An inspection of the National Crime Agency

An inspection of the National Crime Agency's progress against outstanding recommendations made by HMIC and areas for improvement

Contents

1. Summary

Introduction

Her Majesty's Inspectorate of Constabulary (HMIC) is an independent inspectorate which is required 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.

This inspection took place in the second year of the NCA's operations, during which the Agency responded to four recommendations from our 2014 inspection report and the 19 areas for improvement we identified (see Annex A). HMIC assessed the NCA's progress against the recommendations made in the 2014 report.

HMIC's inspection report was submitted to the Home Secretary in March 2016. Our report included observations on certain NCA operational matters which, because of their sensitive nature, are not in the public domain.

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 report, which the Home Secretary has instructed us to publish.

Our terms of reference for this inspection were as follows.

> "In relation to the recommendations and areas for improvement identified in the previous [2014] inspection report 'An Inspection of the National Crime Agency':

- has the NCA discharged the recommendations HMIC made in this report?

- what progress has the NCA made in relation to the 'areas for improvement' detailed in the report?

- to what degree, if any, has efficiency and effectiveness in these areas improved?"[1]

Recommendations from the 2014 inspection

In our 2014 inspection we made five recommendations. One recommendation was quickly discharged by the NCA and four remained outstanding. We have assessed the NCA's progress against these recommendations.

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[1] *Inspection of the National Crime Agency: Terms of Reference*, HMIC, July 2015, page 2, paragraph 2.

Communications data – 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."

In the 2014 inspection report, we expressed concern about the capability of the NCA to collect communications data during periods of extraordinary demand. We acknowledged in our recommendation that there were likely to be legal constraints to sharing the capacity to secure communications data.

Findings from the 2015 inspection

We found that this matter was being addressed. The NCA's efforts through its membership of a Home Office-led working group,[2] and the inclusion of proposed changes to the legislation, lead us to conclude that the NCA has discharged recommendation 1.

Strategic governance – 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."

In the 2014 inspection, we found that there was inadequate co-ordination of the way the NCA, police forces and other organisations involved in tackling serious organised crime (i.e. those represented on the national strategic tasking and co-ordination group) worked together.

Findings from the 2015 inspection

We found that the NCA had proposed new strategic governance arrangements and a clearer explanation of how the NCA will lead the activity of all those involved in tackling serious organised crime. This had been submitted to the National Police Chiefs' Council for agreement.

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[2] The Home Office Investigatory Powers Working Group.

The work between the NCA and the National Police Chiefs' Council (NPCC) stands as clear evidence of progress, even though the NPCC had not signalled its final agreement by the time the inspection ended.

The strategic governance group and threat group structures have been in place for some time but the new agreement represents an evolution that clarifies roles and responsibilities. We conclude that the NCA has discharged recommendation 2.

Strategic action plans – 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."

In the 2014 inspection report, we found that the strategic action plans, which were being developed at that time, provided good evidence of a shared commitment to achieve the objectives of the *Serious and Organised Crime Strategy*. However, we were concerned that there was a lack of detail and consistency in the strategic action plans.

<u>Findings from the 2015 inspection</u>

We looked for evidence that the NCA had reviewed its plans and that it met the three criteria in recommendation 3.

The evidence was not encouraging:

* in July 2015, only one of the strategic governance groups produced a plan that met the criteria in recommendation 3;

* a template was offered up as a model, but was not accompanied by any direction as to how to adopt it;

* at the end of November 2015, there was an improving picture but some of the strategic action plans produced by two of the strategic governance groups did not meet all three criteria across all of the threats managed by their threat groups or sub-threat groups; and

* HMIC was not provided with any plans in relation to three identified threat areas.

There is some mitigation (see pages 24-25) and there has been notable progress since July 2015. However, there needs to be more concerted work to make the NCA's use of its strategic action plans effective.

While our inspection was underway, the Director General of the NCA and the temporary Deputy Director General took action to address these matters.

We conclude that the NCA has not discharged recommendation 3.

Monitoring arrangements – 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."

In the 2014 inspection report, we said that there was a need for the Director General of the NCA to put in place a system which would ensure that action was being taken.

<u>Findings from the 2015 inspection</u>

Our inspection revealed that there was not an adequate system for monitoring progress. As this became apparent – to both us and the NCA – the Agency initiated an internal review of the strategic action plans.

In November 2015, as our fieldwork drew to an end, the NCA created a Strategic Risk and Compliance Committee. We understand that the functions of this committee are to include formal monitoring of progress. Its work is to be supported by a new compliance team which, at the conclusion of our fieldwork, had yet to be established.

There was distinct evidence of timely attempts to establish a process to improve strategic action plans and highlight progress. We also found that there was regular communication between threat group chairs and strategic governance group chairs.[3]

However, the poor quality of some of the strategic action plans is evidence that these measures are not as effective as they need to be in helping the NCA to perform its leadership function.

Before our fieldwork had ended, the NCA acknowledged that its approach to monitoring the progress of the strategic action plans was not adequate. By the conclusion of the inspection, we had clear evidence that the Agency was working to address the issue.

We conclude that recommendation 4 is not discharged.

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[3] The groups mentioned help to identify the activity to be undertaken by the NCA and its partners to mitigate the threats and risks, and they are chaired by senior law enforcement officials.

Areas for improvement

We identified 19 areas for improvement in the 2014 inspection report. In order to provide a helpful analysis of the NCA's progress, we have placed each of the areas for improvement into four themes: technology capability and intelligence analysis; information management processes; leading the national response; and internal communication and engagement.

Technology capability and intelligence analysis

In the 2014 inspection report, we highlighted the very significant challenge the NCA faced as a result of underinvestment in technology by the precursor bodies (i.e. the organisations which combined to form the Agency). We also highlighted the NCA's poor analytical capability.

Findings from the 2015 inspection

We found that there had been progress in improving some aspects of the NCA's technology capability. The Agency had established a new information technology strategy and had made improvements to its contract with its technology supplier. It had also assembled the resources and expertise it needs to carry out the new plan.

We consider that the Agency's *IT Strategy 2020,* and the decisions now being made by the board concerning technology, indicates that it has improved significantly its understanding of how to secure the desired improvements.

Some of the measures already implemented, such as the modernised desktop computers, make it easier for NCA officers to do their jobs. We also consider that the Agency is making good progress to improve its analytical capabilities, but we were not able to assess the outcome of this work because it was still at an early stage of development when we conducted our inspection.

As a consequence of all these factors, we conclude that the NCA has made good progress on the areas for improvement detailed in our 2014 inspection report that concerned technology capability and intelligence analysis.

Information management processes

In 2014, we reported on the NCA's approach to information. In particular, we found that:

- the NCA's information technology storage capability did not sufficiently enable all officers to do their jobs effectively;

- the corporate record[4] was fragmented;

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[4] The sum total of all information held by the NCA.

- substantial volumes of hard copy material in storage had not been added to the corporate record;

- there was no single gateway for tracking intelligence;

- the NCA lacked an Agency-wide database that recorded the use of its technical equipment; and

- it was apparent that the data held on human resources and financial systems were not sufficiently accurate or comprehensive enough.

<u>Findings from the 2015 inspection</u>

We found that the NCA has, through the development of its *IT Strategy 2020* and investment in the chief information officer function, generated the momentum necessary to improve matters.

There was encouraging evidence in this part of the inspection, including: the progress in examining the substantial volume of paper records; the review of human resources and finance data which has led to improved accuracy; the additions to functionality of the human resources and finance database (Resourcelink); development of the people scorecard; and the work underway with Obelisk.

However, this encouraging evidence has to be considered in the context of the challenge that remains: 40 percent of the paper records and a large quantity of digital media records still need to be reviewed; there are technical challenges still to be overcome with some of Resourcelink's functionality; and – above all – it will take some time before the considerable benefits promised by *IT Strategy 2020* are realised. Therefore, we consider that it is particularly important that the Agency sustains the momentum that we described earlier.

As a consequence of all these factors, we conclude that the NCA has made good progress in relation to the areas for improvement detailed in our 2014 inspection report that concerned information management processes.

Leading the national response

In 2014, we reported that: chief officers had identified a lack of clarity between the roles of the NCA's regional organised crime co-ordinators and branch commanders; the national tasking arrangements were at an early stage of development; the process to refer investigations considered by forces to fall within the Agency's remit was slow and applied inconsistently; and the absence of a permanently established HOLMES in the NCA could be problematic if the Agency needed to use the system frequently.

<u>Findings from the 2015 inspection</u>

We found that, since the 2014 inspection, the NCA had made substantial efforts to clarify the roles and responsibilities of its regional organised crime co-ordinators and branch commanders. However, despite these efforts there remained confusion among police officers in some police regions.

We found that the NCA is producing a more accurate picture of the threat from serious and organised crime. The NCA and police forces acknowledge that they need to continue to work together to improve their assessment of intelligence to have a better understanding of the threat.

We also consider that the NCA's HOLMES requirement has not had a negative impact on police forces and we are satisfied that the NCA maintains a close oversight of the use of HOLMES.

As a consequence of all these factors, we conclude that the NCA has made progress on the areas for improvement detailed in our 2014 inspection report that concerned leading the national response.

Internal communication and engagement

In the 2014 inspection report, we said that leaders in the NCA needed to continue their efforts to communicate better and engage with the Agency's officers.

<u>Findings from the 2015 inspection</u>

The strenuous efforts of the outgoing Director General to ensure effective communication with officers in the NCA provided strong evidence of leadership. Similarly, we found examples of efforts by the NCA to improve its internal communication, although there was some inconsistency in the way leaders were communicating with staff. The recent investment in leadership development by the NCA has the potential to help with the quality of internal communication and staff engagement.

On balance, we conclude that the NCA has made good progress on the areas for improvement detailed in our 2014 inspection report that concerned internal communication and engagement.

Efficiency and effectiveness

The progress made by the NCA in relation to all of the areas we identified for improvement in our 2014 inspection report is resulting in a gradual improvement of the organisation's efficiency and effectiveness.

2. Introduction

Our commission

Her Majesty's Inspectorate of Constabulary (HMIC) is an independent inspectorate which is required 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.

Our first inspection of the NCA was carried out in 2014. Following the 2014 inspection, we submitted our report to the Home Secretary and subsequently, on the Home Secretary's behalf, published a version of it, which appeared on the HMIC website in March 2015 (the "2014 inspection report").

This is our second inspection of the NCA. We examined two distinct areas: the Agency's progress against the matters we raised in the 2014 inspection report, and the efficiency and effectiveness of the NCA's United Kingdom International Crime Bureau. This report relates to the former area; a separate report will be issued on the latter.

This inspection report was submitted to the Home Secretary in March 2016. Our report included information concerning certain NCA operational matters which, because of their sensitive nature, are not in the public domain.

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 the report in consultation with the NCA and the 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."[5]

We removed such parts from the report and presented this version to the Home Secretary, who instructed HMIC to publish it.

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[5] Schedule 6, paragraph 3(2)(a-c), Crime and Courts Act 2013. Available at:
www.legislation.gov.uk/ukpga/2013/22/schedule/6/enacted

Our terms of reference

This inspection took place in the second year of the NCA's operations, during which the Agency responded to four recommendations from our 2014 inspection report and the 19 areas for improvement we identified.

HMIC assessed the NCA's progress against the recommendations and areas for improvement made in the 2014 report.

Our terms of reference for this inspection were as follows.

- "In relation to the recommendations and areas for improvement identified in the previous [2014] inspection report 'An Inspection of the National Crime Agency':

- has the NCA discharged the recommendations HMIC made in this report?

