House of Commons
Home Affairs Committee

The work of the Serious Organised Crime Agency

Fourteenth Report of Session 2008–09

Report, together with formal minutes, oral and written evidence

Ordered by the House of Commons
to be printed 10 November 2009
The Home Affairs Committee

The Home Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Home Office and its associated public bodies.

Current membership

Rt Hon Keith Vaz MP (Labour, Leicester East) (Chairman)
Tom Brake MP (Liberal Democrat, Carshalton and Wallington)
Ms Karen Buck MP (Labour, Regent’s Park and Kensington North)
Mr James Clappison MP (Conservative, Hertsmere)
Mrs Ann Cryer MP (Labour, Keighley)
David TC Davies MP (Conservative, Monmouth)
Mrs Janet Dean MP (Labour, Burton)
Patrick Mercer MP (Conservative, Newark)
Margaret Moran MP (Labour, Luton South)
Gwyn Prosser MP (Labour, Dover)
Bob Russell MP (Liberal Democrat, Colchester)
Martin Salter MP (Labour, Reading West)
Mr Gary Streeter MP (Conservative, South West Devon)
Mr David Winnick MP (Labour, Walsall North)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/homeaffairscom. A list of Reports of the Committee since Session 2005–06 is at the back of this volume.

Committee staff

The current staff of the Committee are Elizabeth Flood (Clerk), Eliot Barrass (Second Clerk), Elisabeth Bates (Committee Specialist), Sarah Petit (Committee Specialist), Darren Hackett (Senior Committee Assistant), Ameet Chudasama (Committee Assistant), Sheryl Dinsdale (Committee Assistant) and Jessica Bridges-Palmer (Select Committee Media Officer).

Contacts

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Key Facts

- By the end of 2008/09, the number of serious organised criminals recorded by SOCA exceeded 5,000.

- SOCA has about 3,900 staff based in 49 locations in the UK and 42 countries overseas.

- On 1 January 2009, just under 70% of SOCA staff were deployed on criminal and civil justice casework, on the covert collection capabilities such as interception and surveillance, and on assisting other police and security staff at home and overseas with their casework.

- In 2008/9 SOCA received nearly £439m in resource funding and over £55m in capital funding.

- In 2008/9 SOCA made or contributed to a total of 2,343 arrests: 781 UK arrests, 775 international casework arrests, 683 on the basis of European arrest warrants (people wanted by other countries arrested in the UK) and 104 on the basis of European arrest warrants (people wanted by the UK).

- In 2008/9 SOCA experienced a conviction rate in the courts of 93% (266 convictions secured).

- In 2008/9, £175m assets were denied to UK criminals through a combination of cash seizure, cash forfeiture, civil recovery, restraint orders, and confiscation orders.

- Drug seizures in 2008/9 amounted to 85.1 tonnes of cocaine, 2.9 tonnes of heroin, 7.3 tonnes of opium and 38.8 tonnes of cannabis.

- Over 25% of SOCA operations in 2008/09 involved overseas activity.
1. In March 2004, the Government issued a White Paper, *One Step Ahead—a 21st Century Strategy to Defeat Organised Crime*, in which the then Home Secretary, Rt Hon David Blunkett MP, admitted that, despite increasing efforts by the law-enforcement agencies, “we have not yet seen reductions in the overall harm caused by organised crime on the scale of those seen for volume crime”.¹ To tackle this, the Government proposed to focus on three priorities—reducing the profits of such crime, disrupting criminal activities, and increasing the risk of prosecution of the major criminals—and to establish a new agency, the Serious Organised Crime Agency (SOCA), to lead the effort.

2. SOCA was created from the merger of the National Criminal Intelligence Service and the National Crime Squad, and was intended also to co-ordinate HMRC’s investigative and intelligence work on drug trafficking and the recovery of criminal assets and the Home Office’s responsibilities for organised immigration crime.

3. The then Home Secretary, Rt Hon Charles Clarke MP, set out the Government’s priorities for SOCA in a letter dated 9 June 2005 to the newly-appointed Chairman of the Agency, Sir Stephen Lander. This said:

   The Government believes that all serious organised crime must be tackled systematically on the basis of an intelligence-led approach which prioritises those criminal networks and markets doing the most harm.

   We recognise that there is an urgent need to improve our intelligence base as the pre-requisite for any other activity. SOCA will need to devote a higher proportion of its resources and activity to intelligence than the precursor agencies, in order to ensure that operational activity focuses on higher value targets.

   On the basis of the work done so far to analyse harm, ministers continue to see Class A drugs and organised immigration crime, in that order, as our top priorities……

   … Ministers would like to make it clear that, while they would expect to see the bulk of effort focusing in these areas, resources should continue to be devoted to the other threats detailed in the UK Threat Assessment. This includes: action to discover and disrupt fraud against individuals and the private sector; hi tech crime; counterfeiting; the use of firearms by serious criminals; and serious robbery.

4. To achieve this, SOCA was expected to work with existing agencies—UK police forces, border agencies, specialist prosecutors answerable to the Attorney General, and overseas law enforcement agencies, as well as having its own expertise in a wide range of areas, including electronics, forensics, economic analysis and financial investigation.² SOCA assumed its full legal functions on 1 April 2006.

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¹ *One Step Ahead—a 21st Century Strategy to Defeat Organised Crime*, Cm 6167, p 2
² Ibid., p 4
5. The Home Secretary also explained how the performance of SOCA was to be assessed over the first three years of its existence:

First and foremost, a reduction in the social harms caused by criminal markets, especially drugs and illegal immigration.

Secondly, evidence of the dislocation of criminal markets – while acknowledging that this is difficult to detect and assess. Evidence of it would be “upward pressure on the price of criminal goods and services, or in a reduction in their UK availability and quality, or in robust evidence that criminal groups are finding the UK a less attractive market”.

Thirdly, a growth in the Agency’s own capacity, especially intelligence but also in respect of activity such as crimes disrupted, prosecutions and confiscation of profits and assets.

6. The predecessor organisation from which SOCA inherited functions in respect of seizure of criminal assets—the Asset Recovery Agency—was widely considered to have been a comparative failure in that it cost £65 million and recovered £23 million over its lifetime (with the bulk of the recovered assets coming from one case), and each case pursued by the Agency took on average four years to complete.3

7. Sir Stephen Lander, Chairman, and Mr Bill Hughes, Director-General of SOCA, gave oral evidence to the Home Affairs Committee on 29 January 2008. At the time, SOCA was being criticised for a paucity of clear results from its activity, and a significant number of experienced officers who had transferred into the new Agency from its predecessor organisations were resigning or seeking transfers back to their police forces, allegedly because of disillusionment on the grounds of SOCA’s ineffectiveness. At this evidence session, the witnesses from SOCA argued that, since SOCA had been functioning for only 21 months and organised crime, by its nature, was difficult and time-consuming to deal with, it was too early to judge whether SOCA was really succeeding.4

8. The criticisms of SOCA have continued, and recently resulted in a review of SOCA by the Prime Minister’s Strategy Unit. A further development was a critical report by HM Inspectorate of Constabulary in April 2009 that noted the failures of SOCA and the various police forces in combating organised crime and estimated that 2,800 organised crime gangs were operating in the UK.5 Sir Stephen Lander is reported to have said in May 2009 that SOCA needed two more years to prove its worth.6

9. Against this background of continuing concerns about SOCA’s effectiveness, we decided to hold a valedictory evidence session with Sir Stephen on 23 June 2009, just before he retired, and followed this up by taking evidence from his successor, Sir Ian Andrews, on 16 September 2009. The evidence sessions ranged widely over the work of SOCA, including

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3 Oral evidence given by the Asset Recovery Agency to the House of Commons Committee of Public Accounts, 7 March 2007
4 Home Affairs Committee, Oral evidence on The work of SOCA, 29 January 2008, HC 296-i
5 The report is called ‘Getting Organised’, and is available on HMIC’s website http://inspectorates.homeoffice.gov.uk/hmic/inspections/thematic
6 Guardian, 14 May 2009, ‘UK’s most wanted: agency identifies 5,000 criminals’
some detailed exchanges about the Agency’s role in combating the cocaine trade, which we will discuss in a forthcoming report. In this Report, we wish briefly to draw attention to three issues.

10. One aspect of SOCA’s remit is the recovery of criminal assets. Both SOCA and its predecessor, The Asset Recovery Agency, have been criticised for recovering small sums relative to the estimated proceeds of organised crime and compared to the costs of running the agencies—SOCA’s budget being about £430 million a year and its total seizures, since it began work in 2006, being £21 million. Sir Stephen and Mr Hughes argued that it was erroneous to look only at the total amount seized to date, partly because the recovery process is long and complex but chiefly because the main focus should, they said, be on the total assets put beyond the use of criminals, through restraint or freezing as well as seizure, and this amounted to £460 million since 2006.

11. We accept that proceedings to seize assets take some time and that there are significant cases in preparation at the moment. We also agree it is important to take the wider view that all assets denied to criminals hinder their activities, rather than looking solely at money recovered to the public purse. Nevertheless, SOCA will be judged by the public in part on its success in asset recovery because this is easily measured, unlike its vital preventative work. It is important that SOCA is able to quantify its results, possibly through the use of targets, and consequentially justify its budget. We will continue to keep a watching brief on this area.

