



HM Government

The Serious and Organised Crime Strategy: Annual Report for 2014



The Serious and Organised Crime Strategy:

Annual Report for 2014

Presented to Parliament
by the Secretary of State for the Home Department
by Command of Her Majesty

March 2015



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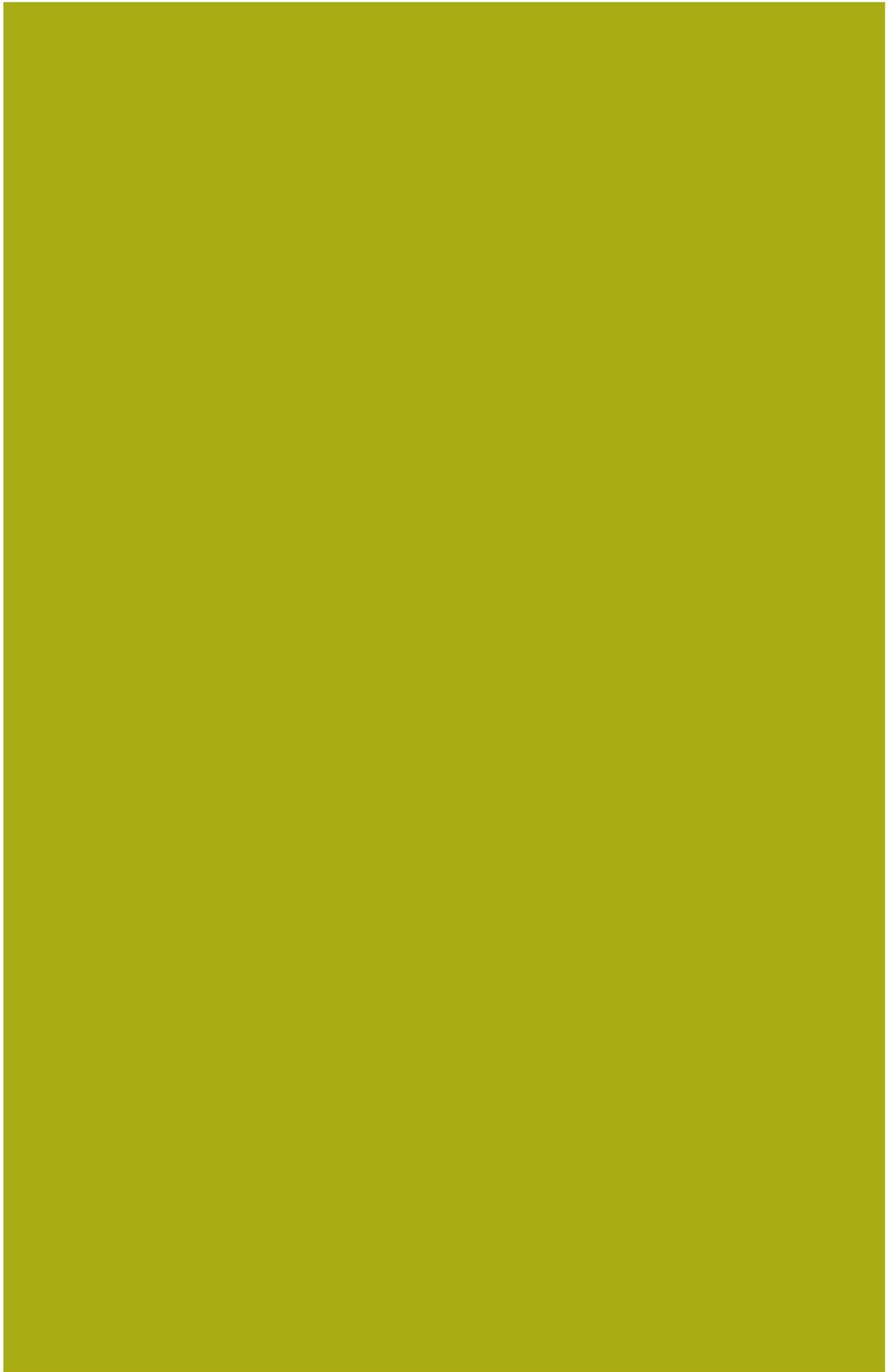
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Foreword by the Home Secretary

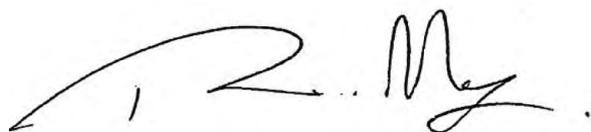
Events in 2014 illustrated all too clearly the harm caused by serious and organised crime, which threatens our national security and affects people, communities and businesses across the UK on a daily basis.

The threats we face are varied, complex and evolving rapidly. Recent high-profile cases in Rotherham and elsewhere have highlighted the scale of child sexual exploitation in the UK, and we now know that modern slavery is more prevalent than previously thought. Last year saw the spread of banking malware responsible for losses of hundreds of millions of pounds, as well as the growing use of cyber techniques by organised criminals to commit fraud and trade illegal drugs and firearms on the internet.

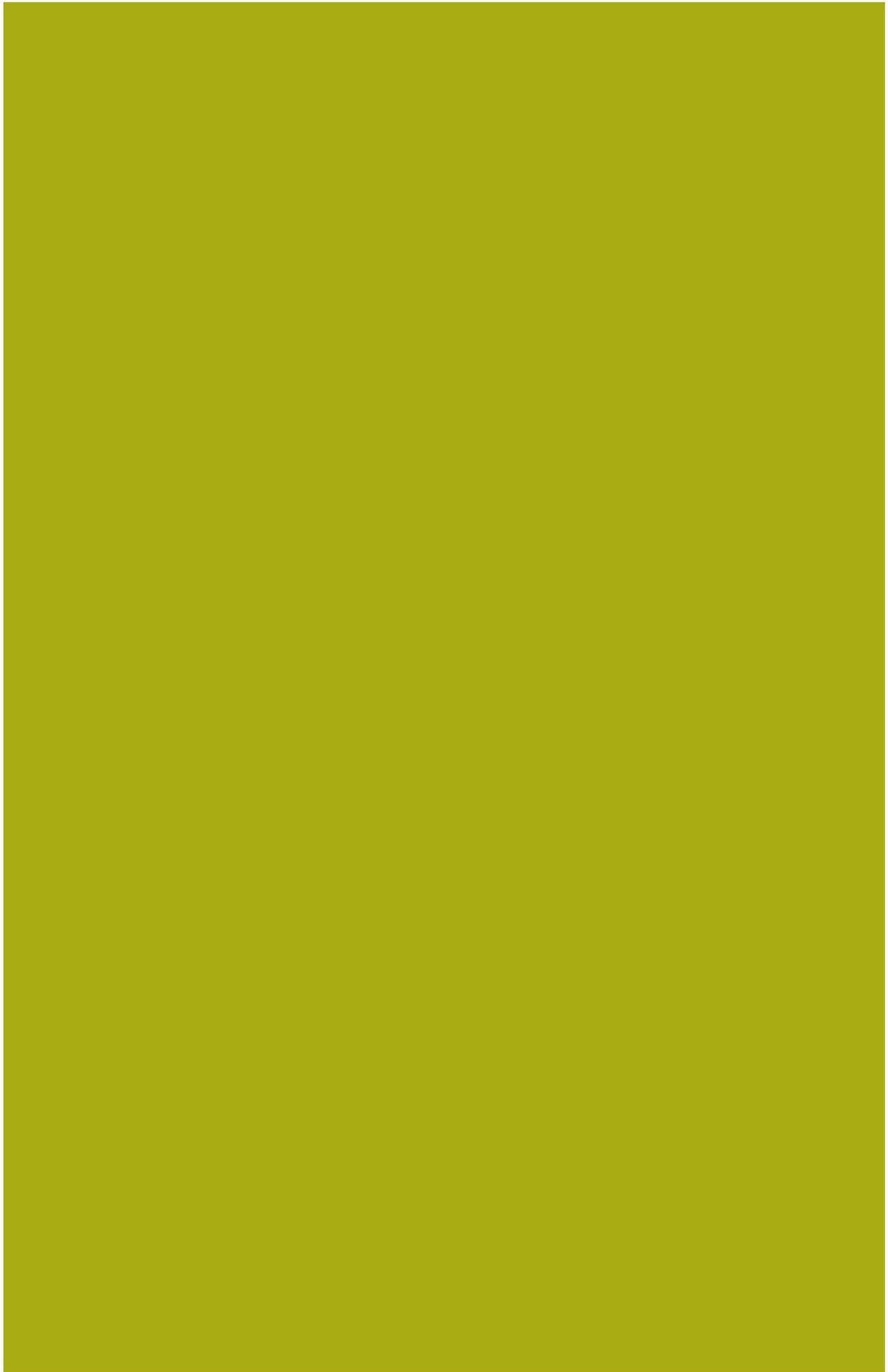
These threats present significant challenges, which is why this Government launched the Serious and Organised Crime Strategy and established the National Crime Agency in October 2013. They mark a step change in our fight against serious and organised crime.