- what progress has the NCA made in relation to the 'areas for improvement' detailed in the report?

- to what degree, if any, has efficiency and effectiveness in these areas improved?"[6]

Methodology

Details of the approach used are set out in Annex B.

We conducted our inspection between September and November 2015 and spoke to approximately 100 officers of the NCA, at all levels.

We reviewed a series of documents regarding the working of the NCA and observed a number of management and operational meetings.

We consulted a number of chief officers who work closely with the NCA to obtain their views about how the Agency is functioning. A list of these consultees is set out in Annex B.

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[6] *Inspection of the National Crime Agency: Terms of Reference*, HMIC, July 2015, page 2, paragraph 2.

3. The 2014 recommendations

Introduction

In our 2014 inspection, we made five recommendations, each on issues that required greater recognition and emphasis than was evident from our inspection findings. One recommendation (regarding improved clarity in the Agency's change programme) was quickly discharged by the NCA and four remained outstanding. We also identified 19 areas for improvement (see Annex A).

The four outstanding recommendations were as follows:

- "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."

- "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."

- "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."

- "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."

We have assessed the NCA's progress against these recommendations. For each recommendation, we have provided a brief introduction which sets out the relevant background. We then describe our findings from this inspection and our conclusions in relation to the NCA's progress against each recommendation.

Communications data – 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."

Background to recommendation 1

The collection and exploitation of communications data is a tactic used by the NCA and other law enforcement bodies to gather intelligence and to investigate crime.

In the 2014 inspection report, we expressed concern about the capability of the NCA to collect communications data during periods of extraordinary demand. At the time of our first inspection, officers were unable to access communications data to support their work if it did not meet certain criteria. This was mainly due to a large-scale investigation into a substantial number of individuals suspected of sharing indecent images of children across computer networks (Operation Notarise).

A temporary policy of prioritising applications for communications data had been put in place, namely: cases involving immediate threat to life; investigations into high priority groups; and cases where evidential communications data were required in order for a prosecution to proceed.

Compared with the capability present in police forces, in which officers investigating less serious crimes could readily access communications data, we were concerned about the NCA's lack of capacity at times of extraordinary demand. We considered that sharing the burden across different organisations would be a cost-effective solution to meet extraordinary demand.

Findings from the 2015 inspection

We acknowledged in our recommendation that there were likely to be legal constraints to sharing the capacity to secure communications data. The Regulation of Investigatory Powers Act 2000 s22(3) says that "...a designated person may grant an authorisation for persons holding offices, ranks or positions with the same relevant public authority as the designated person...". The inclusion of this provision in the Act meant that, in effect, organisations could not collect communications data on behalf of each other.

This provision was preventing police forces from collaborating effectively and it was amended by the Policing and Crime Act 2009.

After the enactment of these provisions, police forces with formal collaborative agreements in place were able to share communications data capacity. The NCA, however, had not been created at the time of this legislative change and was not included.

We found that this matter was being addressed. The NCA was participating in a Home Office-led working group[7] concerned with the creation of new legislation and in November 2015 – while our inspection was under way – the Draft Investigatory Powers Bill[8] was presented to Parliament.

This Bill includes provisions that would, if enacted, enable the NCA to enter into a formal collaboration agreement with a police force or any other "relevant public authority"[9] that can access communications data.[10] Such an agreement would enable the NCA to share "single points of contact"[11] and so-called 'designated persons',[12] either on an ongoing basis or in relation to specific investigations.

The draft Bill was at the time of our inspection undergoing pre-legislative scrutiny, with a view to it being introduced into Parliament in spring 2016. We consider that the work that the NCA has done on seeking this proposed amendment to legislation meets the requirements of recommendation 1.

In addition to this work, the NCA provided evidence to HMIC that the Agency had improved its communications data capacity while seeking to reduce demand.

<u>Communications data capacity and demand</u>

The policy of focusing applications to priority work was still in place and had become accepted practice. There was also an exceptions process by which communications data could be obtained where the case did not meet the three criteria (see page 13). The NCA estimated that five such applications were being processed each week.

However, we were told by officers that one reason why the NCA has reduced demand is because, knowing the prioritisation criteria, officers are constrained from applying for communications data in routine intelligence development work

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[7] The Home Office Investigatory Powers Working Group.

[8] *Draft Investigatory Powers Bill*, November 2015, Cm 9152.

[9] Relevant public authorities are listed in Table 1 to Schedule 4 of the Draft Investigatory Powers Bill.

[10] *Draft Investigatory Powers Bill*, November 2015, Cm 9152, Part 3, clause 62.

[11] A single point of contact is an accredited individual trained to facilitate lawful acquisition of communications data between a public authority and communication service providers.

[12] A designated person holds a prescribed office in a relevant public authority whose function is to decide whether authority to acquire the communications data should be given in a particular case.

(i.e. work undertaken to determine whether a formal investigation is required). We were told that they considered the threshold for communications data applications "is so high, we don't submit them".

Due to the prioritisation criteria now in place, the NCA was unable to quantify the demand for communications data that fall outside the criteria.

In the course of our inspection of the NCA's United Kingdom International Crime Bureau (covered in a separate report) we learned of the frustrations of officers there. We were informed that the NCA often asks law enforcement agencies in other countries to obtain, on its behalf, communications data that is held there. Because those countries then often go on to carry out those enquiries as requested, officers believed that the NCA should reciprocate when asked to carry out communications data enquiries in the United Kingdom on behalf of other countries. We were told that the NCA would not usually do so unless the prioritisation criteria were met.

The NCA has been developing and strengthening its workforce and resources; the number of 'single point of contact' posts in the communications data unit has increased by 15 (a 60 percent increase) although not all the posts had been filled at the time of the inspection. As part of this expansion, officers who had previously undertaken the communications data function have returned to the unit, demonstrating that the NCA has endeavoured to make good use of existing officer skills.

Part of the increased capacity has been located outside of London, which also provides business resilience in the event that the main communications data unit cannot function for any reason.

Two additional individuals have been trained to fulfil the 'designated person' role full time, thereby providing increased capacity to authorise applications.

At the time of the last inspection, the backlog for acquiring communications data for cases that did not meet any of the three criteria for prioritisation was around three months. We found that this has reduced to a maximum of two or three weeks at times and, on the day we spoke to the senior responsible officer for communications data,[13] there was no backlog of applications at all.

Quality of applications

The NCA advised us that part of the problem with the workload was that a significant number of its communications data applications were not of sufficient quality, requiring remedial work.

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[13] The senior responsible officer (SRO) is responsible for the integrity of the process to acquire communications data and for compliance with the Regulation of Investigatory Powers Act 2000 and the associated codes of practice.

In order to improve the standard of applications and thus minimise the time wasted in rejecting sub-standard applications, since December 2014 the NCA has implemented a new policy; officers applying for communications data must have completed three online training courses[14] before their applications can be considered. This approach was intended to reduce the number of applications rejected by the designated person because they were below standard. Experience showed that it was taking more time and work to identify the failings in an application than it would take to get it right in the first place.

We reviewed a document the NCA supplied to us. This described how training has been supported by NCA written guidance to applicants and included a new template to be used for the submission of communications data applications. This approach has had some success, although an update we were shown (dated May 2015) highlighted that between 30 percent and 50 percent of applications submitted by trained personnel still had errors.

Automated communications data system

The NCA is supporting work on the 'automated communications data system' – a Home Office-led project that allows for communications data to be acquired through computerised links between the NCA (and other communications data users) and the communication service providers. Links of this nature allow for automated data collection processes and are more efficient than their manual equivalents (which involve exchanges of email).

At the time of the inspection, the NCA had not been able to use the automated communications data system and it was relying on manual ways of working. We were informed that this was because of the information technology security standards applied to the NCA's computer network, a significant issue which we explore on page 33.

Conclusion

The NCA's efforts through its membership of the Home Office working group, and the inclusion of proposed changes to the legislation, lead us to conclude that the NCA has discharged recommendation 1.

Furthermore, the evidence presented concerning the NCA's efforts to manage demand more effectively and increase capacity was encouraging. Improvements in the quality of submissions are leading to greater efficiency, although the error rate, as outlined on page 16, indicates that even greater efficiency should be possible.

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[14] These training courses have been developed by the National Centre for Applied Learning Technologies (NCALT). NCALT was established in 2002 and produces e-learning (online) training courses for the police service and the wider criminal justice community.

Generally, we consider that in the event that the proposed legislative change is not enacted, the NCA has positioned itself to deal more efficiently and effectively with communications data in future.

However, while the NCA's approach has been effective in reducing demand, such an approach is not without risks. Because officers cannot use communications data as part of early intelligence development work, the NCA's overall ability to provide an accurate picture of the threat from serious and organised crime may be adversely affected. In addition, the NCA's international law enforcement partners may become frustrated if the Agency does not provide the level of support that it asks of them.

As an earlier National Strategic Assessment and our 2014 inspection report recognised, "if 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".[15]

The Draft Investigatory Powers Bill is capable of having a profound impact. The provisions, if enacted, will go beyond the simple sharing of communications data capacity; they will set the scene for the scale, volume and importance of communications data for the investigation of serious and organised crime, by the NCA and other law enforcement bodies in the future.

Strategic governance – 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."

Background to recommendation 2

The aim of the government's Serious and Organised Crime Strategy is: "to substantially reduce the level of serious and organised crime affecting the UK and its interests"[16] and the NCA is identified as the organisation that will "lead [the government's] work against serious and organised crime".[17]

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[15] *An inspection of the National Crime Agency*, HMIC, December 2014, page 29, paragraph 2.

[16] *Serious and Organised Crime Strategy*, HM Government, October 2013, Cmnd 8715, page 25, paragraph 3.1. Available at:
www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime Strategy.pdf

[17] *Ibid,* page 27, paragraph 4.2.

The strategy sets out the role and structure of the NCA and summarises the government's expectations as follows:

> "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."[18]

It is the NCA's intention that its strategic governance arrangements, which seek to combine the efforts of the NCA and other organisations, would help the Agency to fulfil its leadership role. The NCA's Annual Plan 2014/15 described how these strategic governance arrangements were expected to operate, and the description was repeated in the NCA's Annual Plan 2015/16:

> "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)."[19]

Each specialist threat group deals with specific areas of organised crime and reports to a strategic governance group. For example, the 'organised acquisitive crime' threat group reports to the organised crime strategic governance group. Each threat group is chaired by a senior member of a law enforcement agency, government department or partner agency (such as the NCA, a police force or the Home Office) and reports on activity to its overseeing strategic governance group.

In the 2014 inspection report, we highlighted a concern expressed by the chief officers we consulted, about "some overlap and confusion" and "conflicting outcomes" between the strategic governance groups and their related threat groups and other similar groups, at that time, convened by the Association of Chief Police Officers and the College of Policing.

At the time of the 2014 inspection, the Association of Chief Police Officers was in the process of being superseded by a new co-ordinating body for the police service called the National Police Chiefs' Council. The Association of Chief Police Officers'

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[18] *Ibid*, page 10, paragraph 1.10.

[19] *NCA Annual Plan 2015/16*, National Crime Agency, 26 March 2015, page 9. Available at: www.nationalcrimeagency.gov.uk/publications/541-nca-annual-plan-2015-16-v1-0/file

business area structure was to be replaced by co-ordinating committees led by 'national policing leads' – designated chief police officers undertaking this role in addition to their force responsibilities.