12. SOCA’s Board of Directors is composed as follows:

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<tr>
<td>Sir Ian Andrews</td>
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<tr>
<td>Bill Hughes</td>
<td>Director General</td>
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<td>Elizabeth France</td>
<td>Director (Non-Executive)</td>
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<td>Janet Paraskeva</td>
<td>Director (Non-Executive)</td>
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<tr>
<td>David Bolt</td>
<td>Director Intelligence</td>
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<td>Malcolm Cornberg</td>
<td>Director Corporate Services</td>
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<td>Paul Evans</td>
<td>Director Intervention</td>
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<td>Trevor Pearce</td>
<td>Director Enforcement</td>
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<td>Peter Clarke</td>
<td>Director (Non-Executive)</td>
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<td>Susan Garrard</td>
<td>Director (Non-Executive)</td>
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<tr>
<td>Francis Plowden</td>
<td>Director (Non-Executive)</td>
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7 Qq 5–9 (Sir Stephen Lander and Mr Hughes)
8 Qq 6, 10–13
Sir Ian Andrews joins the board of SOCA together with three new non-executive directors. Sir Ian’s background is as a senior official in the Ministry of Defence: he has no experience of operational policing. Two of the new non-executive directors similarly have no experience of policing.\(^9\) We were concerned that the board of SOCA should have sufficient operational experience of policing in addition to that provided by the very experienced Director General, Mr Hughes. We were therefore very pleased to learn that the third new director is Mr Peter Clarke, former head of Scotland Yard’s Anti-Terrorist branch.

13. The evidence sessions we have held on the work of SOCA are a small part of our scrutiny of the work of this Agency. We have examined its role in relation to human trafficking and cocaine, and met SOCA officers based in Europol and embedded with police forces in other countries in the course of a number of our inquiries. We are impressed by these officers and the work they are doing. Because of its intelligence-gathering role, the high threat posed by those criminals it pursues and the fact that it falls outside the structure of accountability for local police forces, SOCA is less transparent than other police services. This is a matter of concern to us. We therefore think it appropriate that we should continue to review SOCA’s work regularly and we recommend that the Home Office assesses ways in which further transparency could be achieved. We have asked the new Chairman of SOCA to provide us with updates on significant developments every three months and we will hold twice yearly evidence sessions with the Chairman and Director General.

14. However, we have also to oversee other organisations dealing with a wide variety of issues. We are concerned that whatever effort we make to hold SOCA to account, this is not the same as the day-to-day accountability that the various local police forces have to their police authorities. We therefore recommend the establishment of some form of police authority for SOCA. We realise that it would not be straightforward to determine the composition of such a body, given SOCA’s national, rather than regional, responsibilities.
Formal Minutes

Tuesday 10 November 2009

Members present:

Mr Keith Vaz, in the Chair

Ms Karen Buck
Mr James Clappison
Mrs Ann Cryer
David T C Davies
Mrs Janet Dean

Mr Patrick Mercer
Mr Martin Salter
Mr Gary Streeter
Mr David Winnick

Draft Report (The work of the Serious Organised Crime Agency), proposed by the Chairman, brought up and read.

Ordered, That the Chairman’s draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 14 read and agreed to.

Key Facts agreed to.

Resolved, That the Report be the Fourteenth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

[Adjourned till Tuesday 24 November at 10.15 am]
Witnesses

Tuesday 23 June 2009

Sir Stephen Lander, Chair and Mr Bill Hughes, Director General, SOCA

Tuesday 16 September 2009

Sir Ian Andrews, Chairman, Serious Organised Crime Agency (SOCA)

List of written evidence

1. Correspondence from Chair of SOCA
2. Correspondence from the Director General, SOCA
3. Extract from memorandum submitted by the Chair of SOCA
List of Reports from the Committee during the current Parliament

The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

**Session 2008–09**

| First Report                          | Monitoring of the UK Border Agency | HC 77  
|                                      | (HC 381)                           |
| Second Report                        | The Police and the Media           | HC 75  
| Third Report                         | The Work of the Committee 2007–08  | HC 76  
|                                      |                                   | HC 157 |
| Sixth Report                         | Human Trafficking                  | HC 23–I |
| Seventh Report                       | Knife Crime                        | HC 217  
| Eighth Report                        | Policing of the G20 Protests       | HC 418  
| Ninth Report                         | Project CONTEST: The Government's Counter-Terrorism Strategy | HC 212  
| Tenth Report                         | The cost of policing football matches | HC 676  
| Eleventh Report                      | Bogus Colleges                     | HC 595  
| Twelfth Report                       | Macpherson Report—Ten Years On     | HC 427  
| Thirteenth Report                    | Managing Migration: The Points Based System | HC 217  

**Session 2007–08**

| First Report                          | The Government's Counter-Terrorism Proposals | HC 43  
| Second Report                         | Bulgarian and Romanian Accession to the EU: Twelve months on | HC 59  
| Third Report                          | Security Industry Authority            | HC 144  
| Fourth Report                         | Work of the Committee in 2007            | HC 226  
|                                      |                                       | HC 58  
| Fifth Report                          | A Surveillance Society?                      | HC 263  
| Sixth Report                          | Domestic Violence, Forced Marriage and “Honour”-Based Violence | (HC 1165) |
| Seventh Report                        | Policing in the 21st Century            | HC 364  
| Special Report                        | Unauthorised Disclosure of Draft Report   | HC 196  

**Session 2006–07**

| First Report                          | Work of the Committee in 2005–06          | HC 296  
|                                       |                                       | HC 181  
| Second Report                        | Young Black People and the Criminal Justice System | (Cm 7217) |
| Third Report                         | Justice and Home Affairs Issues at European Union Level | (HC 1021) |
| Fourth Report                        | Police Funding                          | HC 553  
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Oral evidence

Taken before the Home Affairs Committee
on Tuesday 23 June 2009

Members present
Keith Vaz, in the Chair
Tom Brake
Ms Karen Buck
Mr James Clappison
Mrs Ann Cryer
David T.C. Davies
Mrs Janet Dean
Patrick Mercer
Gwyn Prosser
Bob Russell
Martin Salter
Mr Gary Streeter
Mr David Winnick

Witnesses: Sir Stephen Lander, Chair and Mr Bill Hughes, Director General, SOCA, gave evidence.

Q1 Chairman: Could I call the Committee to order for this one-off session looking at the Serious Organised Crime Agency. We will be having another session after this to do with the cocaine trade, which is the other inquiry that the Committee is undertaking. Sir Stephen, Mr Hughes, can I welcome you most warmly to this session of the Select Committee. Thank you for giving evidence to us for a second time—you came in January 2008—and this is very much a valedictory appearance before the Committee because, of course, you are about to retire. Has it been a good tenure? Have you enjoyed your tenure as Chairman?

Sir Stephen Lander: I have very much, Chairman.

Thank you very much. It has been a fascinating episode for me, coming in a sense as a third career working in law enforcement, and I feel we are an organisation now really on the go.

Q2 Chairman: But there have been a number of concerns, have there not, about the operation of SOCA? In particular, for example, there was your decision to pursue 130 crime barons, which turned out to be something of a blunder as some of those crime barons had in fact died. Looking back at your period of office, do you think the successes have been more than the mistakes?

Sir Stephen Lander: I do not recognise your description of the crime barons' story personally. We had to start somewhere. We started with the records we inherited and we tried to pull out of those the key people we thought needed pursuing in the first few months. We certainly had some teething problems—you show me a merger or an acquisition that has not had teething problems. Nevertheless, I am absolutely confident we have the right sort of people in our sights now and we have come a long way in the three years since 1 April 2006.

Q3 Chairman: The Metropolitan Police Commissioner has said he is disappointed about the lack of progress as far as disrupting gangs is concerned, the serious organised gangs. Do you take that as a criticism of the way in which SOCA has operated?

Q4 Chairman: Do you feel that the expectations were perhaps too high when the Government set up SOCA, that they expected you to do more than you have been able to deliver in the timescale involved?

Sir Stephen Lander: I think maybe the public presentation of the aspirations was a little "OTT". Behind the scenes there was a good deal of realism and if read the White Paper, One Step Ahead, you will see the shared responsibilities explained between police and us and what was then the Customs Service well and clearly set out. I see this as a collective endeavour, not just something where we are the only Sherpa troops at the front line.

Q5 Chairman: I and some members of the Select Committee have been on a visit to Amsterdam, where we met a number of those involved in supporting SOCA. One of the points that they raised anecdotally was the lack of benchmarks as to how you can be seen to have been successful. In terms of your budget, you have a budget of almost £0.5 million—is that right?

Sir Stephen Lander: We have a budget this year of about £430 million resource.

Q6 Chairman: And in terms of asset recovery, seized assets, how much did you seize last year?

Sir Stephen Lander: Perhaps I could ask the Director-General to answer that question. It is an operational matter.
Mr Hughes: If you want the details on that, Chairman: since we started in 2006 we have seized over £21 million, forfeited over £10 million, restrained over £210 million, and obtained confiscation orders of over £56 million.