My priority remains the disruption and prosecution of serious and organised criminals, so we must ensure that our law enforcement and intelligence agencies continue to have the powers and capabilities they need. We have introduced important new legislation through the Serious Crime Act 2015, and have strengthened collaboration locally, regionally and with the private sector. We have invested in better capabilities, including on cyber crime and in the Regional Organised Crime Units, and have committed an extra £10 million to tackle online child sexual exploitation. We are also implementing major new programmes of work to prevent, protect against, and reduce the impact of serious and organised crime.

The Serious and Organised Crime Strategy will need to adapt to the changing nature of the threat in 2015, but I am confident that we are on the right path.

A handwritten signature in black ink, appearing to read 'Theresa May', with a large, sweeping initial 'T' and 'M'.

Theresa May MP
Home Secretary



PART 1: INTRODUCTION

1.1 In October 2013 the Government published a new Serious and Organised Crime Strategy,¹ to coincide with the launch of the National Crime Agency (NCA). The Government committed to providing an annual update on progress delivering the Strategy: this report covers the period from 7 October 2013 to 31 December 2014.

1.2 Whilst national security is a reserved matter, crime and policing, and prisons and probation, are devolved and the responsibility of the Scottish Parliament and Northern Ireland Assembly. We continue to collaborate with all of the Devolved Administrations to disrupt serious and organised crime.

The Threat

1.3 Serious and organised crime is a threat to our national security.² It affects people, communities and businesses across the UK and continues to cause loss of life, significant economic and social harm, and substantial public anxiety. As of 31 December 2014, UK law enforcement estimated that there were around 5,800 organised crime groups – comprising some 40,600 individuals –

causing harm to the UK. The cost to the UK of serious and organised crime is estimated to be at least £24 billion a year.³

1.4 The Strategy made clear that our response to serious and organised crime in the UK must be driven by an authoritative understanding of the threat. In May 2014 the NCA published the first National Strategic Assessment,⁴ on behalf of UK law enforcement, providing the most complete picture yet of the serious and organised crime threats facing the UK. They include: cyber crime; economic crime and money laundering; corruption; child sexual exploitation; immigration crime, human trafficking and modern slavery; drugs trafficking; criminal use of firearms; and theft. The next Assessment will be published in late spring 2015.

1.5 Cyber crime is a tier 1 threat to the UK's national security.² Malware, ransomware attacks and the targeted compromise of UK networked systems, particularly from criminals based overseas, are an increasing threat. Cyber techniques are used by organised criminals to commit fraud against government

¹ HM Government (2013) *Serious and Organised Crime Strategy*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

² HM Government (2010) *A Strong Britain in an Age of Uncertainty: The National Security Strategy*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61936/national-security-strategy.pdf

³ Home Office (2013) *Understanding Organised Crime: Estimating the Scale and the Social and Economic Costs*. Available at: <https://www.gov.uk/government/publications/understanding-organised-crime-estimating-the-scale-and-the-social-and-economic-costs>

⁴ National Crime Agency (2014) *National Strategic Assessment of Serious and Organised Crime 2014*. Available at: <http://www.nationalcrimeagency.gov.uk/publications/207-nca-strategic-assessment-of-serious-and-organised-crime/file>

departments, businesses and the public. Firearms, drugs and other illegal commodities are traded on the internet, including the ‘dark web’, using virtual currencies. We are seeing an expansion of cyber crime ‘as a service’, with some instances of organised crime groups hiring cyber experts.

1.6 The sexual abuse of children is a despicable crime. It can take many forms, including sexual abuse within families, exploitation by individuals or groups, or online abuse such as ‘grooming’ and the proliferation of indecent images of children. While it is not possible to put a definitive figure on victim numbers, the NSPCC has reported that approximately 1 in 20 of UK children have experienced some form of coerced sexual act by the age of 16 years.⁵ Recent high-profile cases, including the sexual exploitation of children by gangs in Rotherham, have led to increased reporting and awareness of what has all too often in the past been an ignored crime. The NCA received 12,505 referrals from the National Centre for Missing and Exploited Children in its first 12 months, compared to 9,855 in 2012, an increase of almost 27 per cent. The NCA has estimated that there are as many as 50,000 people in the UK involved in the downloading and viewing of indecent images online.

1.7 Many hundreds of billions of pounds of international criminal money is almost certainly laundered through UK banks and their subsidiaries each year.⁶ Other sectors

are also vulnerable. At least £1.5 billion is laundered annually via money service businesses alone, and the professional services sector plays a significant, although less well-understood, role in money laundering. The criminal exploitation of corrupt and unstable governments overseas can directly affect UK national security.

1.8 The NCA considers that there were 2,744 known potential victims of human trafficking in the UK in 2013, an increase of 22 per cent compared to 2012.⁷ The number of victims still hidden from sight is highlighted by recent work conducted by the Home Office. Using data collected by the NCA and applying established statistical methods, the Home Office’s Chief Scientific Adviser estimates that there may have been as many as 10,000 – 13,000 potential victims of modern slavery in the UK in 2013.⁸ The majority of illegal migrants rely on the services of organised criminal groups at some point in their journey.

1.9 Illegal drug use in England and Wales has fallen over the last decade, with 8.8 per cent of adults taking an illicit drug in 2013/14.⁹ But the social and economic costs of drug use remain high, at an estimated £10.7 billion

⁵ NSPCC (2011) *Child Abuse and Neglect in the UK Today*. Available at: <http://www.nspcc.org.uk/preventing-abuse/research-and-resources/child-abuse-and-neglect-in-the-uk-today>

⁶ National Crime Agency (2014) *National Strategic Assessment of Serious and Organised Crime 2014*. Available at: <http://www.nationalcrimeagency.gov.uk/publications/207-nca-strategic-assessment-of-serious-and-organised-crime/file>

⁷ National Crime Agency (2014) *NCA Strategic Assessment: The Nature and Scale of Human Trafficking in 2013*. Available at: <http://www.nationalcrimeagency.gov.uk/publications/399-nca-strategic-assessment-the-nature-and-scale-of-human-trafficking-in-2013/file>

⁸ Home Office (2014) *Modern Slavery: An Application of Multiple Systems Estimation*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/381389/Modern_Slavery_an_application_of_MSE.PDF