We found that there was inadequate co-ordination of tasks between the NCA, police forces and other organisations involved in fighting serious organised crime (represented on the national strategic tasking and co-ordination group), and we were concerned that this would result in unintentional duplication of the work.

Findings from the 2015 inspection

We found that the NCA had proposed a formal structure that defines the strategic governance arrangements and leadership of activity to tackle organised crime in line with the government's Serious and Organised Crime Strategy.

The proposed structure was set out in a paper prepared by the NCA and endorsed by the National Police Chiefs' Council crime operations co-ordination committee in September 2015.

The proposals were formally adopted by the national strategic tasking and co-ordination group on 5 November 2015 and, as our fieldwork ended, still awaited further agreement from the National Police Chiefs' Council in the form of agreement at a meeting of the chief constables' council.

Overall accountability for delivery of the NCA's statutory functions remains with the Director General of the NCA. Under the structure, the Director General has, using a legal power,[20] delegated authority for delivery to the NCA directors who chair the five strategic governance groups.

These directors were the designated senior national co-ordinators in their respective crime areas. They were supported by the strategic governance groups, membership of which included senior police officers or representatives of other agencies (known as national co-ordinators) who chaired the separate groups which reported to the strategic governance groups.

We learned that there was a total of 29 separate groups, known variously as 'threat groups', 'sub-threat groups' or by other names which relate to the four themes of the Serious and Organised Crime Strategy: pursue; prevent; protect; and prepare. Each of these groups was created to develop and co-ordinate activity to deal with a particular type of criminality.

In the case of eight of the 29 groups, the national co-ordinator was the relevant member of the National Police Chiefs' Council portfolio with responsibility for that area.

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[20] Schedule 1, paragraph 10, Crime and Courts Act 2013. Available at: www.legislation.gov.uk/ukpga/2013/22/schedule/1/enacted

We understand that the College of Policing agreed to nominate a senior representative to attend each strategic governance group to assist with identifying and developing any policy or doctrine required.

Conclusion

The written agreement, endorsed by the National Police Chiefs' Council crime operations co-ordination committee and approved by the national strategic tasking and co-ordination group, stands as clear evidence of progress, even though the National Police Chiefs' Council had not signalled its final agreement by the time the inspection ended.

The strategic governance group and threat group structures have been in place for some time but the new agreement represents an evolution that clarifies roles and responsibilities.

This enables us to conclude that the NCA has discharged recommendation 2, though not before November 2015.

It has taken a long time to reach agreement but we recognise the difficulties the NCA will have faced in negotiating with a newly formed organisation finding its feet.

We also conclude that, with eight of the threat groups' chairs being the equivalent member of the National Police Chiefs' Council with responsibility for that area, the "potential for duplication of effort" is likely to have been reduced.

The evidence suggests that the NCA understands the importance of its leadership role; bringing all interested parties together – the NCA, police, government departments and partner agencies – through the strategic governance groups and threat groups is important to ensure a co-ordinated response to serious and organised crime.

Strategic action plans – 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."

Background to recommendation 3

In the 2014 inspection report, we concluded that the strategic governance groups in place 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. We also found that the strategic action plans, which were being developed at that time, provided good evidence of that shared commitment to achieve the objectives of the Serious and Organised Crime Strategy.

However, we were concerned that there was a lack of detail and consistency in the strategic action plans. In particular, they did not all include 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. We considered that the strategic action plans needed this level of detail otherwise the actions themselves would either be delayed or not carried out at all.

Findings from the 2015 inspection

In July 2015 we asked the NCA to provide us with copies of all the strategic action plans then in place. When we reviewed them we were concerned to find that some still lacked the detail we sought in our recommendation.

We looked for evidence that the NCA had reviewed its plans and that it met the three criteria in recommendation 3:

- 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.

Of the five strategic governance groups, only one (child sexual exploitation and abuse strategic governance group) produced a strategic action plan that we considered met the three criteria of the recommendation.

The remaining four strategic governance groups:[21]

- provided versions of the strategic actions plans that were deficient in at least one area; or

- did not provide us with a copy of a plan (although we later established one did exist); or

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[21] Economic crime, organised crime, cyber-crime and the national borders security group.

- provided plans that were marked as 'draft'; or

- informed us that one or more of their threat groups did not have the required strategic action plan in place.

As a consequence of this, we decided to look more closely at the approach the NCA had adopted to address recommendation 3. In addition to our examination of the strategic action plans, we reviewed a sample of the minutes of strategic governance group meetings and the supporting papers provided for these meetings, which included written updates provided by threat groups. We also interviewed the NCA officers who provided secretariat support to the strategic governance groups (in some cases those officers were also responsible for formulating or updating the strategic action plans). We also attended four strategic governance groups to see how they used the plans.

We established that on 4 March 2015 there was a meeting of secretariat personnel representing all the strategic governance groups, the purpose of which included a discussion on the requirement to achieve greater consistency in strategic action plans. We understand that the meeting also discussed the reintroduction of a template for strategic action plans. This template – the characteristics of which included the three criteria we described in recommendation 3 – had originally been used by the NCA in 2014.

The minutes of that meeting do not record any specific actions to be taken by attendees, but the template was circulated to the strategic governance group secretariats on or after 5 March 2015.

Although we have been unable to establish what direction (if any) was provided to the secretariats, it may be inferred that the circulation of the template was an attempt to encourage its use. The view expressed by the secretariat personnel we spoke to was that the template was only a model and there was no direction to apply it rigidly.

We also noted that on 16 March 2015 the Director General of the NCA wrote to members of the national strategic tasking and co-ordination group advising them that the NCA directors who chair the strategic governance groups had been asked to address this recommendation, although we were unable to establish the manner in which NCA directors were expected to do so.

All the strategic governance groups we attended received an update from the respective threat group chairs (or representatives). Some of the updates were oral and some were written. These updates generally addressed how the threat was changing and described significant operational activity or emerging issues.

The agendas prepared for each of these meetings demonstrated differing approaches to the use of strategic action plans. For example:

- at the child sexual exploitation and abuse strategic governance group meeting on 21 October 2015, the strategic action plan was listed as a principal agenda item and was discussed in detail;

- at the economic crime command strategic governance group meeting on 28 September 2015, the strategic action plans were not each listed as agenda items – instead there was a discussion concerning a cross-cutting issue (professional enablers) which we understand featured in a number of strategic action plans. We were informed that this had been identified from a review of all the economic crime command strategic action plans, which had been undertaken in advance of the meeting. The agenda item was described as 'Threat Group Chairs (pre-agreed issues for discussion at SGG)'.

The strategic governance group meetings we attended took place in September and October 2015. In advance of, or following these meetings, we were supplied with some updated versions of the strategic action plans.

Some of the updated strategic action plans demonstrated progress in terms of achieving recommendation 3. We considered that, in addition to the plan already produced by the child sexual exploitation and abuse strategic governance group, the plans produced by the cyber strategic governance group also met the three criteria. Furthermore, some of the strategic action plans produced by the economic crime strategic governance group also demonstrated progress.

However, at the end of November 2015, one or more of the strategic action plans produced by the organised crime strategic governance group and the national borders security group (which functions as a strategic governance group) still did not meet the three criteria.

In the case of the latter, due to an internal review and restructure, the national borders security group was in the process of creating eight new plans (one for each of its 'sub-threat' groups) which would be combined to create one overarching strategic action plan. We noted that five of the borders sub-threat group chairs had changed since March 2015.

At the time of our inspection, we interviewed the chair of the organised crime strategic governance group and the chair of the most recent national borders security group. These interviews revealed further evidence which helped us to form a more comprehensive view of the actual impact of each threat group or sub-threat group (rather than merely the contents of their plans).

Various examples of the impact of the groups were provided. These included: the development of comprehensive plans to tackle thefts from fuel pipelines; measures to deal with new psychoactive substances; improved management of the threat from corruption at the border; and the creation of joint border intelligence units.

Conclusion

The importance we attach to the quality of the strategic action plans, which lies at the heart of our recommendation, deserves an explanation.

As we described in our 2014 inspection report, and in our findings from the 2015 inspection concerning the relationship between the NCA and its partners, the Agency must perform a vital leadership function.

The stated purpose of the strategic action plans is to "describe the activity to be undertaken by the NCA and its partners to mitigate the threats and risks".[22] The NCA's annual plans from 2014 and 2015 both made it clear that these plans are an important component of the Agency's approach to performing its leadership function. Given the scale of the challenges faced by the NCA – the range and nature of serious and organised crime threats and the diverse range of organisations concerned with the response – we agree. This is why we looked very closely at the quality of the strategic action plans and the NCA's efforts to improve them.

The evidence was not encouraging:

- in July 2015, only one of the strategic governance groups produced a plan that met the criteria in recommendation 3;

- a template was offered up as a model, but was not accompanied by any direction as to how to adopt it;

- at the end of November 2015, there was an improving picture but some of the strategic action plans produced by two of the strategic governance groups did not meet all three criteria across all of the threats managed by their threat groups or sub-threat groups; and

- HMIC was not provided with any plans in relation to three identified threat areas: fast parcels, post and air freight; common travel area and Schengen; and public sector fraud.

This evidence leads us to conclude that the NCA has not discharged this recommendation.

There is some mitigation. Those working in the child exploitation and online protection field acknowledge that the focus on child sexual exploitation and abuse in recent years has meant the strategic relationships and planning to build partnership activity has been accelerated, which is reflected in a more mature strategic action plan.

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[22] *NCA Annual Plan 2015/16*, NCA, 26 March 2015, page 9. Available at: www.nationalcrimeagency.gov.uk/publications/541-nca-annual-plan-2015-16-v1-0/file

We recognise that the child sexual exploitation and abuse strategic governance group, and the cyber-crime strategic governance group, have fewer threat groups to oversee than, for example, organised crime, which has to encompass the range from serious acquisitive crime to drugs and firearms. The breadth of criminality, the endeavour required and the potential partners that can contribute, makes the formulation and implementation of strategic action plans within organised crime, borders and to some extent economic crime more complicated.

We also recognise that it would be unrealistic for a strategic governance group such as borders, dealing with eight strategic action plans, to consider each plan, line by line, at each meeting. However, it would be realistic for that level of detail to be considered at threat group level, while the strategic governance group considers 'exception reporting' (for example, where actions are falling behind their timetable) or overlapping issues (the approach adopted by the economic crime strategic governance group).

We acknowledge that, in instances where new leaders have assumed responsibility for threat groups, they may need time to become fully effective in their role and bring to bear their influence on the strategic action plans. We also acknowledge that the NCA is conducting this work in partnership with leaders from other organisations, such as the National Police Chiefs' Council. This adds complexity.

Although there has been progress since July 2015, there needs to be more concerted work to deliver what is essentially an administrative outcome but which has a real strategic benefit.

The NCA is aware that recommendation 3 has not been discharged. Part of the reason for this is that recommendation 4 has not been discharged either (see page 28).

While our inspection was underway, the Director General of the NCA and the temporary Deputy Director General took action to address these matters. We discuss this in the next section of our report (see page 28).

Monitoring arrangements – 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."

Background to recommendation 4

In the 2014 inspection report, while we recognised that responsibility for the strategic action plans rests with the chairs of the strategic governance groups, we considered that there was a need for the Director General of the NCA to put in place a system which would ensure that action was being taken. We also considered that monitoring was necessary to identify areas of strategic overlap between the commands.

Findings from the 2015 inspection

The NCA advised us that in early 2014, the then Deputy Director General had begun to review the strategic action plans, which included one-to-one meetings with the directors chairing the strategic governance groups. The expressed intention at that time was to review the strategic action plans on a quarterly basis. However, the NCA also advised us that – largely because of the operational challenges the Agency faced at the time and the concurrent demands of its Novo change programme – this process was not maintained.