Q7 Chairman: Since you began?
Mr Hughes: This is since we began, since 2006. All the figures for last year are in the annual report, of course. On civil recovery, which we only started in 2008–09, when we merged with the Assets Recovery Agency, we have seized over £16.7 million. The government target on that for UK agencies was £16 million in total, so we have exceeded that already ourselves. So the overall total was £18.1 million that we have done up until today.

Q8 Chairman: Your budget has remained constant over those four years at about £400 million?
Sir Stephen Lander: Three years, and it has near enough remained flat in real terms.

Q9 Chairman: So your budget has been £1.2 billion; you have spent £1.2 billion of public money and seized £21 million.
Sir Stephen Lander: No. Let me answer the question in a different way, if I might. You need to look at the whole picture, not just the government targets that we have been talking about.

Q10 Chairman: No, I am just asking for the figures.
Sir Stephen Lander: I am just going to give you the figures, Chairman. Since launch, we have stopped criminals using £460 million—that is here and overseas; our operations have resulted in that. Some of those are still waiting for the courts, here and overseas, to decide whether that money should be retained but they are restrained at the moment. So in terms of the working capital of organised crime, that is the figure you need to focus on. The asset recovery targets we have been talking about here, £18 million of this and £21 million of that, are things about the UK domestic proceeds of crime regime that the Government set up in 2004.

Q11 Chairman: This is not the Public Accounts Committee but, in terms of the lay person, you have spent £1.2 billion of public money so far.
Sir Stephen Lander: Yes.

Q12 Chairman: What is the total amount that you have seized, actually got back into your possession, as opposed to restrained?
Sir Stephen Lander: We do not do the seizure. That is done by the courts in the criminal field. Cash we have taken off the streets—I think Bill gave you the number.

Mr Hughes: Since it’s inception, SOCA has denied criminals access to £460m worldwide, and £52m has been paid into the UK ‘tin box’ directly by SOCA and indirectly by the courts on its behalf. But of course, asset seizure is only part of the overall approach that Parliament asked us to do, of course, with the Serious Organised Crime Agency. Asset seizure is a way of attacking serious organised crime; it is not the be all and end all in itself.

Q13 Martin Salter: Sir Stephen, we have had this exchange before but how on earth did the Asset Recovery Agency, which you inherited, get itself into this bind where it was judged against the assets it seized rather than the money it restrained? The money that has restrained is therefore out of circulation and not available to organised crime, which is the most significant figure, yet constantly I saw the Asset Recovery Agency kicked to hell in the newspapers because of a rather inept way of making the distinction between success and failure.

Sir Stephen Lander: Yes, we had the conversation last time and I absolutely agree with you. I think when the Proceeds of Crime Act was passed and came into force in 2003, there was a good deal of thinking that we would be able to get going on these new powers more quickly than proved the case. So the Assets Recovery Agency had been in the position of, in prospect, thinking it would be easier to get the civil regime underway effectively than it proved. They ran a lot of test cases through the courts and won them all. We have very robust powers in this area and we have been using them to good effect. You need to know, we really think we got a good legacy from ARA. We have no criticism of them at all. We have some extremely able staff and, because we are a slightly larger organisation and we have got other people we can bring into the pot, and we can refer cases to ourselves. We have a bigger caseload, so we have been able to collect more money, but the legacy was a good one and I would not want anybody to criticise ARA from hand-over because we got some very talented people who we have been doing a good job with.

Mr Hughes: If I could just add to that, I think the Chairman is absolutely right that the people who joined us are excellent. What they had with ARA of course was a passive agency; it could not go out and do that investigative work itself. That is the difference that we brought to the investigation because we can, as the Chairman said, refer cases to ourselves. We do not have to wait. We can do the investigations. We can get into those areas. Nearly one in 12 of our officers are engaged in some form of work around financial investigation, proceeds of crime work, asset recovery, suspicious activity reporting, because we have the UKFIU, so all of this gives an enormous boost to the asset recovery approaches that we have taken but, as I say, that is to combat serious organised criminals and to take them out of commission, not simply to recover money per se.

Sir Stephen Lander: Chairman, might I come back to your question about benchmarking? It is easy to count things. It is difficult to detect reality. We were tasked to deal with the harm caused to the UK by serious organised crime. That is not an easy thing to measure. Nevertheless, it remains the right objective. If you look at the tasking letter that we were given by Charles Clarke for our first three years of operation, which is, I think, in the library here, it sets out how
the Government wishes to look at that and the asset recovery figures are a part of that. Also, they wished to articulate what impact we were having on criminal markets. I think the evidence we have given you for your other inquiry and stuff in our report about cocaine, for example, demonstrates that we have been looking at the cocaine market and addressing it where it is vulnerable, not counting individual events and saying that those are value. It seems to me, although it is difficult for us to demonstrate numerical worth, it is the right thing for an organisation of this size, in this position, to be concentrating on outcomes, not on inputs, numbers of things we do, but what they deliver.

Chairman: Yes, thank you.

Q14 Mr Winnick: You are, of course, the Chair. You have the Director-General with you. How many Deputy Directors are there?

Sir Stephen Lander: Deputy Directors?

Q15 Mr Winnick: Yes. You look puzzled. You know what Deputy Directors are.

Sir Stephen Lander: I am wondering whether you mean his deputies, so the four Executive Directors on the Board, or the 30-odd Deputy Directors who run the individual departments.

Q16 Mr Winnick: How many are there?

Sir Stephen Lander: Four on the Board and about 30 what we call Deputy Directors, the next level down, who run the individual departments in SOCA.

Q17 Mr Winnick: It was reported last year that there were 31 Deputy Directors.

Sir Stephen Lander: Well, there is one less now, I think.

Q18 Mr Winnick: Yes. Let us take it in stages. Was there a time, indeed, only last year, when there were in fact 31 Deputy Directors?

Sir Stephen Lander: Yes.

Q19 Mr Winnick: That is an all-time record, is it not, 31 Deputy Directors?

Sir Stephen Lander: As we have no precedent, there cannot be a record. That is where we started. We had to set up a new organisation and the executive team, in making their appointments—and this was a public advertisement for staff—we needed to get the numbers of people in we did to launch the agency.

Q20 Mr Winnick: Now you are saying it has been reduced.

Sir Stephen Lander: It is quietly reducing, yes. As we settled down, we have merged some departments because they work together better that way. Business need.

Q21 Mr Winnick: As you know, the criticism was that the organisation is top-heavy.

Sir Stephen Lander: The problem with that is, nobody other than us has the numbers. The cost of our top 50 people is about 2% of our budget, so people need to get this thing in perspective. When you are setting up an organisation, you need some senior talent to do bits of work. I will give you one example. We have seen it necessary because of the business of merging lots of different people in different locations to put a lot of effort into getting our estate right, where our buildings are and where the work is delivered. We have staff not assigned to where the buildings are. We have more people in some places than others because of the transfer scheme, which is a statutory arrangement in which we receive staff. The Director-General and his senior colleagues decided we needed a senior person to plan our estate strategy, so we appointed a senior person to do our estate strategy.

Q22 Mr Winnick: Some scathing criticism was made of SOCA in an article in the Times last year which obviously will not have escaped your eyes. It referred to the Deputy Directors, the number which I have already quoted, and then went on to say that the computer system, including the intelligence databases—one would imagine that first and foremost that would be a matter of the highest priority for an organisation like yours—was all creaky and was not doing its job. Did you respond to the piece by Sean O’Neill?

Mr Hughes: We saw the article and do not recognise the issues that it was addressing. When we formed SOCA from the two primary agencies that had IT systems—the National Crime Squad and the National Criminal Intelligence Service—we used the two IT systems that had been in place for those two agencies. Both of those IT systems have a 10-year contract which ends next year. That is why we have a project in place to replace those systems. We could not get rid of them initially because the penalty clauses would have been very high, so what we did was make them work together. It is not the most satisfactory of solutions but that was the most cost-effective way of doing it until we can get our proper system in place next year, which will run all of our newly-developed information management systems on it as well. So it was not the most satisfactory but it was the most cost-effective solution.

Q23 Mr Winnick: I wonder if I can put this point to you finally, Sir Stephen. I think it would be true to say that when you headed MI5 you were considered to be a very competent Director-General. There was a great deal of praise during your time and when you retired and most people, including myself for that matter, considered it fully justified. Do you accept that there is a great deal of disappointment at SOCA—and how far you, as Chair, were responsible who knows—a feeling of disappointment, reflected obviously in the press, amongst other people, that really, basically, the objective to which this organisation was set up has not brought about the results one would like in combating serious crime?

Sir Stephen Lander: I do not recognise your description of SOCA, I am afraid. I think it was always going to take some time to get going. I think the third year of operation was a very successful one, and I think it is fully explained in our latest annual report. To be honest, I think I under-estimated some
of the organisational difficulties we would experience at the beginning, and we certainly had some teething problems in the first six months or so, some of which were reflected in the article to which you refer. They had ceased to have any basis in reality when the article appeared. I did notice the article, indeed, and I had some comments on it. I thought most of the facts were not as reported. These were the perceptions of people who had ceased to be in the organisation, if they ever had been, or who were reporting a state of affairs that had expired. So I think the expectations, going back to the Chairman’s earlier questions, of us were very high, and rightly so—I do not mind that. We did take a little time to get going but we are going now and we have a lot to show, not just recovered assets, for the money that has been invested in us.