⁹ Home Office (2014) *Drug misuse: Findings from the 2013/14 Crime Survey for England and Wales*. Available at: <https://www.gov.uk/government/statistics/drug-misuse-findings-from-the-2013-to-2014-csew>

annually,¹⁰ and in 2013 there were 1,957 illegal drug-related deaths registered.¹¹ The number of new psychoactive substances detected in the UK has grown.¹² The amount of cocaine reaching UK streets remains high, while the supply of heroin from Afghanistan is likely to increase over the next few years.¹³

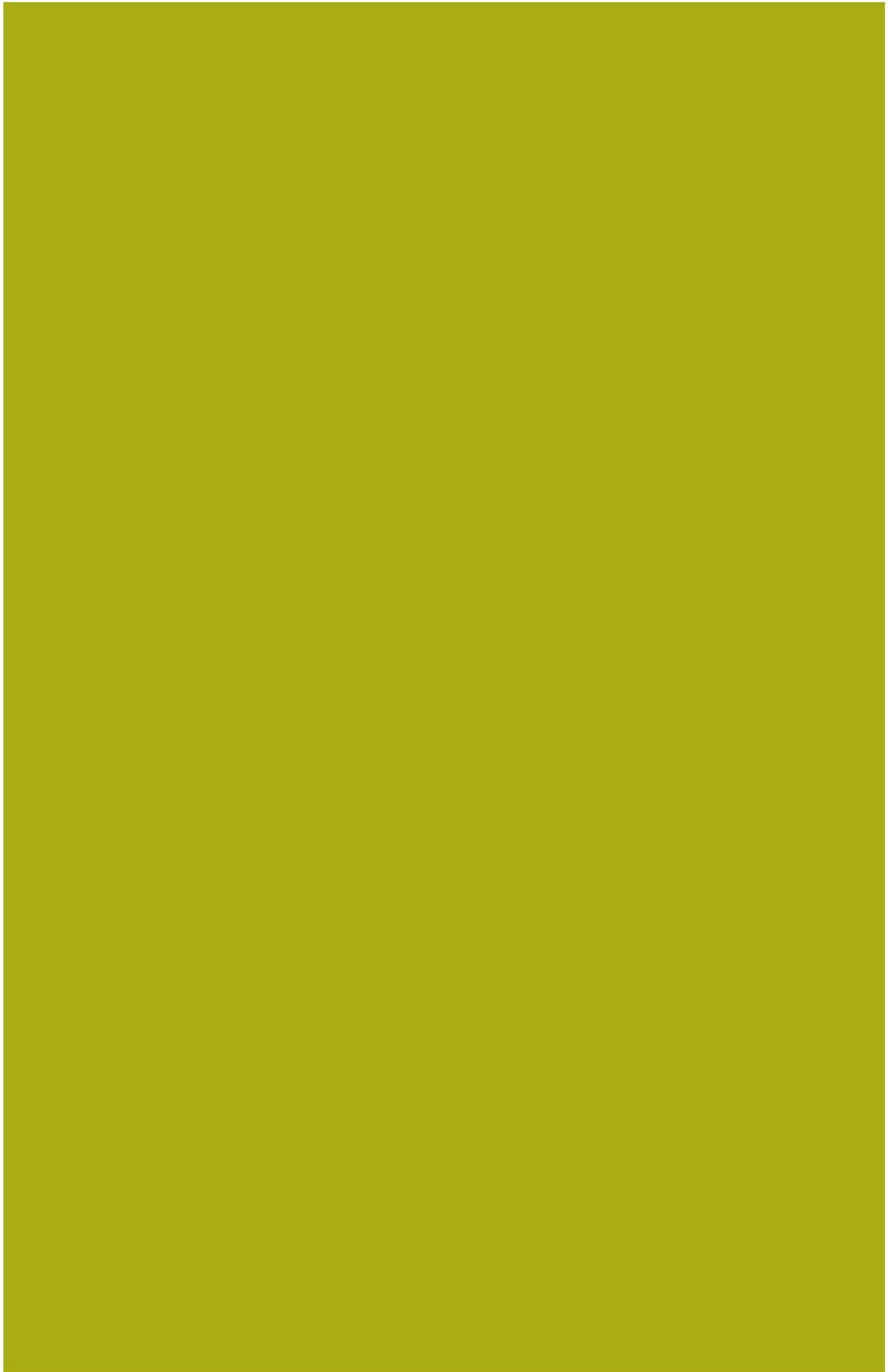
1.10 The growth, diversification and use of technology will make it increasingly challenging in the future for law enforcement bodies to maintain an advantage over serious and organised criminal groups. The threat will continue to be transnational.

¹⁰ Home Office (2013) *Understanding Organised Crime: Estimating the Scale and the Social and Economic Costs*. Available at: <https://www.gov.uk/government/publications/understanding-organised-crime-estimating-the-scale-and-the-social-and-economic-costs>

¹¹ Office for National Statistics (2014) *Deaths Related to Drug Poisoning in England and Wales, 2013*. Available at: <http://www.ons.gov.uk/ons/rel/subnational-health3/deaths-related-to-drug-poisoning/england-and-wales---2013/index.html>

¹² Home Office (2014) *New Psychoactive Substances in England: A Review of the Evidence*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/368587/NPSevidenceReview.pdf

¹³ National Crime Agency (2014) *National Strategic Assessment of Serious and Organised Crime 2014*. Available at: <http://www.nationalcrimeagency.gov.uk/publications/207-nca-strategic-assessment-of-serious-and-organised-crime/file>



PART 2: OUR RESPONSE

2.1 The aim of the new Serious and Organised Crime Strategy in 2013 was to reduce substantially the level of serious and organised crime affecting the UK and its interests. The Strategy took a new approach to the threat from organised crime, creating new areas of work (Prevent and Prepare) and redefining our activities under the heading of Protect. The Strategy was modelled on our successful approach to countering terrorism, and is based around:

- **Pursue:** prosecuting and disrupting people engaged in serious and organised criminality.
- **Prevent:** stopping people from engaging in serious and organised crime.
- **Protect:** increasing protection against serious and organised crime.
- **Prepare:** reducing the impact of this criminality where it takes place.

2.2 The Strategy specified high-level objectives in each of these areas, and this report describes the actions we have taken to meet them, to reduce both the threats we face and our vulnerabilities. We are satisfied that our approach is right and effective. But it needs to evolve as the threats change.

Pursue

2.3 The relentless disruption and prosecution of serious and organised criminals remains our highest priority. The Strategy committed us to:

- establish strong organisations and effective collaboration to lead work against serious and organised crime;
- develop our capabilities to detect, investigate, prosecute and disrupt serious and organised crime;
- attack criminal finances by making it harder to move, hide and use the proceeds of crime;
- ensure that effective legal powers are available and are used to deal with the threat from serious and organised crime; and
- internationally, improve our own capabilities and our cooperation with others to better tackle organised crime networks.

Effective organisations and partnerships

2.4 In its first 12 months, the NCA worked closely with police forces, Regional Organised Crime Units (ROCUs), and other national and international partners to disrupt¹⁴ organised criminal groups, arresting 2,048 people in the UK and 1,181 overseas, and achieving 415 convictions. NCA operations seized over 200 tonnes of illegal drugs and more than 700 firearms (including 165 guns). In line with its stronger statutory powers, the NCA has introduced new national tasking

¹⁴ A disruption results from an intervention, and has been achieved when an individual or group is unable to operate at its usual level of activity for a period of time, or when there has been an impact on a vulnerability.

and co-ordination to align the collective law enforcement response against the most dangerous individuals and groups. Our work to develop the capabilities of the ROCU network is set out at paragraph 2.7. Operation NOTARISE (see paragraph 2.24) illustrates how the NCA is able to coordinate a national response to a major threat, involving direct work with all 45 police forces across England, Wales, Scotland and Northern Ireland. Further information on the role, structure and performance of the NCA can be found in its Annual Report for 2013/14.¹⁵

2.5 Tackling serious and organised crime is not just a matter for national law enforcement agencies and regional policing. An effective response also depends on much closer collaboration between law enforcement organisations and intelligence agencies, government departments, regulators, local authorities, the voluntary sector and industry. The Strategy proposed new multi-agency partnerships based on a shared Serious and Organised Crime Local Profile.¹⁶

2.6 Local Profiles are in place in 11 police force areas in England and Wales, and a further 27 forces are in the process of preparing them. Around half of all forces (23) in England and Wales have established a serious and organised crime multi-agency partnership, with more intending to do so once their Profile is complete. GAIN (the Government Agency Intelligence Network) is building links between partners and is coordinating the gathering of intelligence on those threats identified in the Local Profiles.