Following publication of our 2014 report, on 16 March 2015 the Director General wrote to members of the national strategic tasking and co-ordination group and proposed that: "the NCA prepares a progress report for the next NSTCG [national strategic tasking and co-ordination group] meeting [5 November 2015], and that this is considered as a formal agenda item".

While oversight of the strategic action plans rested with the strategic governance groups, in practice responsibility for preparation of plans was usually delegated to the relevant threat group chairs, whom the NCA sometimes described to us as 'owning' the plans. Some of the threat group chairs were NCA officers whereas others came from various partner organisations.

We found that all the strategic governance group chairs met with their respective threat group chairs, both as a group and on a one-to-one basis to discuss activity taking place. These meetings took place in advance of the strategic governance group meetings which were held quarterly.

At the time of the inspection the strategic governance group meetings were in the process of being rescheduled to take place six-monthly. The intention is to align them with the national strategic tasking and co-ordination group's meeting schedule; threat group meetings will continue to be held quarterly.

When we spoke with NCA officers working in the secretariats, we were assured that, although the review process was not maintained (see page 26), there was a good level of communication between the chairs of the strategic governance groups and their respective threat group chairs. This informal communication comprised weekly or even daily conversations about immediate or strategic crime issues.

We learned that the individual command secretariats produced, on a quarterly basis, a brief summary of key issues relating to their areas. These were collated for scrutiny at the NCA board meeting. This summary was entitled Strategic Governance Group (SGG) – Strategic Action Plan Updates.

When we looked at the content of the Strategic Governance Group (SGG) – Strategic Action Plan Updates document produced in July 2015, we found that it provided helpful commentary on some of the actions within the plans. However, it did not include information about whether actions were on schedule to deliver their intended end results, or indeed whether the actions were having an effect. We also found examples of commentary in the Strategic Governance Group (SGG) – Strategic Action Plan Updates that did not appear to feature within the strategic action plans.

Our inspection revealed that there was not an adequate system for monitoring progress. As this became apparent – to both us and the NCA – the Agency initiated an internal review of the strategic action plans. At the national strategic tasking and co-ordination group meeting on 5 November 2015 (which HMIC attended) the Director General requested that all the strategic action plans be updated by the end of December 2015.

In November 2015, as our fieldwork drew to an end, the NCA created a 'Strategic Risk and Compliance Committee'. We understand that the functions of this committee are to include formal monitoring of progress against recommendations arising from HMIC reports and other audit or inspection work. Its work is to be supported by a new compliance team which, at the conclusion of our fieldwork, had yet to be established.

Conclusion

Our 2014 inspection report envisaged a link between recommendations 3 and 4 in that the quality of the strategic action plans (and therefore their impact on serious and organised crime) would be greater if progress was properly monitored.

The evidence showed that as early as 2014, there was an attempt to establish a process to review the strategic action plans and, more recently, the proposal for a progress report to the national strategic tasking and co-ordination group. Also, communication between threat group chairs and strategic governance group chairs appears to have been very regular, the importance of which will increase as the strategic governance groups move to a six-monthly meeting cycle.

However, the poor quality of some of the strategic action plans stands – in its own right – as powerful evidence that these measures were not as effective as they need to be in helping the NCA to perform its leadership function.

Also, given the lack of analysis in the Strategic Governance Group (SGG) – Strategic Action Plan Updates and the lack of direct links to some of the strategic action plans we examined, we consider that the title of this document is capable of misinterpretation; the document does not contain sufficient relevant information to amount to an update on the strategic action plans.

We do not believe that, on its own, personal oversight by the chairs of the strategic governance groups amounts to an "adequate system for monitoring progress" across the Agency.

Because of these factors – because the review process was not maintained, because there was not any other system in place, and because the resources necessary to support the work of the Strategic Risk and Compliance Committee were still in the process of being recruited at the time our fieldwork ended – we conclude that recommendation 4 is not discharged.

Before our fieldwork had ended, the NCA recognised that its approach to monitoring the progress of the strategic action plans had not been adequate. To its credit, the Agency was, by the conclusion of the inspection, working to address the issue.

4. Areas for improvement

Introduction

In addition to the four recommendations, we identified 19 areas for improvement in the 2014 inspection report. These areas did not attract recommendations as we had evidence that the NCA leadership was already aware of them and action was being taken to address them. The 19 areas for improvement are listed in Annex A.

The areas for improvement that we identified spanned a wide range of the NCA's operational activities – from the NCA's ability to handle criminal intelligence to the effectiveness of the Agency's internal communication concerning its change programme. Collectively, these areas for improvement represented a formidable challenge faced by the NCA as it sought to (and continues to seek to) realise its vision: "to be a world class law enforcement agency, internationally recognised and respected for leading the fight to cut serious and organised crime".[23]

Consequently, we were keen to examine how much progress the NCA had made since the 2014 inspection.

Many of the areas for improvement were related to each other in some way. Some of the evidence we collected in this part of our inspection related to more than one area for improvement.

In order to provide a helpful analysis of the NCA's progress, in a report that we have kept as concise as possible, we have placed each of the 19 areas for improvement into one of four groups. These groups represent the overarching themes in the areas for improvement in the 2014 inspection. The four themes are:

- technology capability and intelligence analysis;

- information management processes;

- leading the national response; and

- internal communication and engagement.

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[23] *NCA Annual Plan 2015/16*, NCA, 26 March 2015, page 13. Available at:
www.nationalcrimeagency.gov.uk/publications/541-nca-annual-plan-2015-16-v1-0/file

Technology capability and intelligence analysis

The areas for improvement we have placed under this heading are numbers 1, 2, 3, 7, 8,9,10 and 14.

Background

The NCA was established in October 2013 at the same time as the launch of the government's Serious and Organised Crime Strategy. The resources and capabilities of a number of organisations (known as the 'precursor bodies') were brought together to form the NCA. The NCA inherited a range of IT systems, databases and ways of working, primarily from the Serious Organised Crime Agency. The unsatisfactory state of the IT infrastructure was recognised even as the NCA was being created and the issue has been on the NCA's risk register since its creation.

In the 2014 inspection report, we highlighted the very significant challenge the NCA faced as a result of underinvestment in technology by the precursor bodies. Throughout the report, we highlighted areas of concern about: poor connectivity between different information systems, both internally and with other agencies; a paucity of mobile computing capability; certain critical applications in a fragile state; unnecessary duplication of data processing otherwise known as 'double-keying'; and (because of the need to maintain especially high levels of network security) very limited internet connectivity.

Aligned with the technical problems of the infrastructure which holds the data, we also highlighted the NCA's poor analytical capability to make sense of the data and the Agency's limited ability to present it in a sufficiently coherent and standardised way. This is necessary for the NCA to lead an effective response to serious and organised crime with its partners.

At that time, we could only offer limited assurance that the plans then in place to transform technology were on course. We also highlighted the need for the NCA to assess and plan what it would need in years to come to meet the changing and more sophisticated use of technology by organised criminals.

Findings from the 2015 inspection

We found that there had been progress in improving some aspects of the NCA's technology capability since our 2014 inspection, particularly internet access for officers. There were also developments with a new information technology strategy, contractual changes with its existing supplier and assembly of the resources and expertise needed to carry out the new plan.

<u>Specialist consultancy</u>

In the period between the 2014 and 2015 inspections the NCA invested in specialist information technology consultancy (Deloitte) to help it to create plans for improving matters. This investment – required because the NCA recognised that it lacked the necessary capability or capacity – was a clear statement of intent by the NCA board. We found that the board was fully aware of the need to invest in information technology and supporting infrastructure if it is to realise the Agency's vision (as described on page 29).

We were shown a series of documents that describe a 'corrective action plan', for which the NCA has worked closely with its information technology supplier in order to begin the process of modernising its computer systems.

However, the challenge remains great. The summarised findings of the Deloitte review of the existing IT architecture in December 2014 concluded the NCA had:

- "...inherited a complex technology architecture which has a high degree of out-of-date components with associated data held in a large number of silo applications...;

- ...multiple networks and stand-alone technologies which suit specific business purposes but result in: double-keying; multiple systems being used for the same purpose and operational decisions being made on partial information; and

- the complexity of the estate also represents a high degree of risk to the organisation, in terms of business continuity, information governance and operational risk of not 'knowing what we know'."[24]

A new post of chief information officer has been created at board level to oversee a more coherent approach to information technology, ensuring it is inextricably linked to changes to how the Agency conducts its business and investment. The NCA has invested in additional permanent officers to support the chief information officer, with other personnel brought in as required for specific pieces of work.

<u>IT Strategy 2020</u>

At the NCA board meeting of 22 September 2015, we observed a presentation that proposed an information technology transformation programme. A programme of this nature is needed to implement the new information technology strategy the Agency has created.

The new information technology strategy, called IT Strategy 2020, has four key elements:

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[24] *IT Strategy 2020,* version 1.0, NCA, 14 August 2015, page 5 (Official).

- "Transforming the user experience through new devices and Tier 1 [see page 32] Digital Collaboration Platform;

- IT keeping pace with changing business needs;

- Standard and structured data which is accessible and shared; and

- The CIO [chief information officer] function becoming a true business partner to Commands."[25]

We saw the board apply a process of challenge, initiated by the Director General and led by one of the non-executive directors, who posed a series of questions to the board for debate. These questions prompted critical analysis of the proposals before the board agreed to proceed with the transformation programme while calling for further refinement of the strategy.

The strategy proposes a number of significant changes to the NCA's information technology provision. One of these changes concerns the level of information security that the NCA maintains on its computer network.

Tier 2 computer network

The computer network that provides the basic tools used by NCA officers is based upon a presumption that the information held is 'secret' (referred to by the NCA as 'Tier 2').[26] This characteristic of the NCA's computer system is one that was inherited from the Serious Organised Crime Agency; it has posed problems for the NCA.

Information at Tier 2 has to be handled according to strict rules to ensure it is protected from unauthorised access or disclosure. These rules place requirements and limitations, for example, on the buildings that hold computer hardware and the way in which data are processed. Inevitably, there are additional costs associated with higher levels of security, not least because of the need for additional hardware and a higher technical specification of software. This can inhibit effectiveness due to the requirement for encryption and bespoke software, limiting how data can be transferred, limiting opportunities for mobile working, and reducing opportunities to link with other computer networks operating at lower security levels.

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[25] *Ibid*, page 6.

[26] See *Government Security Classifications April 2014*, Cabinet Office, October 2013, available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/251480/Government-Security-Classifications-April-2014.pdf

Although it invests in a Tier 2 network, the NCA estimates that between 80 percent and 90 percent of the data that is held on its network should, given its content, actually be treated as 'official-sensitive' (or Tier 1),[27] thus rendering a Tier 2 network largely unnecessary.

At its meeting of 22 September 2015 the NCA board determined that the Agency would make the necessary preparations to convert the majority of its computer network from a Tier 2 network to a Tier 1 network, as used by other law enforcement organisations. This change of approach will enable easier data processing, links to other agencies and will reduce the cost of hardware, while the most sensitive data would still be protected by the necessary security measures required for Tier 2.

Another major aspect of the new strategy is the requirement for a new 'enterprise case management system', which the NCA describes as "a fully integrated case management system pivotal to all NCA activity; providing the backbone for data and document handling from intelligence inputs to operational outcomes, with end to end processing and interface with specialist case systems".[28] At the time of our inspection the NCA reported that it was using 26 separate computerised case management systems. These need to be rationalised.