Mr Hughes: If I can help, you asked about benchmarks. I have recently been at two strategic conferences with law enforcement agencies around the world, including the Deputy Head of the FBI, the Deputy Head of the BKA in Germany, the Commissioner of the Royal Canadian Mounted Police, the Australian Federal Police, the New Zealand Police, the Head of the Dutch Police and the Head of the Dutch National Crime Squad, the Commissioner of the Danish Police, the Commissioner of the Singapore Police, who is also the President of Interpol, the Commissioner of the Hong Kong Police—and Mr Hughes: We have a long way to go and we are going that way. We have a good organisation after three years, and we can get better.

Q25 Mr Winnick: You are quite satisfied with that. Mr Hughes: We have a long way to go and we are going that way. We have a good organisation after three years, and we can get better.

Q26 David Davies: Sir Stephen, Mr Hughes, when you respectively were with MI5 and Hertfordshire Police, you were responsible, or your organisation would take up an investigation and essentially follow it through from start to finish. Admittedly, in Sir Stephen’s case you would get the police to go in and make an arrest; in your case you would make the arrest and hand the whole thing over to the CPS, but your organisations were responsible for the whole process from start to finish. I think, and that is my perception anyway. The criticism which I air—but because your careers speak for themselves—is that SOCA do not seem to have any basis in reality when the article appeared. I did notice the article, indeed, and I had some comments on it. I thought most of the facts were not as reported. These were the perceptions of people who had ceased to be in the organisation, if they ever had been, or who were reporting a state of affairs that had expired. So I think the expectations, going back to the Chairman’s earlier questions, of us were very high, and rightly so—I do not mind that. We did take a little time to get going but we are going now and we have a lot to show, not just recovered assets, for the money that has been invested in us.

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matter, so we assist them. We would not dream of claiming those operations as our operations but we would note, as we have done in our annual report, the number of times we have assisted forces, and in the last year something like 41 of the 52 forces have had operational assistance from us in some piece of business.

**Mr Hughes:** Can I just correct one of the points you made right at the beginning as well? In between being the Deputy Chief Constable of Hertfordshire, I was also Director-General of the National Crime Squad for five years, and that work rolled into SOCA, so we were doing the same work with officers that have joined SOCA from the National Crime Squad and from the Customs Investigation Service. So the work you are talking about is work that was continued on through the Crime Squad into SOCA.

**Q29 Martin Salter:** Sir Stephen, you told us you were looking forward to the use of Serious Crime Prevention Orders to disrupt long-term career criminals. Have these been effective?

**Sir Stephen Lander:** Yes.

**Q30 Martin Salter:** Can you explain how?

**Sir Stephen Lander:** Yes. We have I think as of today 19 of these, and the law has been in effect for 14 months, so we have been getting roughly one a month. Interestingly, we have just had the first where the Order comes into effect at the point of receipt, which is designed to prevent the criminals continuing their business after they have been sentenced. They are all preventative by tone and we are confident in the regime that has been put in place.

I will give you an example. CPS prosecuted on our behalf last year some Afghan money launderers who had been laundering money in relation to the heroin trade in this country, and our Proceeds of Crime Department investigated them, we had evidence, and they were sentenced to eight and 10 years imprisonment, I think. At that point the ancillary orders put on them were a prevention order that required them not to hold more than £1,000 in cash without our written agreement, to allow us access to their property to check that effect at any time. Assuming they were not deported, and there was a deportation order, additional constraints were made on their travel.

**Q31 Martin Salter:** Excuse me for interrupting. Is this while you were waiting for them to come to trial?

**Sir Stephen Lander:** No, these ones were done by the Crown Court on the back of a criminal prosecution. As you recall, the law allows it to be done as part of a criminal trial or in the High Court as a civil action. A judgment was made domestically with the CPS and others that we would start with the criminal courts where we got convictions because of the concerns in the press and Parliament about the proportionality of some of these orders. So we start with the things where there is a criminal conviction, and once we got some confidence that we were asking for the right sort of powers, then we would try the other thing, and we have a number of targets for civil orders in the back room, as it were.

**Q32 Bob Russell:** Were the Afghan money launderers you were referring to UK citizens?

**Sir Stephen Lander:** No.

**Q33 Patrick Mercer:** You gave evidence earlier on in 2008—and I am talking particularly about the cooperation of other agencies. Could either or both of you comment on the SOCA-led UK liaison team in Europol, how effective it is, and whether you have used it as a model for anything else, please?

**Sir Stephen Lander:** Thank you. That is one for the Director-General.

**Mr Hughes:** The UK liaison unit in Europol we inherited that from the National Criminal Intelligence Service and we have developed and built on that. It is a model for dealing with Europol, and, as you are probably aware as well, we have three of our officers seconded to Interpol as well. So we have a very good working relationship with both those agencies. We are the Europol bureau for the UK and the Interpol bureau for the UK, so it is an important liaison function. Those are not the only liaison functions. We also have officers in The Hague whom the Chairman saw when he went to Amsterdam recently, and 140 of our officers are stationed in 40 countries, but it is an excellent model for working with our European partners in that European structure which is Europol.

**Q34 Patrick Mercer:** How effective has your liaison been with other agencies working outside the United Kingdom, and I am thinking particularly about the link between serious organised crime and terrorism now?

**Mr Hughes:** You know we do not have a remit for terrorism per se within our organisation.

**Q35 Patrick Mercer:** Absolutely.

**Mr Hughes:** In terms of working within Europe, we have very good working relationships. One of my Executive Directors has taken over from me as the UK representative on the European Police Chiefs Task Force, so there is a relationship there which leads to operational work. We have good operational practice, particularly with our Dutch and Spanish colleagues. We have recently signed an agreement with OCRIEST, which is the part of the French frontier police that deals with illegal immigration and trafficking, and we will have a joint intelligence cell with officers from our organisation, Kent Police and the French frontier police, working together on those who are facilitating illegal immigration within the Pas de Calais and elsewhere in France. We have a very good relationship—Sir Stephen has already referred to that—with our MAOC Centre in Lisbon, which brings together seven different law enforcement agencies and the respective armed forces, particularly the Navy, to do with the interdiction of cocaine and other contraband in the Atlantic. I could go on for some time. Outside of the EU we have a very good relationship, we have a big presence in Afghanistan and in Colombia, and we have a strategic alliance with the Canadians, the Americans, the Australians and the New Zealanders, so that we can work
Q36 Patrick Mercer: I trust I know the answer to this but co-operation with our own intelligence agencies?

Mr Hughes: Very good. You would expect that to an extent but no, it is a very good working relationship. Although I said we do not have a remit for terrorism within our remit per se, of course, when you are dealing with organised crime, there will inevitably be overlaps, duplication or intelligence that we will gather which is of interest to our colleagues in the security and intelligence services, and we make sure that we have that working relationship and pass that over. In fact, one of our senior officers is seconded to the Security Service at the present time, and one of the important parts as well is what I mentioned earlier about the FIU work we do around suspicious activity reporting. We have a Terrorist Finance Unit within our finance area which is a discrete unit, a secure unit, looking at any instances where there is evidence of terrorism and finance, so we can pass that to the appropriate agencies.

Q37 Patrick Mercer: You have touched on this already, foreign police forces: is co-operation universally good, is it patchy in some areas or non-existent in other areas?

Mr Hughes: In the areas where we are working, the 40 countries, we have adopted a different approach to what went before, which is to embed our officers within the law enforcement agencies, so that there is a much more dynamic approach to the transfer of intelligence and operations. That has paid off very well and the relationship is very good. In some areas of the world we would like to expand that and extend it, but I have to say that in some areas of the world it is a little bit more difficult to find law enforcement agencies that we can trust and work with.

Q38 Patrick Mercer: Could you elaborate?

Mr Hughes: Only if you pushed me.

Sir Stephen Lander: Might I? I am happy to elaborate. On another occasion I was asked a public question about why we were finding heroin more difficult to impact on than cocaine. The answer I gave then is relevant. One of the key transit countries is Iran. We have no relationship with Iran. You could say the same: we used to have a better relationship with Russia than we do these days. So two of the key routes to western Europe, the states in the way, as it were, the people we want to work with in the way we are able to on cocaine, as you will see from our evidence, it has been more difficult there. That is one of the principal reasons why we are finding heroin the more difficult thing to address.

Q39 Patrick Mercer: Thank you. Lastly—and you may not know the answer to this—what percentage of your workforce, if that is the correct term, are warranted? Do you happen to know and, if not, could you possibly write to us?

Mr Hughes: They are not warranted as such. What we have are officers who need them who have the powers of a police officer, customs officer and immigration officer. When we started we brought in the precursor agencies, so police officers retained their police powers, customs officers retained customs powers and so on. We have been doing cross-powers training. We have also trained with the Scottish Police Service, so we have powers of a police constable in Scotland and now in Northern Ireland. So our officers who need it in an investigation have the powers that they require, and that includes, obviously, police powers and customs and immigration powers.