Four police forces are leaders in multi-agency working – Derbyshire, Dorset, Greater Manchester and Merseyside; all have put in place Local Profiles, local partnerships, and programmes across all areas of the Serious and Organised Crime Strategy (Pursue, Prevent, Protect and Prepare).

Stronger capabilities

2.7 ROCUs assist their respective local forces by delivering specialist investigative and intelligence capabilities, including the capacity to lead investigations into organised crime groups that cross police force boundaries. They also work closely with the NCA to support the national response to serious and organised crime, and provide a vital interface between the NCA and mainstream policing. Since 2013 we have provided £65 million to establish 12 core capabilities across the ROCUs, meeting the Strategy’s commitment to deliver “significant change” by the end of 2014. These capabilities include intelligence collection and analysis, fraud investigation, witness protection and asset recovery teams that recover the proceeds of crime through forfeiture and confiscation orders. All ROCUs now have prison intelligence units, GAIN coordinators and Regional Intelligence Units, including Confidential Units, to facilitate the exchange of sensitive intelligence. The ROCUs’ capabilities will be enhanced further in 2015.

2.8 In 2014/15, the Home Office was allocated £23.5 million from the National Cyber Security Programme to tackle cyber crime and make the UK one of the most secure places to do business online, which is the first objective of the National Cyber Security Strategy. We have established a National Cyber Crime Unit (NCCU) in the NCA, and set up cyber teams in each of the nine ROCUs in England and Wales. As of 31 December 2014, the NCCU had 30 live domestic and international operations to disrupt serious cyber crime, with the ROCUs undertaking 85 operations.

¹⁵ National Crime Agency (2014) *Annual Report and Accounts 2013 to 2014*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380378/NCA_Annual_Report___Accounts_2013-14_v1.0__web_.pdf

¹⁶ Home Office (2014) *Serious and Organised Crime Profiles: A Guide*. Available at: <https://www.gov.uk/government/publications/serious-and-organised-crime-local-profiles>

The College of Policing is working with police forces and the NCA to train thousands of officers. Work is underway to define, develop and implement the digital investigation and analytical capabilities needed by the police to tackle all forms of crime and terrorism that leave a digital footprint.

2.9 The Data Retention and Investigatory Powers Act (DRIPA) 2014 was passed in July 2014. This ensures that communications data – which are used in about 95 per cent of cases handled by the Crown Prosecution Service’s Organised Crime Division – continues to be available, if needed, to our law enforcement and intelligence agencies. The Act does not provide any new powers, rights of access or obligations. Provisions in the Counter-Terrorism and Security Act 2015 provide some important new communications data capabilities. But neither DRIPA nor the later Act addressed the wider capabilities of the police and security and intelligence agencies to access communications data. This was the area the Draft Communications Data Bill sought to address, but there was no coalition agreement and therefore no majority to take this Bill through Parliament.

2.10 Following the Joint Terrorism Analysis Centre’s decision to increase the international terrorist threat level to the UK to SEVERE in August 2014, the Home Secretary opted to postpone a review into counter-terrorism policing. A programme of priority work, led by senior police and NCA officers, has been put in place to enhance collaboration between the police and agencies working on counter-terrorism and serious and organised crime, with an emphasis on activity at the UK border, in prisons and on cyber capabilities and money laundering.

Tackling criminal finances

2.11 Making it more difficult to move, launder and use the proceeds of crime, and strengthening our ability to recover criminal

assets, were a key part of the Strategy agreed in 2013. In 2013/14, £190 million of assets was recovered from criminals, an increase of £6.82 million from 2012/13. Between April 2010 and December 2014, £891 million has been confiscated from offenders and £110 million returned to victims. Hundreds of millions more have been frozen and put beyond the reach of criminals.

2.12 We have developed a new cross-government criminal finances improvement plan to recover assets more efficiently and to tackle the stock of outstanding confiscation orders (which currently totals around £1.5 billion). This involves much closer working with the financial sector, including a pilot scheme in which information on unenforced confiscation orders is shared with UK banks. The NCA led a multi-agency project to focus operational effort on the highest priority unenforced orders linked to the most serious criminals. £40 million has been enforced against these orders in 2014, compared to about £9 million in 2013. Nine new Asset Confiscation Enforcement Teams have been created in the ROCUs. In their first six months of operation they have recovered £3 million from criminals. The Crown Prosecution Service (CPS) has deployed overseas (in Spain, the United Arab Emirates, and Caribbean and European regions) a new network of specialist Asset Recovery Advisers to improve the recovery of illicit assets.

2.13 In April 2014, the Home Secretary agreed – with the Governor of the Bank of England, the Chairman of the Financial Conduct Authority (FCA) and Chief Executives from the financial services industry – to set up a new Serious and Organised Crime Financial Sector Forum. This is leading to practical cooperation and better information sharing between the financial sector, law enforcement organisations and government to tackle money laundering and to improve reporting of suspicious financial transactions. Through

the Forum, we established in February 2015 a Joint Money Laundering Intelligence Taskforce (JMLIT) pilot to help identify, investigate and disrupt money launderers and other financial criminals. The Government has also committed to reviewing the Suspicious Activity Reporting regime (SARs) to ensure that it prevents and disrupts effectively the movement of illicit funds through the financial and other regulated sectors.

New legal powers

2.14 The Serious Crime Act 2015¹⁷ strengthens our powers to recover the proceeds of crime, by making it more difficult for criminals to conceal and move their assets, reducing the time to pay confiscation orders and increasing prison sentences for failing to pay them. A new offence of participating in an organised crime group ensures that we can prosecute effectively the full spectrum of people engaged in organised crime, including those who provide professional and non-professional services to support a criminal enterprise. The Act confers new powers on the NCA and police to seize and destroy drug cutting agents. It also strengthens the Computer Misuse Act 1990 with respect to cyber crime offences, in particular to ensure that sentences for attacks on computer systems fully reflect the damage they cause. The Act received Royal Assent on 3 March 2015.

International capabilities and cooperation

2.15 All of the most serious crime threats we face are transnational. We have expanded the UK's overseas network, which is comprised of NCA officers, HM Revenue & Customs (HMRC) fiscal crime liaison officers, risk and airport liaison officers, CPS criminal justice advisers and asset recovery advisers, as well as diplomatic staff and personnel from the Department for International

Development. In particular, we have improved our ability to tackle organised immigration crime, cyber crime, financial crime and child sexual exploitation through new NCA and CPS specialist deployments in a number of locations.