Against this backdrop of investment in consultancy and a major new information technology strategy – for which a great deal of planning and design work has been taking place in the background – we found other evidence of progress:

- trials have started to identify mobile solutions to enhance efficiency (e.g., mobile phones, laptops and tablet computers); and

- the introduction of a 'modernised desktop', allowing officers greater access to databases and the internet from single desktop computers, rather than having to use different, standalone computers.

The modernised desktop

We identified in 2014 that a lack of integrated technology meant officers had to 'double-key' data, which contributed to backlogs in work. One of the key principles for the enterprise case management solution is 'input once, use often, share widely'.[29]

Although there is no immediate solution to all the technology problems faced by the Agency, NCA officers told us that the modernised desktop had improved efficiency

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[27] NCA board presentation (*IT Transformation Programme*), 22 September 2015, page 14 (Official).

[28] *Novo Design Proposal – Enterprise Case Management*, v ECM01.00.02, NCA, 14 September 2015, page 4 (Official Sensitive).

[29] *Ibid*, page 4.

as they no longer needed to re-type data. Instead, they could transfer data from one computer system to another by using the 'cut and paste' function, which is quicker and less prone to mistakes.

Some technical solutions have also helped; for example, the automated copying of relevant data from the Europe-wide Schengen information system[30] onto the NCA's case information management system[31] avoids the need to re-type data. However, systems with this level of integration were not commonplace and we were told that re-typing was still the norm when undertaking some enquiries.

We learned that the modernised desktop enables all officers to access the internet from the computer on their desk. It has made internet searching for information and transfer of data available from the desktop, rather than through standalone computers.

Limitations remain on the extent of internet searching possible. Because searches could be attributable to an NCA desktop (e.g. a person with appropriate knowledge of technology could establish that a search had originated from the NCA) officers cannot routinely access some websites that may aid operational and intelligence activity.

Nevertheless, the introduction of the modernised desktop was something that officers told us was welcomed. More detailed internet researching of open source material[32] can be obtained through the 'open source unit' within the national intelligence hub and we were told that this capability generally meets the needs of investigators.

Cyber-crime investigation tools

In addition to the readily-accessible part of the internet, most of which is now available to all NCA officers, there is also the 'dark web'[33] which is used for criminality. Accessing the dark web to gather intelligence covertly or investigate crime requires a different set of skills and tools. We found that such tools were now available in the NCA's national cyber-crime unit.

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[30] An international computer system to which the NCA has access.

[31] A case management system used by the NCA's United Kingdom International Crime Bureau.

[32] In this context, open source material is information that is openly available on the internet and can be viewed by any person with access to the worldwide web.

[33] HMIC's understanding is that the dark web is a term that applies to websites that may be accessed by internet users, but where the location of the computers and the identity of those that operate them are kept hidden. Such websites are unlikely to be revealed in a conventional internet search and cannot normally be accessed without specialist knowledge and software.

In 2014, we reported that unattributable[34] internet access was being developed for use within the Agency. We found that this functionality was now in place.

NCA officers have been issued with laptop computers which include software that enables them to undertake open source enquires. Also, the Agency has purchased software that enables remote access to desktops and file sharing.

Another example of progress in the national cyber-crime unit over the past 12 months is the creation of the 'discovery team', led by a senior NCA officer. We were informed that this unit seeks to provide technical solutions to some of the most difficult problems encountered in computer-related investigations.

Access to databases and bulk data analysis

In our 2014 inspection we reported that the NCA was making good use of a team of computer specialists and sophisticated computers in its facility, called Datalab, which was able to compare data from other bodies and commercial databases with the NCA's data, looking for links.

We found that in 2015, investment in Datalab, as with many other comparable areas, had been reduced and consequently the facility's capacity for this kind of work was reduced. In the 2014 inspection report, we referred to the potential value of comparing the Passport Office database against NCA data to help identify potential money launderers. The NCA still did not have access to this database.

The modernised desktop enables individual officers with the appropriate training and authorisation to access law enforcement databases, such as the police national computer and police national database from their desktop; in the past most officers had to wait to use separate terminals and manually re-type the results.

In 2014, we reported that there were technical challenges associated with searching the 1.2 million documents in the NCA's 'supporting folder structure', where officers stored and worked with information and intelligence. This represented the last remaining hurdle for the NCA to overcome before it would be in a position to search across all of its most vital databases in a single step. We found that this hurdle has been overcome.

We were informed that, since the 2014 inspection, the NCA has improved its use of a secure computer network to enable sharing of sensitive intelligence with police-led multi-agency regional organised crime units.

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[34] In this context, unattributable internet access is internet access for NCA investigators that cannot be attributed (by a third party) to the NCA.

This network had been extended to five sites across the country at the time of the inspection, and has provided further opportunities to enhance the NCA's access to police force databases.

At the time of our fieldwork, the NCA's national confidential unit (part of the national intelligence hub) was seeking improved access to various external databases such as: the national fraud database; the national mobile property register; and the national offender management service and prisons databases.

We found that the NCA had limited capability to gather and analyse bulk data and provide the resulting intelligence to officers conducting investigations. Multiple searching of different databases was still the norm, with the results being manually processed.

We found further evidence of the NCA's progress in improving its access to data. The volume of bulk data the Agency receives from overseas law enforcement agencies and industry partners has increased; for example, the number of referrals relating to child sexual exploitation and abuse that the NCA has received has increased from an average of about 400 referrals a month in 2010, to between 1,300 and 1,500 per month in 2015.

The NCA was taking steps to deal with this increase in volume. Following the 2014 inspection, the Agency reached an agreement with Europol,[35] whereby Europol will receive the referrals first and undertake searches across its databases. We understand that these searches may reveal connections with other European Union countries which would otherwise have been less apparent to the NCA.

We were encouraged to learn that, with effect from December 2015, a new structure was created in the national intelligence hub. This resulted in the creation of the national data unit. This unit is intended to perform various important functions in relation to the acquisition and analysis of data.

From January 2016 the NCA planned to introduce a 'volume acquisition team' which will act as a gateway for all bulk data referrals received by the NCA.

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[35] Europol is the European Union's law enforcement agency whose main goal is to help achieve a safer Europe. See: www.europol.europa.eu

Mobile computing

We found that the "paucity of mobile computing capability" that we reported in 2014 is addressed in the NCA's new information technology strategy. For the NCA to achieve its vision, the NCA wants its officers to be able to work flexibly where possible rather than being tied to desks. The IT Strategy 2020 proposes that officers will be provided with smartphones. The NCA expects that, after the initial purchase cost of such devices, there will be a reduction in ongoing costs as the number of fixed landlines can be reduced significantly.

The plan also proposes a significant reduction in the number of fixed desktop terminals and a commensurate increase in laptops and tablet devices, again reducing fixed ongoing costs. We understand that the plans to move to a Tier 1 computer network are likely to make this easier and more cost efficient.

At the time of our fieldwork, the NCA's contractual arrangements with its information technology supplier included the maintenance of 5,100 desktop and laptop computers. However, the NCA was operating in excess of this number by some 600 devices.

We learned that the NCA conducted a review in July 2015 to determine whether these devices are needed and whether the proportionate mix (of desktops to laptops) should change. The NCA was working with its information technology supplier to reduce the number of devices and thereby avoid a surcharge.

The review concluded that the 600 extra devices are not needed, and that the current mix of 4350 desktops and 750 laptops should change to 3,100 desktops and 2000 laptops. We were informed that arrangements were being made to implement the review findings, with purchasing scheduled to begin before the end of the 2015/16 financial year.

The preparatory work has already begun with research and workshops to develop four generic 'personas' that define the type of roles being undertaken by officers:

- mobile officer – primarily out of office, not operating from NCA locations for extended periods and, by general default, this will include the majority of frontline officers;

- multi-office worker – operates from different NCA locations due to their role and may include occasional home working;

- single office worker – operates primarily from one NCA site, with occasional business travel; and

- home worker – operates primarily from home, with occasional business travel.

The NCA plans that each 'persona' will have a defined mobile requirement and trials of different solutions are ongoing. These include separate trials of a smartphone for officers, laptops used by authorising officers[36] away from the office and tablet computers. These trials were taking place as our inspection concluded and, if successful, new mobile devices will be introduced from early 2016.

<u>Suspicious activity reports database – ELMER</u>

We reported in 2014 that the suspicious activity reports database, known as ELMER, was "reaching the end of its life, which may create risks". We encouraged the NCA to invigorate its efforts to find a replacement.

In 2015 we found that the NCA had developed and was implementing a plan to reduce the risks associated with ELMER. There were three elements to the plan: determining the cause of poor performance; physically moving the computer to a safer environment; and finding a replacement.

- For the first element, the NCA has, with their supplier, undertaken detailed technical and monitoring work.

- For the second element, a plan to provide resilience to mitigate failures has been devised which, from June 2016, should see ELMER provided with a stable hardware platform in a properly constructed data centre. Efforts to bring that date forward are being pursued if the additional costs involved merit the benefit gained.

- For the third element, a project manager was appointed in August 2015 to support a project to prepare for the introduction of a new system while ensuring that the current system remains functional.

As an interim measure, a co-ordination group, chaired by a deputy director, had been meeting since shortly before our inspection commenced to manage the corporate risk of system failure on behalf of the NCA board. This group reviewed:

- service issues and incidents at regular intervals to understand why they occurred, how they were fixed (if this was the case) and how well the problem/fix was dealt with;

- the various work activities being pursued to stabilise the existing system; and

- options to bring forward modernisation.

However, the fundamental problem remains unresolved and a replacement system needs to be identified and designed specifically around the needs of its users. The

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[36] Authorising officers in this context are those NCA officers who are, by law, entitled to authorise certain kinds of covert investigative activity such as surveillance.

NCA reported it could not determine this requirement at the time of our inspection until the conclusion of a government review.

The Home Office and Her Majesty's Treasury – supported by the NCA, law enforcement agencies and industry stakeholders – were involved in a comprehensive review of the UK's anti-money laundering legislation and operational processes. The outcome of this review was likely to be significant changes to legislation and the reporting process, which in turn would require new legislation which was unlikely to be implemented before 2017. A changed reporting requirement is likely to lead to a new reporting process and therefore a new supporting computer system.

Analytical capabilities project

In the 2014 inspection, we reported that "the NCA's analytical capability was not sufficient to support the improvements needed for the Agency to realise its ambition to have the best picture of serious and organised crime."

We found that a project, begun in January 2015 and continuing at the time of our inspection, was determining: what the NCA needs its analytical function to provide; how the analytical capabilities should be organised; and how the analytical capability should be built. We found that the project had led to the development of a hybrid training programme. This project sought to combine the benefits of the police approach to analysis with that of the security and intelligence agencies.

We were informed that, in order to develop its analytical capability and capacity, the NCA planned to adopt an approach with three strands:

- new recruits, after the first stage of their training under the NCA's initial operational training programme, would be given a choice to specialise either as an investigator or as an intelligence officer (with the potential to further specialise as an analyst);

- the NCA would seek to recruit trained analysts from other agencies that are reducing their analytical capability (e.g. immigration intelligence); and

- existing officers will be formally recognised as analysts based upon their knowledge and experience of producing analytical products (which the NCA refers to as 'grandfather' or 'grandmother' rights).