Chairman: We must move on. Could I ask members of the Committee and witnesses not to be so long in their answers; as succinct as possible because we have a lot of questions to get through.

Q40 Gwyn Prosser: Sir Stephen, this morning you have told us that your remit is wide and you have lots of functions to cover. When you came before us last time you told us that your number one priority was to have an impact on the drugs trade, and from the reports we see and the newspapers we read, it seems that drugs are still relatively cheap on the streets, relatively accessible, so what impact have you made over these years?

Sir Stephen Lander: You are having a separate inquiry on this and there is a lot we could say. I am very confident that we have had a genuine impact on the cocaine trade affecting this country. What is available on the streets is very largely not cocaine. Indeed, the consumer on the streets is buying sometimes 95% something else and paying for it as if it were cocaine. So in fact, cocaine has never been more expensive in this country and we are very confident in our judgments on this, and I do not think anything has been said by anybody else or written in the press recently that contradicts what we have been saying. We identified a two-tier market in cocaine in this country a year ago; that is now taken as a fact and it is assumed that it contradicts what we say. It does not. It reinforces it. What we see and what we know from our intelligence operations and our liaison departments is that there are shortages of cocaine right across Europe. We have been talking to our Spanish colleagues and our Dutch colleagues, which are the principal routes into the UK from Europe, and they are experiencing shortages. We are seeing criminals moving on to other sorts of crime where there are easier profits. We know there are shortages and that is because of the work we and partners and the Americans and partners have been doing internationally to interdict the supply. One of the things we have been doing a lot of work on here is looking at exactly what is in the drugs that are for sale. For the first time, we have done a full forensic analysis of all seizures. We have been running this for six months, and it shows for cocaine—I will not go
into the detail—the 50g size street doses, as it were, are seldom above 20% pure. So somebody is paying for 100% cocaine and they are buying 80% something else. There is also a peak of adulteration at the 1 kilo block size and that is the sort of something else. There is also a peak of adulteration for 100% cocaine and they are buying 80% into the detail—the 50g size street doses, as it were,

**Chairman:** We will be coming to the purity of cocaine on the streets shortly.

**Q41 Gwyn Prosser:** You have embarked upon a rather technical answer but what benchmarks do you set your organisation to measure the impact, if any, you have had on drugs in general?

**Sir Stephen Lander:** We are looking at the purity-adjusted price.

**Q42 Mrs Dean:** Sir Stephen, you suggest that SOCA has had a significant impact on cocaine accessibility and purity and price in the UK. What evidence is there that customers are turning away from cocaine because of the decrease in purity or increase in price?

**Sir Stephen Lander:** Customers? Users? I do not have evidence of that.

**Mr Hughes:** If I can add to that, the point that Sir Stephen made is, in our forensic examination of the samples, what we are seeing is people are using a lot more cutting agents now to boost up the figures. So people think they are still getting cocaine but what they are getting is 95%, in some cases, things like phenacetin, hydrocaine, benzoicaine, lignocaine, cocaine mimics, and, in some instances, anti-worming tablets, anti-worming powders, boric acid, which is used for killing cockroaches—all the sorts of things you would like to use, of course.

**Q43 Mrs Dean:** If that does not put people off, nothing will!

**Mr Hughes:** It was intended to.

**Q44 Mrs Dean:** Is there evidence at all that there are fewer users of cocaine?

**Mr Hughes:** We are working with DrugScope and with other UK drug agencies, NGOs, that are trying to give us the real picture of drug use in the country, and it is interesting how that is developing, because we are seeing people moving into some of the areas like more use of cannabis, and that is an interesting subject in itself. Also, we are very much looking for, and at the moment we are not seeing a move away necessarily, and amphetamine is very low purity as well. What we are worried about is a move, if there may be, to crystal meth, but we are not seeing any of that at the moment, although our Illicit Laboratories Unit have been supporting, for example, the Scottish police in dealing with an illicit lab that was making crystal meth up in Scotland.

**Q45 Bob Russell:** Mr Hughes, Sir Stephen, I am fascinated by the last few answers and explanations you have given about the appallingly poor purity—if that is the right phrase—of cocaine. I am just wondering, is that because there is not so much cocaine for the dealers to sell on? Is that financially harming, damaging, the drug dealers, the fact that they are now selling all this impure cocaine?

**Sir Stephen Lander:** No; it is sustaining their profits when they have a deficit in supply of the real material. A drum of benzoicaine costs £50 or something; the same size of cocaine would cost £60,000. So they are actually boosting their profits, making more money for less cocaine, and supplying less cocaine to the market.

**Q46 Bob Russell:** I know you do not like the word “customers” but are the users aware that they are buying even dodgier dodgy goods?

**Sir Stephen Lander:** We have been trying to make it public, so they are, and indeed, there was a very extensive account of this on the BBC recently, in which we assisted in the preparation.

**Q47 Bob Russell:** We hope today’s session will assist you then.

**Sir Stephen Lander:** Indeed. Thank you.

**Q48 Mr Streeter:** What is your estimate of the amount of cocaine that gets through, past the law enforcement agencies? Obviously, you are dealing with the tip of the iceberg. Can you just give us a feel for it? It may be shrinking at the moment for the reasons you have just given but give us the scale.

**Mr Hughes:** That is a really good question. The UN drugs agency believes that around 860 tonnes of cocaine, for example, is produced in South America in different countries, and of that, law enforcement—that is all of us, the Americans, ourselves and others—probably interdict about a third of that. Of what comes to the UK—and this is the real danger, because what we have been working on is stopping stuff coming to Europe and then on to the UK, because it does not come direct into the UK. It sometimes comes via yachts, et cetera, but that is a smaller approach, and you will have seen recently the work we did with the Irish that took out 1.7 tonnes off the Irish coast, but most of it comes through the Iberian peninsula or into the Netherlands, so it is difficult to estimate. The estimates overall are that around 30-40 tonnes of cocaine makes its way into the UK on an annual basis, so what we are seizing—and it is the whole process from South America right the way through to the UK but we think we are intercepting probably about a third of what is coming into the UK.

**Sir Stephen Lander:** Can I just gloss that point? It is thought, UN figures, that about 350 tonnes a year is targeted on Europe. The UK is the most expensive market, i.e. the most profitable, and the extra journey, in effect, across the Channel, or to get it in through the east coast ports or wherever, or west coast ports, adds a premium in this country. So it is more expensive here than anywhere else in Europe, and has been for quite a long time. How you play out the large supply and what happens to it, it may sustain a dealing network for more than one year, so what is actually consumed may be much less than what is imported at any one time. The difference, again, between cocaine and heroin is that, generally speaking, cocaine is shipped from source in large quantities whereas heroin is little and often, and
again, that has an impact: you make a seizure, you always get a lot more cocaine than you would of heroin, even in the jurisdiction.

Q49 Tom Brake: Sir Stephen, you are obviously proud of what SOCA has achieved in relation to the cocaine trade, but is it not a fact that most of the seizures are actually done to HMRC? What does SOCA actually add? What value-added do you provide?

Sir Stephen Lander: The only things that are done to HMRC—it is actually the Border Agency now—are the things at the border. Most of our seizures are upstream from there, so of the 85 tonnes, something like 81 or 82 of them were our operations with foreign countries, nothing to do with HMRC or the UK Border Agency. We have a very good working relationship with the Border Agency. We have terms of engagement. They talk to us about seizures and we work together on whether we are going to pursue them or they are going to pursue them or the police force is going to pursue them. It is obviously the case overseas that other parties need to be involved that have the legal powers to act, but we do a lot of work with partner agencies to help them do this. If I might just give you one example, because it is an important one, there was a big seizure in Sierra Leone last summer. We had trained the local police in Sierra Leone which did the seizure. We told them when the flight was coming, we sent officers over to assist them with the preparation of the prosecution, we did the forensic testing in the UK, we gave evidence in the prosecution and we assisted the Americans in taking the two ring leaders, Columbians, off to New York for 999-year sentences. So saying we have just benefited from somebody else’s numbers just does not work, I am afraid. That is what we have to do to protect this country. That is the place to do it because there are larger quantities there and they are coming to Europe. Waiting at the border and trying to hold there are vulnerable, getting the post to the victim, seems to us the way to do it.

Mr Hughes: HMRC are focused on tobacco and oil product, evasion of taxes, and we have been supporting them, particularly in Northern Ireland, with exactly those importations across the border and with tobacco, counterfeit cigarettes and other areas around the world. In fact, at a recent meeting in China we were dealing there with the HMRC fiscal liaison officer who was looking at the work we can do in partnership with them and with the Chinese authorities to stop this working. That is their main focus now, on fiscal fraud.

Q50 Tom Brake: If we move on to the subject of fraud, it has been suggested that in an economic recession fraud will increase. Can you tell us if that is what you are experiencing and, if so, where is your focus in relation to tackling fraud? Is it credit cards or counterfeit goods? Are there any other areas where you see, perhaps as a result of the recession or possibly as a result of other things, that criminal activity will rise?