2.16 We are delivering a wide range of cross-government programmes – including through the Conflict, Stability and Security Fund – to strengthen our operational capabilities and casework in priority countries overseas, and to help build local law enforcement and criminal justice capacity. This includes initiatives in Asia, the Middle East, Africa, the Caribbean and South America, where the UK is often seen as a critical security partner. For example, in 2014 we:

- sustained a major programme of cooperation in Afghanistan to disrupt criminal networks seeking to traffic drugs to the UK, with NCA officers training and mentoring Afghanistan's counter-narcotics police and criminal justice sector;
- developed our mutual legal assistance relationship with the Emiratis, which enabled the first ever restraint and repatriation of criminal proceeds from the United Arab Emirates to the UK;
- supported and trained, in partnership with the NCA, CPS, Royal Navy and US, a specialist maritime unit in Tanzania; and
- enhanced collaboration through the Caribbean Criminal Asset Recovery Project, leading to the first prosecutions for money laundering in the Caribbean, the seizure of £1 million of criminal cash and the restraint of £6.5 million of assets.

2.17 In December 2014, the UK rejoined 35 EU police and criminal justice measures that enable us to work with our EU partners to disrupt organised criminality. This package includes Europol and a reformed

¹⁷ More information is available at: www.gov.uk/government/collections/serious-crime-bill

European Arrest Warrant, which provides increased protections for British nationals wanted for extradition. It also comprises Joint Investigation Teams, which allow UK and European police forces to cooperate in cross-border operations such as Operation BIRKHILL. This saw five criminals sentenced to a total of 36 years' imprisonment last summer, for their involvement in the degrading trafficking of over 120 women to the UK from Hungary, the Czech Republic and Poland.

Foreign national offenders

2.18 About 13 per cent of known organised criminals in the UK are foreign nationals. We are implementing new measures and using immigration powers to improve our ability to prevent those with a history of serious offending from entering the UK in the first place, and taking action to remove those sentenced here.

2.19 We have strengthened the links between our immigration, visa and border security systems. From April 2013 to March 2014, 575 visa applications were refused for criminal reasons. Operation NEXUS, a joint police and Home Office partnership, combines immigration and police intelligence to assess the threat, risk and harm posed by foreign nationals offending in the UK. This has enabled the removal of more than 3,300 individuals, including 277 offenders considered to represent a serious threat. In 2013/14 we deported over 5,000 serious offenders from the UK following prison sentences or court convictions.

2.20 We are also using the European Criminal Records Information System (ECRIS) to identify the offending history of foreign nationals involved in serious and organised crime. The number of checks on foreign nationals going through the UK's criminal justice system has increased from 10,543 in 2011/12 to 61,040 in 2014/15 (1 April to

31 December 2014 only), largely due to the introduction of ECRIS in April 2012. The UK will connect to the second generation of the Schengen Information System in April 2015, giving us access to 35,000 alerts for people wanted for crimes in the EU and allowing UK law enforcement agencies to stop and arrest them at the border.

Priority crime types

2.21 In addition to progress against the specific objectives described in the Strategy, we have prioritised activity to disrupt the threat from child sexual exploitation, modern slavery and firearms, as well as from fraud and illegal drugs.

Tackling child sexual exploitation

2.22 In August 2014, Professor Alexis Jay published a review of child sexual exploitation in Rotherham. It showed that organised child sexual exploitation had been happening on a massive scale, over many years. Local agencies had dismissed concerns, or put in place an inadequate response. Louise Casey's report of 4 February 2015 showed that, even since the Jay report, the Council and its local partners had continued to deny the scale of the problem, and no real action had been taken to stop the abuse. On 3 March 2015, the Government published its response¹⁸ to these failures, detailing a series of practical steps that will lead to a cultural shift in tackling child sexual exploitation and supporting victims. The measures contained in this report will improve how national and local government, police, children's and health services, and other partners work to pursue offenders, increase protection and reduce the impact of this offending.

2.23 Work to improve our response to other forms of sexual abuse has been published

¹⁸ More information is available at: <https://www.gov.uk/government/news/home-secretary-publishes-government-response-to-rotherham-reports>

as part of the progress report of the National Group on Sexual Violence against Children and Vulnerable People.¹⁹ This report includes actions to improve the pursuit of offenders, the safeguarding of victims, making the internet safer for children and vulnerable people to use, and making it more difficult for criminals to use online technology. During 2013, over 1,900 people were prosecuted for offences involving the possession, distribution, publication or production of indecent images of children. More than 1,600 were sentenced in the same year.²⁰ The NCA safeguarded or protected over 1,300 children during its first year of operations.

2.24 In July 2014, the NCA announced details of an unprecedented operation against online child abusers. Operation NOTARISE, an ongoing UK-wide operation targeting individuals viewing and sharing online indecent images of children, has so far led to more than 700 arrests. The NCA also worked with authorities in the USA and Australia to break up an international crime group that live-streamed child sexual abuse from the Philippines. In December 2014, the Prime Minister committed an additional £10 million in 2015/16 to create further specialist teams in the NCA to tackle those involved in the production or sharing of indecent images. He also announced the creation of a joint NCA-GCHQ team that will use the latest techniques and expertise to ‘track down’ the worst online abusers.

2.25 We are building on these operational successes. The Child Abuse Image Database (CAID), will improve law enforcement

agencies’ investigations into indecent images of children by providing a shared set of child abuse images and their associated “hashes” (a unique numerical identifier) so that forensic examinations of suspects’ devices can be conducted more quickly. It will also enhance their ability to distinguish previously unknown images, so that victims can be identified and safeguarded. The CAID became operational in December 2014.

2.26 In May 2014, experts from the internet industry met under the leadership of a UK-US taskforce to generate novel technical ideas to address online child sexual exploitation, and to disrupt offenders, identify victims and keep children safe while online. The Prime Minister subsequently hosted the #WePROTECT summit in December 2014, to galvanise international action. The Summit secured practical commitments by 47 countries, two international organisations, 10 civil society organisations and 14 leading companies to identify and protect victims, and to strengthen global cooperation to track down perpetrators. The Prime Minister also announced the establishment, with UNICEF, of a new child protection fund, towards which the UK has pledged £50 million over five years. Forging strong partnerships with industry was a major theme, and Microsoft, Facebook, Google, Yahoo and Twitter agreed to take further steps to detect and remove child sexual abuse material from their platforms and services.

Tackling modern slavery and organised immigration crime

2.27 Modern Slavery affects people all over the world, including here in the UK. We are committed to stamping out this abhorrent crime. The Modern Slavery Bill²¹ will give law enforcement the tools to tackle modern slavery, ensure that perpetrators can receive

¹⁹ Home Office (2015) *Sexual Violence Against Children and Vulnerable People National Group: Progress Report and Action Plan 2015*. Available at: <https://www.gov.uk/government/publications/sexual-violence-against-children-and-vulnerable-people-progress-report>

²⁰ Source: Ministry of Justice, Justice Statistics Analytical Services

²¹ More information is available at: www.gov.uk/government/collections/modern-slavery-bill

suitably severe sentences, and enhance support and protection for victims. Subject to Parliamentary approval, the Bill is expected to secure Royal Assent in March 2015.

2.28 Legislation is only part of the answer. In November 2014 we published our Modern Slavery Strategy setting out a cross-Government approach to combating modern slavery.²² This includes a stronger law enforcement response led by the NCA, coordinated international activity, greater awareness among frontline professionals, and closer working with the private sector and local communities. The NCA is establishing a new 'Fusion Hub', bringing key partners into a single multi-agency hub to share intelligence on modern slavery, develop combined tactical assessments and drive operational outcomes. The National Policing Lead for Modern Slavery is coordinating work to strengthen the police response.

2.29 Although convictions in this area are increasing, the number remains far too low. In 2013, there were only 68 convictions, a small increase from the 41 convictions in 2011. CPS data shows that in 2013/14, 226 prosecution cases were flagged as involving human trafficking offences, more than double the number in 2010/11 (103 cases). As a result, the Government continues to support and challenge law enforcement to do more. A new designate Independent Anti-Slavery Commissioner was appointed in November 2014 to encourage good practice and their annual report will include a detailed assessment of the performance of law enforcement. In addition, Her Majesty's Inspectorate of Constabulary will lead a joint inspection of police forces' response to modern slavery, with the other criminal

justice inspectorates, as part of the 2014-16 inspection programme.

