latin America involves movement across the south Atlantic, where the cocaine is unloaded at ports in western and southern Africa. A proportion of the cocaine crossing into western and southern Africa in this way is likely to be moved overland by criminals or via other routes into Europe, including the UK.

Most heroin and half the cannabis resin entering the UK is produced in Afghanistan and trafficked through Iran and Pakistan

Threat categorisations are based on National Crime Agency groupings of serious and organised crime threats to the UK:

- **Commodities** include threats from drugs and firearms.
- **Prosperity** includes threats from money laundering, fraud and other economic crime, international bribery, corruption and sanctions evasion, and cyber-crime.
- **Vulnerabilities** include threats from child sexual exploitation and abuse, modern slavery and human trafficking and organised immigration crime.

High-value goods purchased with the proceeds of crime are being moved to China as a method of money laundering

Criminal groups operating in the UK launder money through Pakistan

Hong Kong's large financial sector makes it attractive as a destination or transit point for the proceeds of crime

Nationals from Eritrea, Iraq, Afghanistan and Iran are among the most commonly stopped at UK border security checks conducted on passengers in Belgium and France before travelling to the UK

Organised criminals source new psychoactive substances from India

Vietnam is a source country for human trafficking, including children

The revised 2018 strategy set out objectives to:

- target and disrupt the serious and organised criminals and networks that cause the most harm;
- build defence and resilience in vulnerable people, communities, businesses and systems;
- identify and support those at risk of engaging in criminality; and
- establish a single ‘whole-system approach’, with the efforts of the public and private sectors aligned at local, regional, national and international levels.

4 The government’s response to serious and organised crime involves more than 100 government and law enforcement bodies, agencies and other organisations. The Home Office (the Department) has overall responsibility for serious and organised crime policy, strategy and funding. It is also responsible for coordinating the contributions of the National Crime Agency (NCA), nine regional organised crime units (ROCUs), 43 territorial police forces and other law enforcement partners (Appendix Three).¹ The response to serious and organised crime across the UK government and law enforcement is overseen by a director general in the Department, who is the senior responsible owner (SRO) for the development and implementation of the serious and organised crime strategy.

5 The government introduced legislation to establish the NCA as a non-ministerial government department in 2013, with operational independence from the Department, to lead and coordinate UK law enforcement’s response to serious and organised crime. It is responsible for developing a single, authoritative picture of the threat from serious and organised crime. ROCUs are regional police units that provide a range of specialist policing capabilities at a regional level to help forces tackle serious and organised crime. Forces tackle serious and organised crime locally and can be directed by the NCA to carry out specific operations.

6 In this report, we have examined the government’s strategic response to serious and organised crime, and the extent that the enablers to successful implementation of the 2018 strategy have been put in place. We examined the work of the Department and the NCA, who together oversee and coordinate the government’s response. The report does not look in detail at how other government bodies are set up to contribute.

- Part One examines the nature of serious and organised crime and the government’s strategic response to tackling it.
- Part Two looks at the quality of data on the scale of serious and organised crime, how data are produced and used, and the availability of data to decision-makers.
- Part Three examines the extent of government’s work to tackle serious and organised crime under its four ‘P’ work strands, the effectiveness of funding, governance and accountability structures.
- Part Four assesses the extent to which the efforts of law enforcement are coordinated.

¹ For instance, national police forces, such as the British Transport Police and other law enforcement teams in HM Revenue & Customs and the Serious Fraud Office.

Our audit approach is described in Appendix One and evidence base in Appendix Two.

Key findings

Response to serious and organised crime

7 From what is known, the level of serious and organised crime in the UK is growing. The NCA's 2019 assessment of serious and organised crime stated that the scale and complexity of organised crime was continuing to increase. The Department's data showed that 6,993 potential modern slavery and human trafficking victims were identified in 2018, a 36% increase since 2017. There were 61,646 sexual crimes against children in 2018, not including crimes involving indecent images, an increase of 9% since 2017. Offences where firearms were used increased by 26% from 5,182 for the year ending March 2016, to 6,525 for the year ending December 2018 (paragraph 1.2 and Figure 3).

Strategic approach

8 The Department's 2017 review found the 2013 strategy did not effectively deal with the increasing complexity and scale of serious and organised crime.