Sir Stephen Lander: Yes, it is a little early to say what the impact is going to be, because the value of the pound against the euro is relevant to where people might target fraud. English-speaking fraudsters might be more attracted to the US than they have been historically. It is a bit of swings and roundabouts so far, but your instinct is right, that financial crisis produces opportunity for fraudsters. We have been concentrating our work on ways of preventing the frauds happening, rather than wait until they happen and then try to chase after somebody in Belarus to punish them for doing it. We have been concentrating in two areas. One is about false legal instruments, false financial instruments, imported in bulk for low-level criminals here to exploit on banks and financial institutions, and the face value of the ones we have interdicted in the last two years, when we started the work, is about £375 million—face value; that does not mean what they would have got for them but that is the face value. The second area we have been looking at particularly is what sounds trivial but it is not; it is these mass-market frauds where fraudsters focus upon elderly and vulnerable people and send them “Congratulations—you have won the lottery. Send £10 to register.” They send £10 to register and they go on what is called a “suckers list” and the criminals sell suckers lists. We have done one piece of business where we got into this and returned the £10 to about 22,000 people, and we are in the process of doing another case at the moment where we are sitting on something like 80,000 of these letters, including an extremely unpleasant one preying upon an ethnic minority and their religious beliefs. This is possibly going to be in evidence so I do not want to go further. Getting ahead of the criminals and getting between them and their intended target, which we have the powers to do, and we have ways of doing it, is a much more effective way than waiting until they have all had the letters and then trying to recover the position afterwards. So at the moment we have been focusing on prevention in this area and we have had some prosecutions and they are in our statistics. But that is where having a whole market view of how the job is done and interdicting at the point where they are vulnerable, getting the post to the victim, seems to us the way to do it.

Mr Hughes: If I could just add to that, because of the way we operate overseas, we can work with, for example, the City of London Police, who are very concerned about boiler room frauds. Many of those start outside the jurisdiction. We are already working with them on some particular ones off the Spanish islands and other areas, particularly around things like counterfeiting of cards. There is the e-crimewhere, where we have just dealt with an organisation called Dark Market, which was the world market leader in counterfeiting and skimming cards. All of that we worked with the FBI on and closed that area down, and it is those areas, as Sir Stephen said, where we are trying to get ahead of the curve, to put preventative work in, close down the fraudulent instruments, the ability to make them in what are cottage industries overseas, and to import them into the UK, where they can be used, and used
across a wide number of people, to set up false accounts or to use for money laundering, et cetera. So it is all those areas that we are focused on.

Q51 Patrick Mercer: Gentlemen, firearms: how many have you intercepted and do you think you are winning the battle?

Mr Hughes: Since we have started we have taken out 730 firearms.

Q52 Chairman: In three years?

Mr Hughes: In three years. The focus we have had particularly has been on where they are being produced, and you will know about Baikals, produced in the former eastern European areas, where we have worked with our colleagues in Lithuania to close down the factories making them. There is a genuine industry, again, with those because of the Russian factory that sold all its dies to local people to make the guns. So we have been dealing with those. What we have also focused on are those guns that are being imported into the country particularly for things like contract killings, so this is quite serious weaponry that is being brought in. We have been doing quite a lot of work with our Dutch colleagues, who have identified people bringing things like AK-47s and assault rifles into the UK, and we have also dealt with our colleagues in the North of the country where some grenades were found as well. There is quite a lot of work around the whole of this. The real issue is about stopping the importation, particularly of internet-purchased weaponry, where we are working with HMRC on their ability to intercept at the border. We are trying to go back into the US, where it is easy to do this, and, of course, on the Continent, where the purchase of firearms is not as difficult as it is in the United Kingdom. So all of that work we are trying to do at source or as close to source as possible.

Q53 Bob Russell: Gentlemen, in a briefing note the Committee has been told that the police have identified 2,800 organised crime gangs in the UK. Is that a figure that you recognise? Has SOCA been involved in helping local police forces to come up with that figure?

Sir Stephen Lander: Can I just set this in context? The Chairman started asking us about the 130 people we stopped, the crime barons—not our term. That was the result of going through the records and deciding who really mattered. The police service has now been doing the same thing and this has produced what they call a mapping exercise. It is an organisation that has its data together in a collaborative venture with the different agencies plus different people across the country. Which is a huge step forward from where it was. It is good. It is an organisation that has produced in the former eastern European areas, particularly has been on where they are being produced, and you will know about Baikals, produced in the former eastern European areas, where we have worked with our colleagues in Lithuania to close down the factories making them. There is a genuine industry, again, with those because of the Russian factory that sold all its dies to local people to make the guns. So we have been dealing with those. What we have also focused on are those guns that are being imported into the country particularly for things like contract killings, so this is quite serious weaponry that is being brought in. We have been doing quite a lot of work with our Dutch colleagues, who have identified people bringing things like AK-47s and assault rifles into the UK, and we have also dealt with our colleagues in the North of the country where some grenades were found as well. There is quite a lot of work around the whole of this. The real issue is about stopping the importation, particularly of internet-purchased weaponry, where we are working with HMRC on their ability to intercept at the border. We are trying to go back into the US, where it is easy to do this, and, of course, on the Continent, where the purchase of firearms is not as difficult as it is in the United Kingdom. So all of that work we are trying to do at source or as close to source as possible.

Q54 Bob Russell: Is it good that the various agencies are working together but what is the actual figure for the bad guys, the organised crime gangs? What is the approximate figure? You cannot be precise, obviously, but what is the approximate figure that you guys have come up with for the number of bad guys?

Sir Stephen Lander: This is a “Rumsfeld moment”, I am afraid. “What you know, you know, and what you don’t know, you don’t know.” If you restrict to the number of groups that we know about who we think are currently active in the UK, it is probably 4,000 groups, something like that. What that turns out into numbers depends, and different people count minor players differently, so that is the sort of target, i.e., it is a larger problem—this is what I was saying earlier in the session.

Q55 Bob Russell: So is the consensus that the number of crime gangs is greater than had been anticipated before SOCA’s intelligence efforts were put into place?

Sir Stephen Lander: Yes.

Q56 Bob Russell: What progress has been made in tackling said number of bad guys?

Sir Stephen Lander: We can only speak for ourselves, and we have put details in various reports but, here and overseas, and the border—organised criminals affect this country sitting in southern Spain so you have to think about the overseas as well—we have had our hands on, as it were, 5,000 people in that time.

Q57 Bob Russell: So our links with our European brethren are actually helpful in tackling crime in this country?


Q58 Ms Buck: How would you rate morale in the organisation?

Mr Hughes: It is good. It is an organisation that has come together from now four different agencies plus some immigration staff. As Sir Stephen said at the beginning, there were all sorts of issues around assimilation and getting terms and conditions right. We now have 98% of our people on SOCA terms and conditions, which is a huge step forward from where
many people thought we would be. We have been working through all sorts of staff surveys to find out how they are feeling about issues. In the main, there are some outstanding issues with a very small number of officers who are still on their precursor terms and conditions, but morale now is very high, with people who have very high-quality operations and projects that they are engaged in, and they are seeing the results of their efforts. When I go round and visit our officers, that is the message that I get back.

Q59 Ms Buck: Yet last year 203 people resigned. Would you regard that as a normal level of resignation?

Mr Hughes: It is the normal sort of turnover that you would expect. Many of those were people who were retiring, others who were going on to other jobs, and in the same instance we also recruited 280 officers last year. So we are working on a normal turnover that you would expect in many public organisations.

Q60 Ms Buck: That is true of senior staff too, the retention and recruitment?

Mr Hughes: Right across the piece.

Q61 Ms Buck: It is the same?

Mr Hughes: Yes.

Q62 Mrs Dean: The recent report by HM Inspectorate of Constabulary was critical of the ability of some police forces to tackle organised crime. What, in your view, needs to be done to improve the capability of those forces which have not in the past had a problem with organised crime but now do so?

Mr Hughes: You put me in a difficult position, because we work with all of the police forces in the UK on serious organised crime. One of the things that we try to bring to the party is to assist them in areas where they do not have the capability or the capacity. We cannot do that in the way that perhaps they would like because our resources are limited. In terms of how forces deal with serious organised crime, there is, as I said just now, the Organised Crime Partnership Board. The work we are trying to do is to focus on the serious organised criminals in a UK-wide approach rather than trying to do it on an individual basis. Also, police forces are setting up areas where they are pulling together organisations of their own officers in mini crime squads, operating in most of the regions in the UK now. One of the most successful is actually Tarian in Wales, where we have been working with them for a long time. That is going to be supported by regional intelligence units, which we are contributing to; 46 of our officers will be in those regional intelligence units, with all the access to the intelligence pictures that we have available, including things like access to Interpol’s systems and Europol’s systems. So everywhere we can support what they are doing on a UK-wide basis—and that is the answer; we have to deal with it not as individual, single areas. The big forces can deal with a lot of it on their own but when you get into some of the smaller forces, because of their capacity—it is not the capability they lack; it is capacity, and that is where we can assist, and we can do it if we work together.

Q63 Mrs Dean: Are all forces responsive to your support, or to your officers’ support?