2.30 We are also taking action at a national and international level to tackle the organised crime groups behind illegal migration. For example, a UK task force on organised immigration crime has been set up, comprising NCA, Border Force and Immigration Enforcement officers. This is sharing intelligence with French investigators and strengthening the capability of the UK to tackle organised criminal groups involved in people smuggling and trafficking.

Tackling firearms

2.31 Although offences involving firearms make up a small proportion of all recorded crime in the UK, organised crime groups have ready access to illegal firearms when required. The NCA and UK police forces are working closely to boost the intelligence picture and to take firearms off our streets. The UK has some of the toughest firearms laws in the world, and the Anti-social Behaviour, Crime and Policing Act 2014 increased the maximum sentence to life imprisonment for both the importation of illegal firearms and their possession for sale or transfer. Other changes mean that anyone who receives a prison sentence of more than three years can never legally possess a firearm, including antique firearms. Work is underway to ensure that intelligence derived from failed license applications is shared with all relevant agencies.

2.32 Following the terrorist attacks in Paris in January we have proposed stronger EU-wide efforts to tackle the illegal possession and trafficking of firearms. The UK has continued to take a lead role in promoting greater collaboration in sharing and analysing ballistics forensic data among EU partners, including through improved engagement with Europol and Interpol, to

²² Home Office (2014) *Modern Slavery Strategy*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/383764/Modern_Slavery_Strategy_FINAL_DEC2015.pdf

increase the capacity of law enforcement agencies to trace firearms trafficked into and through Europe. We are also working with EU partners to set more stringent standards for the deactivation of firearms so that it will be more difficult for them to be reactivated by criminals or terrorists.

Tackling fraud

2.33 Fraud due to organised crime costs the UK billions of pounds each year. Action Fraud is the central route for individuals and businesses to report cyber and financial crime so that the National Fraud Intelligence Bureau can identify linked crimes, undertake disruption activities or ensure they are tasked to the right police force for investigation. To improve the response to reported fraud and cyber crime, responsibility for Action Fraud was moved to the City of London Police in 2014 so that it was more closely linked with the National Fraud Intelligence Bureau. In 2013/14, the City of London Police disseminated around 40,000 reports to local police forces, for them to consider for investigation. We expect this figure to rise this year as City of London Police implement a programme of improvements to ensure that more reported frauds and cyber crimes are tasked out to police force for investigation. This will also enhance the service experienced by victims of fraud.

2.34 In February 2014, the City of London Police, supported by the NCA, Serious Fraud Office (SFO), FCA and international partners, arrested over 100 suspects in the UK, Spain, the US and Serbia as part of a coordinated investigation into so-called 'boiler room' frauds. In June 2014, the SFO obtained convictions against two individuals – bringing the total to nine – for their role in the largest 'boiler room' fraud ever pursued

by a UK authority, in which over £70 million was obtained fraudulently from UK investors. In 2014, the SFO charged 13 individuals and secured the first conviction in connection with the manipulation of the London InterBank Offered Rate (LIBOR), and separately opened an investigation into allegations of fraudulent conduct in the foreign exchange market.

Tackling illegal drugs

2.35 Tackling the serious and organised criminals that import, manufacture and deal drugs continues to be a priority for the NCA, police forces and Border Force. In its first year, NCA-led and coordinated activity resulted in 711 drug-related arrests in the UK. In 2013/14 there were 192,294 drug seizures made in England and Wales by the police and Border Force.²³

2.36 In October 2014, the Home Office published the findings of an expert panel that examined how to enhance our legislative and wider response to the rise in new psychoactive substances.²⁴ We accepted the majority of the recommendations, and will be developing proposals for a blanket ban on the sale of new psychoactive substances. We have maintained the Forensic Early Warning System, allowing us to identify new substances and alert Border Force rapidly, and continue to work with Crimestoppers to identify and close down cannabis factories.

²³ Home Office (2014) *Seizures of Drugs in England and Wales, 2013/14*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367464/hosb0314snr.pdf

²⁴ Home Office (2014) *New Psychoactive Substances Review: Report of the Expert Panel*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/368583/NPSexpertReviewPanelReport.pdf

Prevent

2.37 We have established a new Prevent programme on serious and organised crime in England and Wales, building on the lessons we have learned from countering terrorism and extremism. It will take time for the full impact of this new approach to be felt in our communities and prisons, and we will expand our Prevent work in 2015. The Strategy set out the following objectives:

- deter people from becoming involved in serious and organised crime by raising awareness of the reality and consequences;
- use interventions to stop people being drawn into different types of serious and organised crime;
- develop techniques to deter people from continuing in serious and organised criminality; and
- establish an effective offender management framework to support work on Pursue and Prevent.

Deter people from becoming involved in serious and organised crime

2.38 Our first aim under Prevent is to stop people from being drawn into serious and organised crime. This requires strong local partnerships (also see paragraph 2.5 and 2.6). We have put in place a series of Prevent pilot projects to develop the techniques, best practice and case studies necessary to identify and intervene proactively with those individuals at risk. This includes initiatives to mentor young people, raise awareness, and engage with women and girls. We have set up a Frontline Team to support the local delivery of these projects.

2.39 We are working closely with existing programmes on gangs and troubled families. We have expanded the Troubled Families

programme so that local partners can also work with parents and children who are at risk of getting involved in organised crime. Experts on serious and organised crime have been added to the Ending Gangs and Youth Violence network, and police forces and other local stakeholders have been provided with a toolkit to tackle gangs involved in cross-county drug dealing and child exploitation. Work is being taken forward with the NCA and National Policing Leads to develop an intelligence-driven response to this threat.

2.40 Criminals try to launder money through the financial sector, using ‘gatekeepers’ such as lawyers, accountants and bankers. It is important that these professions recognise the dangers of facilitating criminal activity, whether knowingly or unwittingly, while recognising that the vast majority of businesses act lawfully. In partnership with the NCA and professional bodies, in 2014 we launched a campaign targeting approximately 130,000 solicitors to deter their potential involvement in organised crime. We plan to expand this campaign to other sectors in 2015. HMRC additionally manages an education programme to improve businesses’ awareness of fraud, particularly in the financial sector.

2.41 The NCA delivered warning letters, sent emails and conducted ‘cease and desist’ visits to over 600 UK-based individuals who were known to have bought the Blackshades malware, a remote access tool able to take control of other users’ webcams and steal passwords. This Prevent activity was coordinated with arrests to maximise the deterrent impact.

2.42 The NCA is examining the ways in which child sex offenders undertake their activities, in order to develop innovative methods to help prevent the threat.

Deter people from continuing in serious and organised criminality

2.43 We also want to stop serious and organised criminals from continuing to offend, and to reduce reoffending by convicted criminals. As of 30 September 2014, there were around 7,000 organised criminals in prison, and about 40 per cent of known serious and organised crime groups had at least one member incarcerated. The investigation and disruption of those intent on continuing their criminal activity in prison is being prioritised and coordinated, through the regular sharing of details of offenders in custody and the National Offender Management Service's (NOMS) participation in NCA tasking arrangements. We are also expanding the existing prisons intelligence system. Although the focus in 2014 has been on improving identification and disruption of ongoing criminality in prison, we are also developing a broader lifetime management framework to manage more effectively the movement of offenders through the criminal justice system, including upon their release from prison.