We were informed that, after our fieldwork ended, the NCA board would be asked to endorse a proposal to introduce three levels of analysis training for NCA officers: a 'basic' level (which all officers would undergo), with 'advanced' and 'expert' levels (for those specialising as analysts). The latter would deal with more complex tools and data sources such as strategic intelligence, bulk data, financial data and video.

While this planning demonstrates a plan for the future, and the national intelligence hub had a cadre of approximately 40 analysts dealing with the most sensitive data (not present in 2014), other frontline officers told us that little had changed in their environment.

The focus of project work was on the development of policy, guidance and a development pathway for analysts.

We asked the NCA to provide data that would quantify the increase in analytical capability but it was unable to do so. The NCA's response was that "this work, which began in February 2015…is progressing well but we are not yet in a position to cite specific figures".

Joint operations cell

We found that the NCA had made good progress in collaborating with – and thus gaining improved access to the intelligence analysis capabilities of – the Government Communications Headquarters (GCHQ). A joint operations cell began operation on 6 November 2015. Its initial focus was to tackle online child sexual exploitation.

The joint operations cell places NCA and GCHQ personnel, each with direct access to their organisation's computers, intelligence, expertise and capabilities, side by side and working in a shared office. This combines the technical expertise of GCHQ with the investigative expertise of the NCA.

Innovations centre

Finally, we found evidence of persistence by the NCA as it sought to improve its technology capability. Following a re-launch shortly before our inspection, the innovations centre – a small unit comprising eight posts within the national intelligence hub – was also working with GCHQ to determine what skills and capabilities will be required in the future to develop operational techniques. The intention is to develop techniques to exploit data, run experiments that test those techniques and then introduce the new approach across the NCA to support operations. At the time of our visit, the innovations centre was not fully staffed and its value had yet to be realised.

Conclusion

In the 2014 inspection report, we could only offer limited assurance that the plans then in place were on course to transform technology capability and intelligence analysis. The summarised findings of the Deloitte review show that the challenge remains great. However, because we found a good deal of promising evidence from this part of the inspection, we have become more confident in the NCA's plans.

There were strong indications that NCA leaders are committed to improving significantly the NCA's technology capability and, because they are going about this in an effective manner, we are beginning to see results.

We consider that the investment in external consultancy and the assembly of specialist expertise within the Agency have been worthwhile; the IT Strategy 2020 and the decisions now being made by the board concerning technology indicate, in comparison with the 2014 inspection, that it has a deeper understanding of how to secure the desired improvements.

We consider that good foundations are being laid in the form of the strategy's four key elements. These are:

- the emphasis on mobile computing;

- a commitment to rationalise the number of applications;

- the efforts to stabilise ELMER; and

- by deciding to remove the unnecessarily high security requirements from most of the NCA's network, the creation of a computer network upon which improvements will be easier to achieve.

In addition to this deeper understanding of what needs to be done and the foundations being laid, some of the measures already implemented are (to varying degrees) having a beneficial impact, in particular:

- the modernised desktop;

- the case information management system;

- unattributable internet access (where needed); and

- the mobile devices already in use (even though the number of such devices is small).

In one way or another, these measures make it easier for NCA officers to do their jobs; some no longer have to drive to NCA offices to carry out tasks and others no longer experience delays to use the internet.

We also consider that the work going into improving the NCA's analytical capabilities is promising, although it could not be quantified. The provision of analysts in the national confidential unit is encouraging; the establishment of the new joint arrangements – with GCHQ and with Europol – were good indications of the NCA working effectively with its partners in order to improve its analytical capability.

As a consequence of all these factors, we conclude that the NCA has made good progress on the areas for improvement detailed in our 2014 inspection report that concerned technology capability and intelligence analysis.

Information management processes

The areas for improvement we have placed under this heading are numbers 4, 5, 6, 11, 13 and 18.

Background

In 2014, we reported that the NCA had inherited a secure physical environment and information technology. The Agency had gathered together information held in various forms, from precursor bodies to form its corporate record.[37]

We highlighted that the NCA information technology storage capability did not sufficiently enable all officers to do their jobs effectively. The corporate record was fragmented and not capable of being used effectively for research and analytical purposes.

We found substantial volumes of hard copy material in storage which had not been added to the corporate record which meant the NCA could struggle to meet certain legal obligations.

We found that there was no single gateway for tracking intelligence that leaves the NCA.

We found that the NCA did not have an Agency-wide database that recorded the use of its technical equipment. Instead, individual technical support units maintained their own asset register using the Obelisk database, but it was not networked.

In 2014, it was apparent that the data held on human resources and financial systems were not sufficiently accurate or comprehensive enough to meet the needs of managers (or for inspection purposes).

Findings from the 2015 inspection

We found that the general requirements for effective information management are addressed in the IT Strategy 2020 and, as we described on page 31, a chief information officer has been appointed.

Information Programme

The board has agreed an 'information programme', with resources allocated to it, to deliver a "comprehensive, legally compliant and valuable corporate record with progressive management of all data, media and information".[38]

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[37] The sum total of all information held by the NCA.

We found that, in order to implement this programme, the NCA has taken a number of practical steps. The Agency has:

- identified data owners at director or deputy director level across the NCA, making those individuals accountable for the data held within their commands;

- started to provide revised policies, procedures and training for all officers;

- continued the process of linking databases such as the supporting folder structure, which could now be searched across the network (see page 35);

- made progress with a review of the contents of several thousand crates of paper records. A full record of what is held has been created, consisting of over 100 separate spreadsheets. At the time of our inspection, a team of officers had reviewed about 60 percent of the crates deemed to be 'at risk';[39]

- developed a network of designated persons and single points of contact who had responsibility for the local management of hard-copy records; and

- undertaken scoping work for a more permanent function to be established.

We found that the NCA's focus has been on dealing with the substantial volume of paper records it inherited. It had not reviewed a significant volume of digital media, of all types, within NCA storage.

In August 2015, Deloitte completed a review of the NCA's information programme. This review identified that the NCA had a strong understanding of the requirement for information management and had made significant progress in key areas including strategy and policy development, and compliance.

However, the review also cautioned that the NCA's ambition for effective information management could not be achieved through a single step change and would require "sustained oversight at Board level; significant investment in tools, training and processes; and clarity of corporate governance". The Deloitte review also identified that limitations in the NCA's existing information technology would continue to hamper efforts to improve how it managed its information.

Information asset management

The Agency provided us with a copy of the Information Asset and Application Register that listed 1,234 different assets or applications used by the NCA or hosted

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[38] *Handout to Support Corporate Record Presentation* (paper 2 to NCA board), NCA, 16 December 2014 (Official).

[39] Following a paper-based review of all crates held in the NCA secure store, 4,500 crates were identified as potentially 'at risk'. These crates either had no contents recorded or were considered to hold material that may be required for ongoing inquiries or National Archives consideration.

on their computer systems. Of these, only 68 did not have the name of the person who was responsible for it recorded, principally because responsibility for the application was held by an outside organisation or further research was being undertaken to establish who was responsible.

We recognise the work undertaken by the NCA to create this register, which is intended to provide a comprehensive record of assets and applications. We also learned of other measures that the Agency is looking to implement:

- an information asset and application lifecycle model that seeks to aid the management of all information assets and applications;

- an information asset and application value model that is being designed to establish the worth of assets and applications throughout their lifecycle; and

- an electronic business management project that aims to transform how the NCA manages its unstructured data such as that stored on shared computer drives and in email applications.

Intelligence gateways

Since the 2014 inspection report, progress had been made through the implementation of the national confidential unit that had a way of tracking intelligence. However, there remained gateways in other parts of the NCA, such as the child exploitation and online protection command, through which information was passed to forces. Although information passed in this way may be tracked internally, it was not centrally managed. Also, we were told that intelligence may be disseminated to other organisations via email.

Obelisk

Since the 2014 inspection report, the NCA has embarked on a project to rationalise the number of sites at which technical equipment is stored and to identify a better networked asset management system to track, allocate responsibility for and evaluate technical surveillance deployments. We found that, in the interim, the NCA was still using an obsolete version of Obelisk which could not be networked.

Work was underway to ensure that a newer version of Obelisk can operate on the NCA's computer network; the Agency appointed a project manager in February 2015 and has allocated a budget for this work. We were informed that the new networked system was scheduled to be operational by March 2016, with nearly 100 officers trained to operate the system.

<u>Human resources and finance data</u>

The NCA has taken steps to address the issues we reported in 2014 concerning inaccurate and incomplete human resources and finance data. We learned that the Agency has had to undertake a time-consuming review of the data in order to deal with these deficiencies.

This culminated in the NCA providing a series of documents to us which set out, in definitive terms, the distribution of officers across the Agency. The NCA was notably more confident in its understanding of this distribution than it was in 2014.

We understand that the NCA has designed an internal procedure to ensure proper controls and maintenance of more accurate records in the future.

<u>Resourcelink</u>

There remained difficulties with the human resources and finance database, called Resourcelink. Because of the difficulties associated with the Tier 2 network (see page 32), the NCA could not operate Resourcelink to its full functionality across the network.

Despite these difficulties, we found there had been certain improvements; Resourcelink's online staff appraisal feature was soon to become available and further development was planned in the form of a skills module (to record officers' skills) which was scheduled for introduction by March 2016.

In the meantime, the Agency still recorded details of officers' skills on separate spreadsheets that were not held centrally, and performance data concerning the usage of e-learning packages by officers could not be tracked.

We also found that some of the information necessary for effective management could not be provided electronically to managers. The NCA has developed management information in the form of a 'people scorecard' or 'dashboard', which was intended to provide managers with important information such as sickness, leave, secondments, and health and safety information.

However, when we asked for examples, we were told that there were persistent problems with extracting the necessary data from Resourcelink to populate the scorecard. We were provided with an example of what the dashboard will look like, but as our fieldwork ended it remained the case that the system was not functional.

Finally, we learned that the NCA had launched a new project with the objective of building a detailed understanding of the whole range of transactional functions undertaken by the human resources and finance teams in the NCA. This was being done to help the Agency explore various options for the future provision of these functions, such as collaboration or outsourcing.

Conclusion

It is clear to us that the issues associated with the NCA's information management processes and information technology capability are closely linked.

The evidence shows that the NCA has, through the development of the IT Strategy 2020 and investment in the chief information officer function, generated the momentum necessary in order to begin to improve matters.

We consider that the identification of those responsible for information and the provision of revised policies, procedures and training will help to ensure that this momentum is sustained.

There was encouraging evidence in this part of the inspection, including: the progress in examining the substantial volume of paper records; the review of human resources and finance data which has led to improved accuracy; the additions to Resourcelink's functionality; development of the people scorecard; and the work underway with Obelisk.

However, this encouraging evidence has to be considered in the context of the challenge that remains: 40 percent of the paper records still need to be reviewed, as does seized digital media; there are technical challenges still to be overcome with some of Resourcelink's functionality; and – above all – the achievement of the considerable benefits promised by IT Strategy 2020 is not imminent. Therefore, we consider that it is particularly important that the Agency sustains the momentum that we described earlier.

As a consequence of all these factors, we conclude that the NCA has made good progress in relation to the areas for improvement detailed in our 2014 inspection report that concerned information management processes.

Leading the national response

The areas for improvement we have placed under this heading are numbers 12, 15, 16 and 17.

Background

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;[40]

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[40] Section 5(1), Crime and Courts Act 2013. Available at:
www.legislation.gov.uk/ukpga/2013/22/schedule/5/part/1/enacted

- act on requests made by chief officers of UK police forces and UK law enforcement agencies;[41] 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.[42]

In the 2014 inspection report, we recommended that there was a need to clarify strategic roles and responsibilities between the NCA, the National Police Chiefs' Council and the College of Policing. Since then, there has been good progress towards a final agreement between these organisations (see page 19).