Mr Hughes: Yes, they come to us regularly for support. I am still a member of the ACPO Chief Constables’ Council and the Chief Constables have decided that the DG of SOCA will always be a member. We have a regular meeting between the ACPO crime business area and SOCA in a bilateral to make sure that any issues where we can work and focus on or where there are problem areas, we can get them resolved and dealt with quickly. If there are areas where we can work in joint operations then we do that, so the picture is very good. We have the same with HMRC and with UKBA to make sure that we are supporting all the partners involved in law enforcement.

Q64 Chairman: Sir Stephen, if you were giving your organisation marks out of ten or a grade over the last three years, what would be your self-assessment of this organisation?

Sir Stephen Lander: I would rather do it for the last year, Chairman, on the grounds that we had some teething problems to begin with. I would say we are at eight out of ten.

Q65 Mr Winnick: Eight out of ten; I wonder who else would give you that mark.

Sir Stephen Lander: I have the advantage of knowing the facts.

Mr Hughes: I have got the list that I read out before which the Chairman stopped me on. 46 of our officers will be in those regional intelligence units, with all the access to the intelligence pictures that we have available, including things like access to Interpol’s systems and Europol’s systems. So everywhere we can support what they are doing on a UK-wide basis—and that is the answer; we have to deal with it not as individual, single areas. The big forces can deal with a lot of it on their own but when you get into some of the smaller forces, because of their capacity—it is not the capability they lack; it is capacity, and that is where we can assist, and we can do it if we work together.

Chairman: Can I thank you very much for giving evidence today, both you and Mr Hughes; you have been extremely helpful. If there are some facts and figures—I know Mr Hughes mentioned some facts—that you feel are helpful to the Committee that go beyond the annual report which we have a copy of, please would you send them to us, and we hope to publish our report shortly. Thank you very much, and may I wish you on behalf of the Committee well in your retirement. Thank you very much.
Written evidence

Correspondence from Chair of SOCA, dated 15 June 2009

1. Thank you for the invitation to give evidence to the Home Affairs Committee on the work of the Serious Organised Crime Agency (SOCA). The Director General and I will be pleased to attend on 23 June.

2. In advance of the evidence session, I wanted to send you a further copy of SOCA's Annual Report 2008–09 and highlight some key points that I thought might be of interest.

3. In SOCA's third year, it delivered worthwhile increases in all the obvious tactical measures that bear on success, notably:

   — the number of arrests was up by 14%—leading to high success rates in court and commendations from judges for SOCA's work;
   — interdiction of Class A drugs in SOCA's operations was up for the third year running; and
   — there were significant percentage increases in all the key asset recovery targets, with SOCA on its own exceeding the Government’s target for the use of civil recovery powers.

Overall, since its launch, SOCA has removed over £80 million from criminals in this country and helped to deny criminals access to something approaching £0.3 billion worldwide. We know that criminals are worried by the Proceeds of Crime Act and our approach to the pursuit of their criminal property at home and overseas.

4. SOCA’s rather different approach involving, at the Home Secretary’s direction, looking at the whole market for the criminal goods and services that harm the UK, delivered real impact in a number of important areas, such as:

   — **Cocaine**. It became clear last year that the supply side efforts of SOCA and of its UK and overseas law enforcement partners had made a discernable difference to cocaine accessibility, purity and price in the UK. SOCA's particular contribution included upstream work with international partners in producer and transit countries, a project targeting the cutting agents employed by dealers to bulk up cocaine, and ongoing efforts to identify, locate and arrest those involved in significant drugs supply within the UK.

   — **Mass market fraud**. SOCA casework saw the disruption of scams targeted against this country, but originating in West Africa and the EU, and progress on removing criminal access to the enablers of these crimes. One operation, which received widespread UK media coverage, saw SOCA return 20,000 letters and payments to UK victims who had been tricked into responding to a mass market scam.

   — **Organised immigration crime**. SOCA’s end to end approach to the organised facilitators involved began to deliver dividends with an increased number of illegal immigrants detained following SOCA interventions, a large number of trafficked people rescued and useful collaborative work with the French, the Italians and the Turks designed to prevent the traffickers delivering their human “commodity” into Europe and on to the UK.

The key issues for SOCA are about finding the vulnerabilities in the criminals’ business wherever they may be and going after those. This involves joining up overseas and domestic efforts (over 25% of SOCA operations in 2008–09 were supported by overseas activity).

5. In addition, SOCA continued to fulfil the duties given to it by the Serious Organised Crime and Police Act (SOCPA) 2005 to support law enforcement partners within the UK. These duties were of two kinds:

   — those where SOCA holds national responsibilities on behalf of all (SOCPA s 24 “Directed Arrangements”), for example covert collection arrangements and intercept capability, and the provision of the gateway for UK law enforcement to a wide range of specialist international services through Interpol, Europol and Schengen. In 2008–09, SOCA received over 155,000 messages through these international gateways which generated over 27,000 cases, and initiated 281 requests through Europol on behalf of partners (an increase of 21% on the previous year).

   — Those where the law invites it to consider providing support subject to available resources and capabilities (SOCPA s 23 “Voluntary Arrangements”) This work involved a wide range of different activities in support of others’ operations, but with concentrations on criminal justice casework support. During the year, SOCA received over 350 requests for support of this kind, mostly from individual Police Forces, and was able to meet over 80% of them.

I hope this material, along with the Annual Report itself, is of use to the Committee in advance of the evidence session. The Director General and I look forward to seeing you on 23 June.
Thank you for the opportunity to give evidence to the Home Affairs Committee on 23 June about the work of the Serious Organised Crime Agency (SOCA). I attach the transcript of the oral evidence given by Sir Stephen Lander and myself showing the minor amendments we would wish to be made.

One issue raised by the Committee, which we felt was not reflected correctly in the evidence session or in the press reports which followed, was regarding SOCA's asset recovery performance.

SOCA is an agency tasked with harm reduction. SOCA's overall resource budget for all its activities since its inception three years ago amounts to £1.2 billion. Asset recovery is one of the many tools that we utilise to prevent organised criminals causing harm to UK citizens.

The main aim of asset recovery in an organised crime context is to deny to criminals the resources that they need to operate and to make organised crime less attractive and less lucrative. The impact and value of this preventative action cannot be measured simply by the face value of assets seized, and as we suggested to the Committee a truer picture is gained by looking at the value of assets denied to criminals. Since its inception, SOCA has denied criminals access to £460 million worldwide. In terms of money paid into the “tin box”, since April 2006 £52 million has been paid in directly by SOCA and indirectly by the courts on its behalf.

The department whose primary responsibility is asset recovery and financial investigation was staffed by 441 SOCA officers on 31 March 2009. In addition to asset recovery operations, this Department also manages the Suspicious Activity Reporting (SARS) Regime and runs the UK Financial Intelligence Unit (FIU) on behalf of UK law enforcement.

This puts a rather different complexion on our asset recovery performance to that reported following the evidence session, as I am sure you will agree.

If you require any further information, please do not hesitate to contact us. As we have mentioned before, we would be very pleased to host a visit to SOCA for you and other Committee members, should that be of interest.
Oral evidence

Taken before the Home Affairs Committee

on Wednesday 16 September 2009

Members present:

Keith Vaz, in the Chair
Ms Karen Buck Gwyn Prosser
Mrs Ann Cryer Bob Russell
David T C Davies Mr David Winnick
Mrs Janet Dean

Witness: Sir Ian Andrews, Chairman, Serious Organised Crime Agency (SOCA), gave evidence.

Q1 Chairman: Welcome, Members, to this session. This is a one-off session into the Serious Organised Crime Agency. As has become standard practice in this Committee, when new Chairs of important committees or organisations that have a Home Office remit are appointed we invite them to come and give evidence at a very early stage to get their initial impressions. We are very pleased to see Sir Ian Andrews here. Congratulations, Sir Ian, on your appointment as the Chairman of SOCA. Before we begin our questioning, can I refer everyone to the Register of Members’ Interests, where the interests of Members are registered. I am a non-practising barrister. Are there any other interests that need to be declared? Can I start with you, Sir Ian, and, again, welcome you to your new post, and thank you for coming in at such very short notice? SOCA has been at the receiving end of a number of criticisms over the last few months and years—indeed, since its inception. We have recently had a report by the Prime Minister’s Strategy Unit, and the new Metropolitan Police Commissioner, Sir Paul Stephenson, is on record as saying he was disappointed at the lack of progress in disrupting organised crime in the United Kingdom since 2003. Obviously, you were not responsible for all this, but how do you intend to address the concerns that have been raised in the recent past?

Sir Ian Andrews: Chairman, can I begin by saying how very pleased I am to have the opportunity so early in my tenure to come and talk to the Committee, because I am very much in information-gathering mode at the moment, both within the Agency and outside, talking to stakeholders outside, and, clearly, this Committee is a very important part of the stakeholder community. We agreed when we spoke last week that it would be inappropriate for me to comment on operational issues which are quite properly a matter for, and the preserve of, the Director General. Of course, you and the Committee had the opportunity to talk to him and my predecessor, Sir Stephen Lander, I think, back in June on the back of the publication of our annual report. You asked about the Prime Minister’s Strategy Unit/Home Office review. That was a review of the approach to tackling organised crime in the round, and it came out with some very clear messages in terms of the way in which the whole community could address this subject collectively more effectively with a piece of machinery in the Home Office, in effect, bringing people together to realise the vision that was originally set out in 2004 in One Step Ahead. In a situation in which you have the accelerated globalisation of technologically enabled crimes; the world moves on, criminal techniques move on and we need the opportunity to take stock of that. I think that was very positive as far as the role of SOCA as part of the wider organised crime-fighting community was concerned, and certainly one of the things that I will be looking at with my Board within the next few months is what the implications of that are for the direction of travel of SOCA. I think it is probably only a touch on the tiller, but I need to understand the landscape; I need to understand the wider perspective; and I need to understand perceptions and concerns within SOCA itself.