2.44 The NCA and College of Policing are developing material to include training on ancillary orders in Senior Investigating Officer training. The Home Office is also working with the CPS and NCA to gather further data on the current use of these orders, and why they are not being used as much as they could, in order to inform future guidance and training. These civil orders are powerful tools for preventing offending, and include Serious Crime Prevention Orders, Financial Reporting Orders and Travel Restriction Orders. The Serious Crime Act 2015 (also see paragraph 2.14) broadens the offences for which they can be used.

2.45 Illicit mobile phones in prison make it easier for organised criminals to continue to commit crimes from behind bars. NOMS is

procuring additional mobile phone disruption and detection equipment for use across the prison estate. The Serious Crime Act 2015 introduces new powers, enabling courts to order mobile network operators to disconnect unauthorised mobile phones being used in prison.

Protect

2.46 The wide-ranging Protect programme aims to reduce our vulnerability to serious and organised crime across government, in the private sector and with the public. Much of the programme is new, and the scope and impact of our work will grow further in 2015. The Strategy set out the following objectives:

- protect our borders from serious and organised crime;
- protect national and local government from serious and organised crime;
- improve protective security in the private sector by sharing intelligence on threats from serious and organised crime;
- protect people at risk of becoming victims of serious and organised crime, particularly from cyber crime and fraud;
- improve our anti-corruption systems; and
- strengthen systems for establishing identity so that serious and organised criminals are denied opportunities to exploit false or stolen personal data.

Protecting our border

2.47 A significant proportion of serious and organised crime involves the movement of people, goods and money across the UK's border, with criminals seeking to exploit any potential vulnerabilities. But the border also provides an important opportunity for law enforcement agencies to disrupt serious and organised criminal groups. In 2014, we established new multi-agency teams at the border comprising representatives from Border Force, Special Branch, NCA and Immigration Enforcement. Joint work has resulted in seizures and arrests that would not previously have been made.

2.48 Border Force seized 3.2 tonnes of Class A drugs and 319 million cigarettes

at the border in 2013/14.²⁵ Approximately 70 million couriered parcels and 7 million sea containers enter the UK each year. To improve our ability to target suspicious freight consignments, we are rolling out an Automated Freight Targeting Capability. Border Force and the NCA are working with courier firms to bolster information sharing, take action against parcels before they reach the UK, and carry out more targeted operations at the border.

Protecting national and local government

2.49 HMRC administers the UK's tax system and elements of the benefits system, which are attractive targets for organised criminal groups. HMRC uses a range of interventions to protect the UK from criminal attacks and pursue those that commit offences. In 2013/14, HMRC prevented £2.9 billion of losses due to serious and organised criminality and is on track to exceed that figure this year.

2.50 Public sector procurement contracts are also vulnerable to fraud. We are working with local authorities, supported by the Department for Communities and Local Government, on a new project to improve their protection against criminals seeking to infiltrate their procurement processes. We started four pilot projects in October 2014 to identify contracts at risk of fraud, by comparing local authority data with information on organised crime groups. This information will be used to aid police investigations, remove suppliers and strengthen the procurement process to remove vulnerabilities and enable local authorities to make better risk judgements on certain contracts and services.

²⁵ Home Office (2014) *Border Force Transparency Data*. Available at: <https://www.gov.uk/government/publications/border-force-transparency-data-november-2014>

Working with the private sector

2.51 We have established closer partnerships with the private sector to help businesses protect themselves and their customers from economic crime and money laundering (see paragraphs 2.12 and 2.13). A new Counter-Fraud Checking Service, bringing together data from government and private sector organisations, is being tested. If agreed, the scheme will allow HMRC, the Department for Work and Pensions, banks and insurers to pool data and undertake automatic fraud checks before transactions are agreed.

Protecting against cyber crime and fraud

2.52 GCHQ estimates that up to 80 per cent of cyber crime could be prevented through good security measures but, given the scale of the online threat, these need to be strengthened.

2.53 Under Operation TOVAR, the NCA worked with its UK and international partners, including in industry, to disrupt the Gameover ZeuS and CryptoLocker malware, which have been responsible for global losses of hundreds of millions of pounds. As a result, banks reported a major drop in financial damages and the operation led to a 300-400 per cent increase in downloads of malware removal tools. Separate NCA-coordinated operations dismantled much of the infrastructure used by the Shylock malware variant; it is estimated that over £100 million was safeguarded against theft as a result.

2.54 Since the launch of the Cyber Streetwise²⁶ campaign in January 2014, around four per cent of adults surveyed stated they had changed their behaviour to adopt safer online practices, such as using more secure passwords. Nationally, this this could be estimated as approximately

two million adults having changed their behaviour. The second phase began in October 2014 with a greater focus on small and medium-sized enterprises (SMEs). So far awareness of Cyber Streetwise has doubled amongst SMEs indicating that cyber security is becoming an increasing priority. Since October 2013 the NCA has reached over 3.4 million children with its Think U Know programme, and trained over 800 ‘ambassadors’ to deliver messages in schools, to help children stay safe online.

2.55 In October 2014, and in partnership with the police, we ran a pilot communications campaign called Spot It Stop It to encourage elderly people to protect themselves from financial crime. This led to 15 per cent more of the target audience – equating to approximately 24,000 people – stating that they would be very likely to adopt the protective actions recommended by the campaign, such as never giving out personal information and checking that people were from genuine organisations. In October 2014 the FCA launched ScamSmart, an advertising campaign to help consumers spot and protect themselves from investment scams. HMRC continues to work with large businesses to improve their awareness of, and protection against, fraud.

2.56 We are undertaking further research into the attitudes and behaviours that may make different groups of people in the UK more vulnerable to becoming victims of serious and organised crime, such as attitudes to personal finances or online shopping. This analysis is due to be completed in spring 2015. It will inform the development and delivery of tailored national and local awareness and education programmes, encouraging people to behave more safely.

²⁶ More information is available at: <http://www.cyberstreetwise.com>

Protecting against bribery and corruption

2.57 Corruption is one of the key enablers of serious and organised crime. If left unchecked, it damages communities, and undermines the integrity of both public and private sector institutions and ultimately the legitimacy of the state. So we have made it a priority, over the past year, to improve our response and address our vulnerabilities.

2.58 A new anti-corruption action plan was published in December 2014 to coordinate the work being undertaken across all government departments and agencies to tackle corruption in the UK and overseas. The plan sets out a range of actions that government is taking, including establishing a new specialist international corruption unit in the NCA to be a centre of expertise, building a better picture of the threat to the UK from corruption overseas and strengthening our law enforcement response to international corruption and the laundering of criminal proceeds. The NCA has also focused on tackling corruption in the UK. In 2014, for example, the NCA secured a number of convictions following criminal investigations into football match fixing. The SFO secured 15 convictions, including its first convictions under the Bribery Act. It also secured the UK's first ever conviction of a company charged with a corruption offence, and it maintains its focus on both companies and individuals involved in serious or complex cases of corruption. The FCA also took enforcement action in 2014 against a number of firms that had inadequate anti-corruption systems and controls.

2.59 During the UK's Presidency of the G8 in 2013, the Prime Minister announced that the UK would establish a public register of information on company beneficial ownership. This will improve transparency and reduce the opportunities for criminals to misuse companies to facilitate money laundering

and corrupt activity. The Small Business, Enterprise and Employment Bill, which will establish the register, is currently being taken through Parliament.

Prepare

2.60 We have established a new Prepare strand to improve preparedness and to support victims and witnesses more effectively. The Strategy set out the following objectives:

- ensure that we have the necessary capabilities to respond to major serious and organised crime incidents; and
- provide the communities, victims and witnesses affected by serious and organised crime with effective criminal justice and other support.