The government's 2013 strategy created impetus for government and law enforcement bodies to tackle serious and organised crime. Using data from 2015-16, the Department estimated that government and law enforcement bodies spent £2.9 billion tackling it. There were some significant failings with the 2013 strategy. The Department's 2017 review of the 2013 strategy found that:

- the government's understanding of serious and organised crime was inconsistent and, in parts, underdeveloped;
- work under the Pursue strand of the strategy dominated the efforts of government and law enforcement bodies, and work under the Prevent, Protect and Prepare strands of the strategy needed improvement;
- funding to tackle serious and organised crime was subject to competing demands and priorities;
- efforts of organisations tackling serious and organised crime were disjointed and uncoordinated, law enforcement efforts were duplicated and the way threats were prioritised needed to improve; and
- there were gaps in the capability of law enforcement to respond to the complex and evolving nature of crime (paragraphs 1.3, 1.6 and 1.7).

9 The government's 2018 strategy tried to address shortcomings, but it is not clear that all enablers for its successful implementation are in place. The strategy commits to equipping the whole of government and law enforcement to “rid our society of the harms of serious and organised crime”. The Department acted on learning from its 2017 review of the 2013 strategy when developing the 2018 strategy. The government has made some changes that could help organisations to tackle serious and organised crime more effectively. The Cabinet Office appointed a dedicated SRO for serious and organised crime currently based in the Department and established a new National Security Strategic Implementation Group for senior officials. These have created a renewed focus and shared sense of purpose across government and law enforcement bodies. Many of the intentions in the 2018 strategy were like those proposed in 2013. The government has continued to plan its work around the strategic framework of four ‘P’ work strands, but we have not seen a well-evidenced justification that this is the best approach. Even though it has developed an implementation plan and estimated how much funding some of its plans will need, it has not fully estimated the cost of what it must do to realise its strategy aspirations in full. Without the right amount of funding, the organisations that are responsible for tackling serious and organised crime will not be able to deliver the strategy’s goals. The findings that follow examine more closely the extent to which the enablers to successful implementation have been put in place (paragraphs 1.5, 1.8 to 1.12 and Figure 5).

Understanding the problem effectively

10 The government does not yet have the extent or depth of data that it needs for an effective response, and data are not shared consistently. Those tackling serious and organised crime cooperate effectively in many areas. For instance, the response of government and law enforcement bodies to firearms crimes is well established and multi-agency across serious and organised crime and counter-terrorism. As a result, the government has a clear view of the supply of firearms in the UK. The government assessed that the intelligence and assessment capability of organisations tackling serious and organised crime was underdeveloped for many crimes. Government and law enforcement bodies are not yet making the best use of data that exist in all parts of the public and private sectors. As such, the government’s understanding of the scale of serious and organised crime is incomplete. For example, insufficient knowledge of international illegal markets has made it harder for government to know how it should respond (paragraphs 2.3 to 2.9 and Figures 6 and 7).

11 Performance measurement is immature and does not yet support effective decision-making. The changeable nature of serious and organised crime, and the time taken for interventions to make a difference, make it challenging to measure success. This is not a new problem for the government and the Department could learn from practices elsewhere. We found that information about the performance of government and law enforcement bodies in meeting the strategy’s objectives and of the success of operations was inconsistently measured and used by senior officials. This makes it difficult for senior officials to monitor performance and make evidence-based decisions. The government’s progress since 2013 to establish an effective performance framework has been slow. A new framework based on sound principles has been in development since 2017 and the Department and the NCA are continuing to refine it to meet the government’s ambition to measure its success better (paragraphs 2.11 to 2.13 and Figure 8).

Achieving a whole-system approach

12 The government prioritised the ‘Pursue’ work strand of its 2013 strategy at the expense of its ‘Prevent’, ‘Protect’ and ‘Prepare’ work strands. The four ‘P’ work strands (Prevent, Pursue, Protect and Prepare) in the 2013 strategy were intended to provide a coherent strategic approach, from preventing crime in the first place to convicting perpetrators and helping victims. In its 2017 review of the 2013 strategy, the Department identified an imbalance of effort, with 79% of the front-line spending by government and law enforcement bodies to tackle serious and organised crime estimated to have been spent on activities under the Pursue strand, and 4% on activities under the Prevent strand. While this approach meant that criminals were stopped or were less able to operate, the Department’s 2017 review reported that the response to serious and organised crime had not been comprehensive and had “done little to address the vulnerabilities that drive, enable and perpetuate serious and organised crime” (paragraphs 3.2, 3.3 and Figure 9).