In 2014, we also reported that chief officers had identified a lack of clarity between the roles of the NCA's regional organised crime co-ordinators and branch commanders. This presented a confused picture of relationships between forces and the Agency; this issue was also raised by NCA officers during interviews.

At the time of the 2014 inspection, we were satisfied that the tasking and co-ordination mechanism then in place was compliant with the national intelligence model.[43] Tasking and co-ordination meetings are at the heart of the prioritisation of work against threats and success is dependent on a clear analysis of information and intelligence.

We also highlighted that the tasking mechanism was at an early stage of development and that some meetings we observed tended to function as an opportunity for information sharing and operational updates rather than prioritising the allocation of people and resources. We considered the tasking arrangements and the Agency's powers would take on a new significance and meaning once the NCA could produce an intelligence picture which the police and law enforcement bodies widely recognise as more accurate than their own. Instead of a gathering at which operational updates were shared between the NCA and other organisations, the tasking and co-ordination meetings would focus activity on threats in a more informed way.

An issue directly linked to the effectiveness of the tasking arrangements was how referrals were made for those investigations that were considered by forces to fall within the Agency's remit. In the 2014 inspection report, we highlighted concerns

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[41] Section 5(3), Crime and Courts Act 2013. Available at: www.legislation.gov.uk/ukpga/2013/22/schedule/5/part/1/enacted

[42] Section 5(5), Crime and Courts Act 2013. Available at: www.legislation.gov.uk/ukpga/2013/22/schedule/5/part/1/enacted

[43] 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

raised by some chief officers that the way of working was slow and applied inconsistently, with some investigations being returned to the originating force or unit to deal with after a long period of time.

In the 2014 inspection report, we highlighted that the NCA had limited specific capability to run a major incident room, required for major reactive investigations. This capability requires skilled and experienced officers trained in using the Home Office large major enquiry system (HOLMES) and the supporting computers. We considered the absence of a permanently established HOLMES in the NCA could be problematic if the Agency needed to use the system frequently. We expected the position to be monitored by the national strategic tasking and co-ordination group in order to ensure that the Agency's need for this capability did not create unreasonable burdens on police forces which may need to supply HOLMES teams and equipment.

Findings from the 2015 inspection

We found that, since the 2014 inspection, the NCA had simplified the arrangements for providing support to police forces: if a police force or regional organised crime unit considers that NCA support[44] is required for an operation lasting less than seven days, they are instructed to contact the relevant NCA branch commander, who will consider the request and prioritise it against other operations then taking place. If a police force considers that NCA support is required for an operation lasting more than seven days, it is instructed to make contact with the NCA regional organised crime co-ordinator instead.

Regional organised crime co-ordinators

The NCA provided documents that demonstrated the extent of discussions about this arrangement, including a one-page flow chart that described the process. This flow chart accompanied a presentation entitled 'Role of the Regional Organised Crime Co-ordinator (ROCC)' which was given to assistant chief constables at a briefing arranged by the NCA in September 2015.

We observed a national tactical tasking and co-ordination group meeting, where the chair reminded attendees about this arrangement. Discussions we had with attendees – assistant chief constables and various others – suggested that the arrangement was working.

In order to determine the views of the police on various issues concerning the NCA, we wrote to the chief constables of metropolitan forces, the national policing lead for serious and organised crime and those assistant chief constables who lead regional organised crime units in England and Wales.

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[44] In this context, NCA support refers to the support available from the NCA's branch network such as covert surveillance. It does not include other forms of support such as that provided by the anti-kidnap and extortion unit or the central witness protection unit.

We consulted them on the extent to which they interact with the NCA and we asked for their views on whether the roles of the NCA's regional organised crime co-ordinators and branch commanders had been defined.

We received a mixed response to this aspect of our consultation, even though the NCA has taken steps to clarify the roles and responsibilities between the regional organised crime co-ordinator and the branch commander.

We were told that the regional organised crime co-ordinators in two regions were firmly integrated and widely recognised as the principal point of contact.

However, respondents also told us there was still a lack of clarity in some regions as to whether the branch commander (who has responsibility for the main investigative NCA assets in a region) or the regional crime co-ordinator was the principal point of contact.

Furthermore, one respondent suggested that there was a lack of a consistent approach by NCA officers, who would sometimes bypass the regional crime co-ordinator and approach the regional organised crime unit directly.

Tasking processes

We found that tasking processes had continued to evolve since the 2014 inspection report. Within the NCA, there was now an intelligence tasking group meeting which was held on Monday each week in the national intelligence hub.

This meeting was chaired by a senior officer from the national intelligence hub and attended by the lead officers for each of the threat desks and representatives of the NCA commands. The meeting considered all new intelligence operations which were then prioritised in accordance with the National Strategic Assessment. A senior officer from the NCA organised crime command represented the regional organised crime co-ordinators at the meeting.

We found evidence that steps had been taken to align the ways that tasking is handled in each region with those that take place at a national level. The regional tactical tasking and co-ordination groups' and national tactical tasking and co-ordination groups' meeting cycles had been revised for 2015 and 2016.

Dates had been set deliberately with the former preceding the latter to provide up-to-date information from all the regional groups to the national group. The NCA advised us that its internal meeting and tasking structure had also been aligned with the national tasking arrangements.

We attended two national tactical tasking and co-ordination group meetings, one at the start of our fieldwork and one at the end. We found good representation at a senior level from across the NCA commands and the police regions. We heard discussion around the threat areas and updates provided. However, we again found

that these meetings tended to operate as an opportunity to exchange information, rather than to task resources against the threat.

We also attended one meeting of the national tactical intelligence group and we again found this to have senior representation. The chair described the meeting as the 'engine room' of the national tasking cycle which sets out the requirements for action against high priority vulnerabilities, high priority groups and the high priority criminals that are endorsed by the national tactical tasking and co-ordination group meeting. We heard discussion take place concerning current and emerging threats and police representing the regions made an active contribution.

We also attended a meeting of the national strategic tasking and co-ordination group in November 2015. As in our 2014 inspection, prioritisation decisions were evident at this meeting.

Some attendees highlighted gaps in the intelligence upon which these prioritisation decisions and the other elements of the national and regional tasking arrangements relied. There was a recognition that the response from partner organisations to intelligence requirements issued by the NCA (which contribute to the creation by the NCA of various forms of intelligence assessment) were often not met with a sufficiently comprehensive response.

Intelligence assessments

The NCA provides a range of intelligence assessments on thematic threats such as firearms and cyber-crime. This provision relies on various agencies feeding into the NCA by way of tactical and strategic reports in response to intelligence requirements, which are then aggregated into one threat picture.

Respondents were overwhelmingly of the view that the NCA is producing a more accurate picture of the threat from serious and organised crime. Some thought that this remained work in progress and expressed concern that gaps still exists, since different agencies have differing views on priorities and what they share through this process.

Nevertheless, respondents felt that the threat assessments used at national tasking and intelligence meetings were properly founded upon the intelligence available in the NCA, regional organised crime units (and by extension the forces they represent) and other law enforcement partners.

Furthermore, the NCA's threat assessments are being used to assist in supporting forces and regional organised crime units in prioritising their activity and so they are considered a useful product.

<u>Referrals for investigations</u>

In order to assess the effectiveness of how referrals were made for those investigations that were considered by forces to fall within the Agency's remit, we again consulted the chief constables of metropolitan forces, the national policing lead for serious and organised crime and those assistant chief constables who lead regional organised crime units in England and Wales. We asked them for their views on whether the system was now more efficient.

One respondent described the process as "opaque and difficult". However, the majority of respondents considered the way of working to have been made more efficient which, was supported by the alignment of how tasking happened (see page 49). Two regions also provided evidence of cases where the NCA took ownership after referral.

Another respondent suggested that greater clarity on how the NCA decides whether it is best placed to lead, support or co-ordinate an investigation would be of assistance. The factors to be taken into account are outlined in the NCA Commitment.[45] We consider that, in each instance, the NCA's decision on whether to lead, support or co-ordinate an investigation should be explained.

Respondents acknowledged the good support received from the NCA in response to dynamic, high-risk threats that are then reviewed at subsequent tasking meetings. However, while this appeared to be working effectively, the longer term transference of responsibility remained insufficiently transparent to some.

<u>Home Office large major enquiry system – HOLMES</u>

For its investigative work, we found that the NCA had acquired a HOLMES information technology system since the 2014 inspection and was using it on three major investigations. At the time of the inspection, most of the personnel required to operate the system were NCA officers, mainly former police officers with HOLMES skills. In only one investigation the local police force had provided additional personnel. We were informed that this had been done principally because of their local knowledge, rather than because of their HOLMES expertise.

We were told that the NCA had recognised that HOLMES was required as it is the accepted solution for major reactive investigations used by the police service. As a consequence, in September 2015, the NCA board agreed that a fully networked HOLMES would be obtained as part of the NCA's wider information technology

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[45] *The NCA Commitment to working in partnership with UK operational partners*, NCA, August 2015, page 5, paragraph 2, see: www.nationalcrimeagency.gov.uk/publications/178-the-nca-commitment-to-working-in-partnership-with-uk-operational-partners/file

update. A senior responsible officer had been appointed and a project was being established. While this was at a very early stage, the NCA told us that the plan to implement a fully networked HOLMES will have progressed well within 12 months.

In our ongoing work with police forces we have not identified any unnecessary burden being passed to police forces. Furthermore, we noted that the issue of HOLMES did not merit discussion at the national strategic tasking and co-ordination group meeting in November 2015, the first such meeting since our 2014 report was published.

Conclusion

Given the dynamic nature of operations against serious organised crime, the way that police forces have access to NCA resources needs to be agile and responsive.

The evidence suggested that the current method was a simple and pragmatic one, which identifies the first point of contact and is sufficient to meet the needs of forces. It provides forces with the opportunity to meet short-term or extraordinary demand with NCA resources where they are available. The effort to which the NCA has gone in order to brief the relevant personnel within police forces means that there should no longer be confusion over roles and responsibilities; however, despite these efforts, there remained confusion in some police regions.

The comments made by respondents to our consultation and by those at the national strategic tasking and co-ordination group concerning gaps in intelligence were revealing. In reaching our conclusion we have taken these into account alongside our own judgments concerning the improvements we recorded earlier in this report.

On balance, we consider that, while the intelligence picture continues to improve, there are further improvements that can be made to reduce gaps and improve the intelligence picture.

HOLMES is needed within the NCA as it is the accepted IT solution within UK policing for major enquiries; the NCA needs to have the same capability, particularly where historical investigations were previously managed on HOLMES.

With the exception of one historical enquiry, the NCA has managed the requirement for HOLMES by acquiring that system and using existing trained officers. Other enquiries will emerge in time and the NCA has made a positive step to integrate the HOLMES requirement into future information technology capability planning.

We consider that the NCA's HOLMES requirement has not had an impact on police forces and we are satisfied that the NCA maintains a close oversight of the use of HOLMES.

As a consequence of all these factors, we conclude that the NCA has made progress on the areas for improvement detailed in our 2014 inspection report that concerned leading the national response.

Internal communication and engagement

The area for improvement we have placed under this heading is number 19.

Background

The resources and capabilities from a number of other organisations were brought together in 2013 in order to deliver the statutory functions of the NCA. In our 2014 inspection report we referred to these organisations as the 'precursor bodies'. The NCA's largest contribution came from the Serious Organised Crime Agency. Other contributions came from the National Policing Improvement Agency, the Home Office, the UK Border Agency, Border Force, the Police Central E-Crime Unit and the Child Exploitation and Online Protection Centre.