Responding to serious and organised crime incidents

2.61 Our work on Prepare reflects the reality that, however effective our response, serious and organised crimes will continue to occur. We therefore need to be able to respond effectively to major incidents that have regional or national implications. Learning from our counter-terrorism experiences, we established a new serious and organised crime exercise and testing programme in 2014. This was developed jointly by the Home Office, NCA and national policing leads.

2.62 The first seven-week exercise, known as SCARLET EXPLORER, concluded in December 2014. This tested the ability of police forces, the NCA, ROCUs, HMRC and other partners to identify and then respond to the most harmful organised crime groups and individuals, across a wide range of crime types. The lessons from this exercise will be used to strengthen the local, regional and national operational response to the most serious threats, and to inform future exercises.

2.63 The second aspect of our preparedness work concerns the threat from cyber crime. The Home Office worked closely with the UK's Computer Emergency

Response Team, which was launched by the Cabinet Office on 31 March 2014, to develop and embed the national cyber security incident management process. In the run up to the Commonwealth Games in Glasgow, the joint cyber response arrangements were agreed and tested by the UK and Scottish Governments.

Support communities, victims and witnesses

2.64 A new statutory Code of Practice for Victims of Crime came into force in December 2013.²⁷ The Code specifies the services and information that victims are entitled to receive from criminal justice agencies, from the moment they report a crime to the end of the trial and beyond. Under the Code, victims of the most serious crime, persistently targeted victims, and vulnerable and intimidated victims are entitled to enhanced services. At the same time, the Government published a revised Witness Charter²⁸ setting out the standards of care for witnesses in the criminal justice system. Further intended improvements were described in Our Commitment to Victims,²⁹ published in September 2014, which includes proposals for a new nationwide Victims' Information Service.

2.65 We have taken important steps to ensure that witnesses to crimes, and other

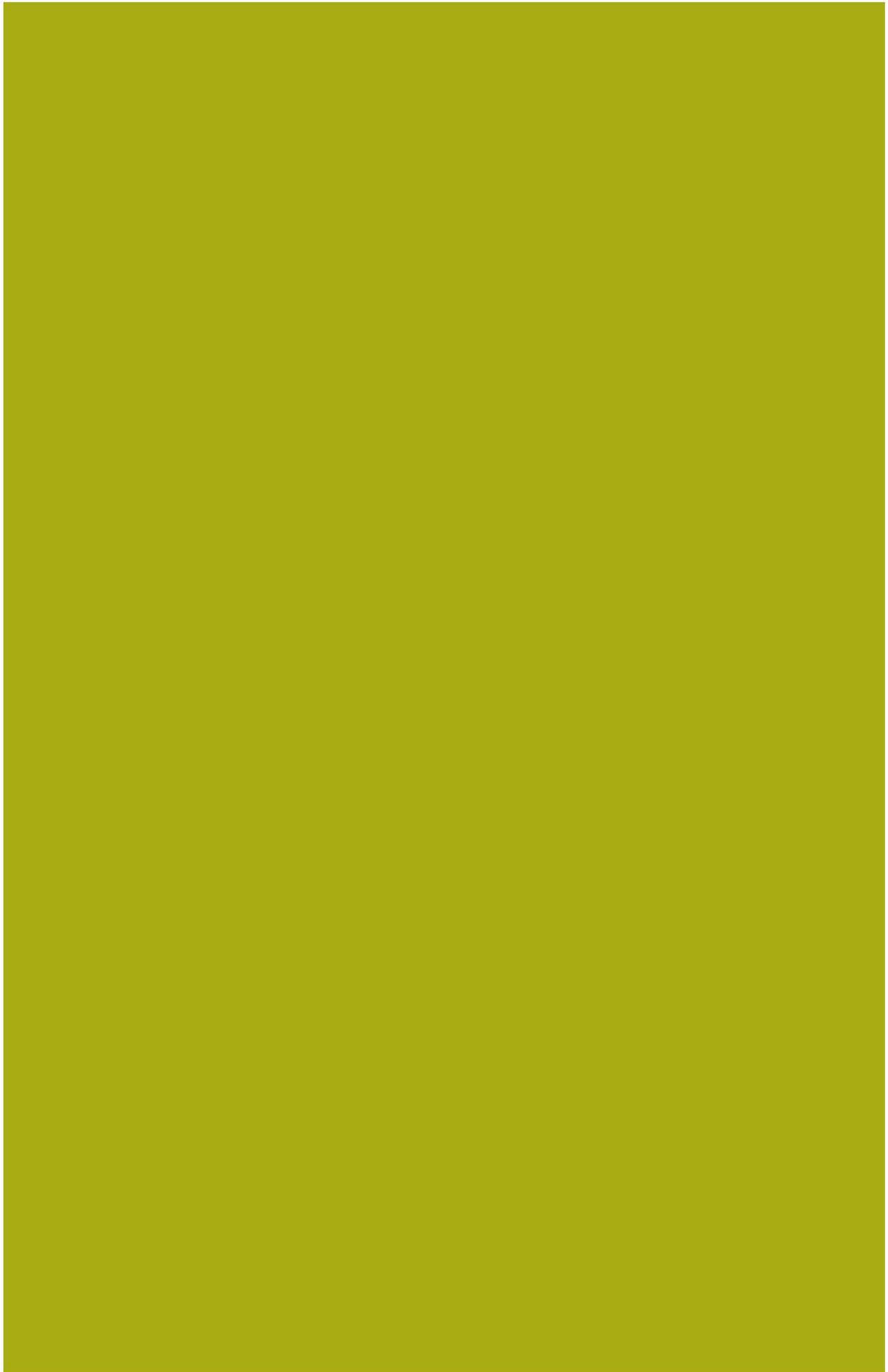
²⁷ Ministry of Justice (2013) *Code of Practice for Victims of Crime*. Available at: <https://www.gov.uk/government/publications/the-code-of-practice-for-victims-of-crime>

²⁸ Ministry of Justice (2013) *The Witness Charter: Standards of Care for Witnesses in the Criminal Justice System*. Available at: <https://www.gov.uk/government/publications/the-witness-charter-standards-of-care-for-witnesses-in-the-criminal-justice-system>

²⁹ Ministry of Justice (2014) *Our Commitment to Victims*. Available at: <https://www.gov.uk/government/publications/our-commitment-to-victims-september-2014>

vulnerable people whose lives could be in danger, are better protected. A new UK Protected Persons Service was launched in October 2013 to provide enhanced protection and support to those most at risk. The NCA's Central Bureau works collaboratively with those regional police units that deliver the Service, providing coordination, direction and critical support. This includes delivery of training and standards. The new Service is built on better coordination and intelligence sharing between police forces and, as a result, provides more consistent and effective protection to those who need it across the UK.

2.66 We have created a new Voluntary, Community and Social Enterprise Group that connects government and law enforcement agencies to key partners and their wider networks, linking together thousands of local, regional and national organisations. The Group met four times in 2014 to exchange information on serious and organised crime threats, and to explore joint activity to tackle them. This included the Spot It Stop It campaign (see paragraph 2.55), in which Neighbourhood Watch, Victim Support and Crimestoppers played a critical role in issuing protective messages to vulnerable people.



CONCLUSION

The launch of the Serious and Organised Crime Strategy, alongside the establishment of the National Crime Agency, demonstrates that this Government is prioritising work to tackle serious and organised crime. The Strategy provides an effective framework for responding to the threats we face.

As this report shows, the Government has continued to provide the NCA, police forces and other law enforcement agencies with the powers and capabilities they need. We have improved our understanding of the threat, strengthened cooperation with partners, invested in better capabilities and introduced important new legislation. We have launched new programmes to prevent people from being drawn into serious and organised crime and to improve our preparedness.

The Strategy is having a positive impact on the ground, and is a key part of the Government's commitment to maintaining the safety and security of the UK public.

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