13 Implementation of the strategy is made more complex by disparate funding for tackling serious and organised crime. Work to tackle serious and organised crime is funded by several unconnected funding sources. This creates numerous funding application and governance processes for those organisations tackling crime, which makes accessing funding overly bureaucratic. In 2018-19, funding included:

- £424 million for the NCA from HM Treasury;
- £123 million for ROCUs from police and crime commissioners (commissioners);
- £25 million annual departmental grant to ROCUs, made up of multiple funding sources;
- £40 million for forces, ROCUs, the NCA and the Department from the Department’s Police Transformation Fund (PTF);
- £21 million from the government’s Conflict, Stability and Security Fund (CSSF); and
- a contribution from the Cabinet Office’s National Cyber Security Programme.

Additionally, commissioners spend around one-sixth (16%) of their overall budget for policing on forces' work to tackle serious and organised crime. This was an estimated £1.8 billion in 2015-16, which was 61% of the £2.9 billion estimated total expenditure by government and law enforcement bodies on tackling serious and organised crime (paragraphs 3.7 and 3.8, and Figure 10).

14 Funding to tackle serious and organised crime is uncertain and inefficient. The Department's annual decisions about funding settlements and its yearly allocation of grants and funds to ROCUs has created uncertainty and inhibited the ability of organisations to respond to emerging threats and develop long-term projects. The distribution of funding by the Department has often been delayed, which makes it difficult for law enforcement bodies to plan and spend effectively (paragraphs 3.9 and 3.10).

15 Regional resources for tackling serious and organised crime are variable, putting government's ambitions for a stronger regional response at risk. The 2018 strategy set out an ambition for ROCUs to lead the operational response to serious and organised crime regionally. Around 72% of funding for ROCUs comes from the commissioners of their constituent forces (£123 million in 2018-19). Commissioners' funding is coming under increasing pressure, as we found in our report *Financial sustainability of police forces in England and Wales 2018*.² Commissioners make choices to meet the demands of their communities alongside the requirements from regional and national law enforcement to provide personnel and financial support. Some chief constables have also prioritised their own forces' capabilities to tackle serious and organised crime, rather than investing in the development of regional capabilities. The Department is leading work to explore new funding models, including ways to fund ROCUs. Its decisions on funding are highly dependent on the outcome of the Spending Review, expected in 2019, when the government will consider funding alongside other spending priorities (paragraphs 1.9, 3.6 and 3.11).

16 The government lacks a strong accountability framework to drive the implementation of the strategy. The SRO's responsibilities for ensuring that the strategy is implemented are not matched by their powers and authority to direct organisations tackling serious and organised crime, to hold them accountable, or to move money between them to achieve the best outcomes. Governance is cluttered, despite some progress in consolidating the 37 governance groups that tackle serious and organised crime and the 59 groups that discuss related topics. The SRO therefore has to work through a system which is characterised by considerable constraints (paragraphs 3.12 to 3.16 and Figures 11 and 12).

2 HC Committee of Public Accounts, *Financial sustainability of police forces in England and Wales*, Sixty-Seventh Report of Session 2017-19, HC 1513, November 2018.

Coordinating the efforts of law enforcement

17 The NCA's identification of crimes for law enforcement to prioritise has not yet influenced law enforcement activity as intended. The NCA has identified national priority threats to help law enforcement to target the most harmful criminals. The growing number of priorities has made it difficult for law enforcement to 'de-prioritise' some of their work. In 2018-19 and 2017-18, the NCA identified six national priorities (child sexual exploitation and abuse, modern slavery and human trafficking, organised immigration crime, high-end money laundering, firearms and cyber-crime). This was up from five priorities in 2016-17, and three in 2015-16. Efforts by law enforcement to disrupt serious and organised criminals (leading to them being unable or less able to operate) have not aligned with national priorities. Between April and September 2018, the NCA, ROCUs and forces disrupted more crimes that were considered non-priority threats (such as drugs crimes) than crimes identified as priorities. In May 2019, the NCA broadened its definition of national priority threats for 2019-20, identifying three priority areas covering crimes that exploit the vulnerable, profit from the criminal marketplace and undermine the UK's economy. It is not yet clear whether this broader definition will help law enforcement to prioritise its response effectively to target the criminals that cause the most harm (paragraphs 4.2 to 4.4 and Figure 13).