As the precursor bodies were brought together and the NCA endeavoured to assert a new identity, their officers inevitably experienced a significant level of change. In any change process, effective communication, both internally and externally, is essential to ensure that information is passed and concerns are addressed.

In the 2014 inspection report, we highlighted encouraging evidence, at all levels, of the commitment of NCA officers to the Novo change programme. Many were involved either directly or indirectly, and it became apparent that an impressive amount of energy and effort was being devoted to making the change programme a success.

However, we also expressed concern that a small but significant number of officers were not well engaged in the change process or expressed doubts that the Novo programme was likely to achieve all that was promised. While there was a comprehensive strategy for communicating information, we found uncertainty and concern among officers at all levels. In particular, we considered some of the relationships between senior NCA leaders and staff association leaders had not had time to build the foundations of mutual understanding and trust that would be helpful in the change process.

We considered the NCA needed to continue their efforts to improve communication and engagement with officers.

Findings from the 2015 inspection

We found clear evidence that the NCA has worked hard at addressing this particular issue. There has been purposeful leadership from the top and a range of initiatives had been adopted.

Effective communication with officers was part of the personal goal of the Director General of the NCA.[46] We found that he had made strenuous efforts to explain his vision for the Agency and to listen to the concerns of officers. The Director General had created a 'Director General's focus group', composed of a cross-section of officers from across the Agency. This group met quarterly. When we met with this group, which consisted of officers able to provide useful insight and challenge the Director General, we found that they had a high degree of confidence in the process.

Communication initiatives

Throughout the fieldwork, most of the officers we interviewed reported improvements in communication in their respective commands or business areas. We found some good examples of the methods adopted:

- a Novo communications network was in place which provided a single point of contact in every command (some had more than one) who received information from the Novo programme, relayed this information to colleagues and then passed any comments back;

- director-led roadshows were held around NCA locations to explain the NCA's plan and describe how the Agency would change in the future;

- more informal events, which the NCA called 'cafe conversations', were also taking place around NCA sites. These allowed small groups of officers at their workplace to receive updates on themes (such as the latest suggestions to improve mobile working) from representatives of the Novo change programme. In an effort to stimulate a two-way flow of information, officers were encouraged to give feedback on the updates;

- an 'ideas group' structure was established through which each command created a representative group of officers, chaired by a relatively junior member of staff, which looked at topics such as travel and subsistence, saving energy, and honours and awards. Their role was to identify areas of concern and propose solutions;

- the internal communications team had launched a 'Proud to Protect' poster campaign with 12 posters with a variety of personal reflections from officers about what working for the NCA means to them; and

- the 'First Person' internal bulletin had been introduced and was sent out electronically to every member of staff. It was also accessible to officers through the NCA intranet.

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[46] The Director General at the time of our inspection left the NCA in December 2015.

Despite these initiatives, among some officers we spoke to we found frustration about the speed of change, opportunities for personal development and communication. Some officers expressed concern that they did not have information about issues that affected them personally, such as office closures. They told us that the expressed desire of the NCA Director General – to ensure good communication and understanding among officers about the way the NCA will develop in the years ahead – while very welcome, was not always being carried out effectively through all the management levels in all the commands.

We spoke to representatives of the three staff associations, including two that we had interviewed in 2014. They described a positive improvement in communication between their associations and the Agency with more consultation taking place and increased representation at formal scheduled meetings.

However, while they accepted that consultation is improving, they described it as a slow improvement and they believed that there was more to do.

We found that there was plenty of information available to officers about the Novo programme and changes to the organisation, whether on the intranet, in publications or through oral updates. However, we were told that some officers did not engage in the change process because: they were not motivated to look at what information is available; they had no desire to know what change was happening until such time as it was likely to affect them; or they were feeling the effects of 'change fatigue'.

We learned that, in order to assess and validate their approach to communications, the NCA had commissioned independent diagnostic work to assess the impact of communication across the Agency. In summer 2015 a series of 10 focus groups had taken place involving 120 staff at 3 locations, with a further 9 interviews with senior leaders on a one-to-one basis. At the time of our fieldwork the results were being analysed and in December 2015 we were provided with a summary of the results. This suggested that problems with levels of engagement persisted.

The NCA intended to use the results of the independent diagnostic work, alongside the results of the Civil Service-wide staff survey which took place in October 2015, to help the Agency to identify opportunities for improvement.

Engagement plans

In early 2015, in response to the 2014 staff survey results, the NCA adopted and circulated to each command and business area, a corporate template for engagement plans to address the areas that attracted criticism in the survey.

The template was divided into 'local contribution' which described what the command or business area would do for their own officers and 'corporate contribution' to describe how internal activity would support the wider NCA response to the survey's findings.

We asked to see copies of the engagement plans from the commands and business areas, and 14 were provided to us in October 2015. We were also supplied with a number of other documents which provided narrative about the approach to be taken, but which we did not consider constituted a plan of action.

We were disappointed by the engagement plans provided. Although a corporate template was issued, 4 of the 14 engagement plans were not in that format. Furthermore, the plans were in various states of completion, with four marked as 'draft'.

We considered it reasonable to apply the same criteria we had applied to the strategic action plans and for the same reasons (see page 21), namely 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.

None of the engagement plans we saw met all three criteria. We were told by the NCA that the plans were developed by the senior leaders of the individual commands, assisted by representatives of the NCA's human resources team. All engagement plans were seen by the deputy director of human resources to ensure they were focused in the right areas. However, they were not approved centrally because it was intended from the start that they would be the responsibility of the individual commands. The lack of consistency in the plans reflected the views of some officers we spoke to who described the variable quality of communication between the commands.

Leadership programmes

In May 2015, the NCA launched its 'leading with purpose' programme for all of its senior leaders at grade 1 and grade 2. This programme, which takes approximately ten months to complete, combines individual and group-based learning (including residential modules) with the aim of developing the capability of senior managers to 'lead with purpose'.

At the time of the inspection, approximately 60 grade 1 and grade 2 senior leaders were undertaking the programme and the NCA was seeking to identify funding to provide more places. It was too early to determine how successful this programme

would be, but comments made to us by officers suggested that it had been well received. In July 2015, in excess of 60 senior leaders (of various grades) from across the NCA attended a forum where the importance and effect of good organisational engagement was defined and discussed with support from experts in the field.

In September 2015, the NCA launched a modular leadership programme to be undertaken by managers and supervisors at more junior grades (grades 3 to 5). This programme consisted of core elements covering ethics, values, diversity, the insider threat and the national decision model.[47] We were told that further courses, each lasting one day, would be launched in January 2016. It was too early to assess the effect of this programme.

We were told by the NCA that a number of steps had been taken to enhance the status of officers and to provide recognition of their contribution. These included the introduction of:

- the Queen's medal for long service and good conduct by officers (which provides NCA officers with a similar level of recognition to that already enjoyed by members of the emergency services);

- Director General and director commendations for NCA officers who performed particularly well in some aspect of their role;

- the 'positive action pathway' scheme which, by supporting candidates from minority backgrounds, seeks to create a higher level of diversity in senior leadership;

- a new officer appraisal scheme with greater clarity in performance objectives and closer alignment between performance, training and promotion; and

- promotion boards for all promotion from grade five upwards.

Some of the interviews we conducted with officers also demonstrated continuing conflict about the identity of the NCA as a consequence of the different ethos applied in the precursor bodies. The NCA is a non-ministerial government department, and as part of the civil service it therefore applies the civil service code and compatible terms and conditions. Officers, however, can also have warranted powers, and the background of many officers from police or law enforcement organisations creates a different mindset.

For some NCA officers, this and the different terms and conditions of officers remained a source of disquiet.

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[47] A decision-making process that is used by police forces across the United Kingdom.

Conclusion

The strenuous efforts of the outgoing Director General to ensure effective communication with officers in the NCA provided strong evidence of leadership from the top made tangible through the creation of the Director General's focus group and that group's confidence in the process.

Similarly, we consider that the various examples of the methods adopted by the NCA to improve its internal communication (listed on page 54) and the steps that had been taken to enhance the status of officers and to provide recognition of their contribution (page 57) amounted to strong evidence of a concerted effort to improve communication and engagement.

However, based on the condition of some of the engagement plans and the views of some of the officers we spoke to, we consider that this concerted effort is not being consistently applied by all leaders. The fact that some of the engagement plans were still in draft form, incomplete in many respects or not up-to-date suggests that there is still room for improvement.

We consider that the NCA's investment in leadership development through the 'leading with purpose' programme for senior leaders and the modular programme for junior leaders, should be helpful in increasing the Agency's leadership capacity. This should lead to improved levels of communication and engagement.

On balance, we conclude that the NCA has made good progress on the areas for improvement detailed in our 2014 inspection report that concerned internal communication and engagement.

Efficiency and effectiveness

The progress made by the NCA in relation to all of the areas we identified for improvement in our 2014 inspection report is resulting in a gradual improvement of the organisation's efficiency and effectiveness.

Annex A – The 2014 areas for improvement

1. The capability to exploit internet-related intelligence should be implemented.

2. Access to databases held by the police, law enforcement bodies and government departments should be improved.

3. Outdated computer systems, including those highlighted on an inspection prior to the NCA's creation, should be upgraded or replaced.

4. Databases and records should be rationalised and made accessible.

5. Responsibilities for the oversight of retention and storage of material within teams should be clarified.

6. Relevant officers should be identified and allocated responsibility for all the data which the NCA holds.

7. Efforts to find a replacement for the computer system in the UK financial intelligence unit should be invigorated.

8. Processes that involve double-keying of data, which contribute to backlogs in intelligence submission, should be streamlined.

9. NCA analytical requirements should be determined and the required capacity and capability then developed.

10. Greater consistency in the intelligence assessments that are provided should be introduced.

11. Intelligence gateways should be rationalised to enable sufficient oversight of intelligence leaving the Agency.

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.

13. A database that allows technical support units to have oversight of technical equipment across each site should be provided.

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.

15. The respective roles of the regional organised co-ordinators and branch commanders should be clarified.

16. As the NCA's capability to produce a more accurate 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.

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.

18. Corporate systems should be improved in order to provide more reliable and comprehensive human resources and finance information.

19. Efforts concerning better communication and engagement with officers should continue.

Annex B – Methodology

Our inspection took place during September, October and November 2015, during which we reviewed the NCA's progress against the recommendations and areas for improvement from our first inspection of the NCA in 2014.

We interviewed members of the NCA senior leadership team who were responsible for dealing with our recommendations and areas for improvement.

Interviews and focus groups also took place with managers and officers from across the Agency. While conducting a separate inspection of the UK International Crime Bureau we took the opportunity to question officers there in relation to aspects of this inspection.

Representatives from the NCA's three staff associations were also interviewed in order to learn their views on progress since the last inspection.

We spoke with approximately 100 officers.

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

- one NCA board meeting;

- one national strategic tasking and co-ordination group meeting;

- two national tactical tasking and co-ordination group meetings;

- one national tactical intelligence group meeting; and

- four strategic governance group meetings (cyber-crime, economic crime, organised crime and child sexual exploitation and abuse).

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

We consulted a number of interested parties who work closely with the NCA including the Home Office, 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 Crime Operations Co-ordination Committee, the National Policing lead for Serious and Organised Crime; and the chief officer leads for the regional organised crime units in England and Wales.