18 The government is trying to address shortfalls in how capabilities are developed across government and law enforcement bodies. Under the 2013 strategy, the development of capabilities has been inconsistent, and opportunities have been missed to maximise efficiency. For example, both the NCA and ROCUs have advanced undercover skills when it might be more efficient to rationalise where these skills are held. Since 2018, the NCA has been carrying out work to identify where capabilities exist across law enforcement. The 2018 strategy sets out further work to decide which should be developed or rationalised. Nationally, the government has identified that it needs to make better use of data, especially to respond to the growing threat of online crime. The NCA is leading the government's work to develop new capabilities to exploit data and tackle illicit finance (paragraphs 2.9, 4.5 and 4.7 and Figure 15).

Conclusion on value for money

19 Serious and organised crime is evolving at a rapid rate, as criminal networks identify new vulnerabilities and adapt their activity in response to law enforcement action and the opportunities offered by new technology. Those tackling serious and organised crime recognise the seriousness of this challenge and have plans in place to build the teams and expertise to deal with it. We have also seen examples of improved collaboration across government and beyond to disrupt criminal groups, safeguard vulnerable people and seize illegal goods.

20 However, there remain some significant and avoidable shortcomings that may prevent government and its partners from meeting its aim to “rid our society of the harms of serious and organised crime”. The government is therefore not yet able to show that it is delivering value for money in this area. The Department and the NCA do not know whether their efforts are working and are not yet able to target resources against the highest-priority threats. Despite ongoing efforts to improve them, governance and funding arrangements remain complex, inefficient and uncertain. Unless the government addresses these issues there will continue to be a mismatch between its ambitious plans to respond to serious and organised crime and its ability to deliver on them.

Recommendations

- a The Department should accelerate its work to measure the impact of the collective efforts of government and law enforcement bodies on the prevalence of serious and organised crime.** The Department and the NCA have been developing a new performance framework since 2017 but still lack the right information to know whether efforts are working. The Department should bring this development to a quick conclusion and decide on the indicators and information it needs to measure success consistently.
- b The Department should continue to support organisations to tackle the underlying causes of serious and organised crime.** In 2015-16, 4% of the front-line spending on tackling serious and organised crime was estimated to have been spent on Prevent activities, compared with 79% on Pursue activities. The Department should ensure it supports partner organisations to rebalance their efforts by improving the evidence base on what preventative activities work, sharing this evidence base widely and regularly, and using funding to incentivise organisations.
- c The Department and the NCA should build on initial work to agree a more efficient way to distribute and share capabilities across government and law enforcement bodies.** Capabilities have been inconsistently developed and often unnecessarily duplicated across bodies. The Department and the NCA should give clear direction on who should hold which capabilities to make the best use of limited resources to ensure that those capabilities are focused on tackling the greatest threats.

- d The NCA should assess how well its new approach to identifying priority areas is directing resources to address the highest risks and threats.**
Between April and September 2018, the NCA, ROCUs and forces disrupted more crimes that were not a priority than crimes that were considered priority threats. The NCA should carry out an early review of its new approach to prioritising and delegating work to ensure law enforcement activity focuses on its priority threats.
- e The Department's work to change how it funds efforts to tackle serious and organised crime should focus on streamlining processes and giving greater certainty to organisations.** Funding for serious and organised crime comes from multiple sources that are subject to annual bidding and decision processes and often paid late. The Department should ensure any changes it makes in the forthcoming Spending Review will rationalise funding sources and give organisations longer notice over future funding to allow them to plan more effectively.
- f The government should review the effectiveness of accountability arrangements and address weaknesses as it implements its strategy.** Accountability involves being responsible or answerable to someone for some action. Good governance is a core element of accountability. Governance arrangements for those tackling serious and organised crime are complex and the overall accountability framework is weak. Once the Department has finalised its plan for implementing the strategy, it should review how changes to its governance arrangements are working, including reviewing the Strategic Policing Requirement, which sets out the threats that require a coordinated policing response. It should review how performance data are used, and the success of the SRO in getting others across government and law enforcement to meet the strategy's objectives.