Q2 Chairman: However, you accept that expectations are very high for an organisation that was created to deal with a very serious issue?

Sir Ian Andrews: I am very conscious of that. In the context of the National Security Strategy, organised crime is up there as one of the major threats, and therefore it is a huge challenge for government; it is a huge challenge for everybody in the organised crime-fighting community. SOCA was set up to provide a focus around which other law enforcement partners could come together. But not just law enforcement partners, partners outside the law enforcement community—HMRC, the Borders Agency, local authorities, even NGOs—creating a framework within which people can work together.

Q3 Chairman: Can you remind the Committee of your current budget?

Sir Ian Andrews: The current budget is £430 million.

Q4 Chairman: Per annum?

Sir Ian Andrews: Yes.

Q5 Chairman: How many staff do you have working for SOCA?

Sir Ian Andrews: It is of the order of 3,900.
Q6 Chairman: And a budget of £430 million?
Sir Ian Andrews: Yes.

Q7 Chairman: When the Home Secretary appointed you, clearly, you went through an appointment process and you applied for this post knowing the challenges that were ahead for you.
Sir Ian Andrews: Yes.

Q8 Chairman: When he told you that he was appointing you, were you given any instructions or any guidance as to how the Government wanted to see SOCA progress?
Sir Ian Andrews: The guidance is very clear. There was an original direction from the then Home Secretary, in 2005, about what the priorities should be, and that was added to about 18 months ago by the then Home Secretary. These were issues around Class A drugs—the harm caused by Class A drugs organised immigration crime, and to that was added firearms. As part of the process of making application, as you might expect, I did quite a lot of due diligence and I was talking to a lot of people outside the Agency—major stakeholders—and what really impressed me was a very clear message and perception that this organisation really was starting to make a difference and making the UK a really unfriendly place for the organised criminals we are trying to target. You then asked me about Paul Stephenson’s comment as well.

Q9 Chairman: Yes.
Sir Ian Andrews: I was talking to Sir Paul only a matter of weeks ago. He was hugely positive about the role SOCA had to play as part of, and in support of, the governance of the Organised Crime Partnership Board, and that was, I think, a genuine comment. Going back to the National Security Strategy, that says that organised crime is one of the major threats to the UK. So I do not think it was a comment about SOCA.

Q10 Mr Winnick: I wanted to ask you one or two questions about your own background and experience. You have no police experience whatsoever. Would that be right?
Sir Ian Andrews: Not of law enforcement, but of governance, yes. When I was in the Ministry of Defence in my previous life I was involved in the governance of the Ministry of Defence Police and, indeed, had dealings with your colleagues on the Defence Committee, who took a great deal of interest in that. Interestingly, the Ministry of Defence Police, I think, are probably, if not the only, one of a very small number of law enforcement organisations which are accountable through a Secretary of State to Parliament in the way that SOCA is as well. So, in terms of governance of policing, I had some engagement then. I have also been very active in the national security space over much of the last couple of decades, and, therefore, I have a very good understanding and context of wider partners in intelligence agencies across government, and so on.

Q11 Mr Winnick: Without in any way being personal (because I am sure you understand our job in asking witnesses questions), do you think there would be some surprise that you should succeed someone who was, in fact, the head of MI5 for some time, and who was the first Chair of the organisation, and then you have been appointed, though you have had the experience you have just mentioned, with no direct experience, and are now the Chair of an organisation which is considered to be in the front line in fighting serious crime?
Sir Ian Andrews: I am not surprised. The challenges of being a Chair of a large and complex organisation, driving to deliver outcomes which are very clearly articulated, I do not think does require particular expertise in one field. What it does require is a track record of leading organisations with professional skills down a particular path so that we can achieve those results. I was, in a previous life, the Chief Executive of the Defence Estates Agency, engaged in professional estate management, construction and procurement—I am not an estate professional; I was a Managing Director of a division of the Defence Evaluation and Research Agency—I am not a scientist or an engineer. So I think, actually, it is those wider management and leadership skills that are important here. The professional expertise in law enforcement comes from the Executive. Also, we have been very lucky in attracting Peter Clarke to join, this month, my team of non-executives in helping to move the organisation forward. So it is the team that matters not the individual Chair.

Q12 Ms Buck: You described your task of making life uncomfortable for criminals, in serious crime. Obviously, a key part of that is making sure that crime is not profitable. Have you had an opportunity to review the powers, the tools, available to SOCA with the specific purpose of ensuring that crime does not pay? What appraisal have you made of those?
Sir Ian Andrews: It is very kind of you to say it is my responsibility; it is SOCA’s responsibility to do this.

Q13 Ms Buck: Yes—under your Chairmanship.
Sir Ian Andrews: One-in-twelve. I think, of our staff have finance and accountancy skills, drilling into precisely these issues. I think that the tools are absolutely there. Many of them were in the Serious Organised Crime and Police Act, which led to the establishment of SOCA, but there are other tools on the statute book as well. I think it is really important to understand that the way you can make life really unpleasant for criminals is to target their money, and there are plenty of tools to do that. One example of an operation I was briefed on just the other day, which was in Kent, as I recall, was where we had taken out an entire money-laundering organisation. That service—

Q14 Chairman: When was this?
Sir Ian Andrews: This was last year. We took out a whole money-laundering network, servicing top-level cocaine traffickers and people who had been at it for a long time. It was not just about taking the
Q15 Ms Buck: That is a very helpful answer. Are you satisfied, therefore, with SOCA’s performance to date in terms of the ability either to recover money or to disrupt the financial chain?

Sir Ian Andrews: Yes, I am. We can always get better, and we will. However, I think it does not lend itself to the rather sort of crude analysis of: “So how much did you get?” I think you had a discussion, the last time that Sir Stephen and Mr Hughes were here, about the balance between cost and the recovery. We do so many other things as well, but I am absolutely confident that we have got the tools, they are on the statute book and we really can use them to make life uncomfortable.

Q16 Ms Buck: I think that is a fair point, but if the total sums recovered, if you like, are not a good success indicator for the resource—and with 3,900 staff and pushing 400 people in the forensic accountancy sort of business—what other performance indicators might certain people like ourselves choose to say: “Are you providing value for money?” in that area of performance?

Sir Ian Andrews: This is very difficult because the organisation is set up to reduce harm to the UK and its citizens, in the wider sense. There is a lot of academic work going on into understanding how you can do that. As I say, it is quite difficult because, if I put a figure on the operation I was talking about, it is £X million, but the indirect effects of that, in terms of disruption and sowing distrust, are also part of reducing harm. We know that the SOCA brand is very strong internationally (I think, Chairman, you have probably come across some of our people internationally and I have not yet)—

Q17 Chairman: They are looking forward to meeting you.

Sir Ian Andrews: Good. I am looking forward to meeting them. I think what we do know is that in the criminal communities people are very uneasy about the impact that SOCA is having on their money.

Q18 Ms Buck: Do we take that on trust?

Sir Ian Andrews: I have it more than on trust. You would not expect me to go into that.

Q19 Bob Russell: Sir Ian, I appreciate this is very early days in your new job, but is there a feeling you have that you need to make any changes to the way SOCA relates to police and other agencies outside the UK? For example, have you met the liaison team in Europol and are you satisfied with what they are doing?

Sir Ian Andrews: I am going to meet the team in Europol in two weeks’ time, so I would not wish to prejudge that visit. As I say, I am in information-gathering mode, at the moment (as, indeed, are the other three new non-execs, including Peter Clarke), and we will come together as a Board in a few weeks’ time to reflect on what, if anything, we need to do differently, not just against the background of the report from the Prime Minister’s Strategy Unit but against the background of what we might expect in terms of resource pressures, and so on, over the next three year period. I am in information-gathering mode, at the moment, rather than having a clear view of what we are trying to achieve, other than that One Step Ahead made it very clear that the mission of SOCA was, actually, to make life really uncomfortable for serious organised criminals, working with a huge range of partners, as I have discussed.

Q20 Bob Russell: As part of that information-gathering exercise and sharp learning curve that, clearly, you and other colleagues are currently undertaking, could I ask that you look specifically at SOCA’s role in key countries such as Spain (you know what I mean when I say what goes on with some expats in Spain), and, secondly, where Europol’s remit does not go—Switzerland being an obvious one! What happens—if you could find out from colleagues—when you have got a European-wide police liaison group that does not, it would appear, make many inroads, as far as I have ascertained, into non-EU countries?

Sir Ian Andrews: Mr Russell, that is a very interesting question, which I will certainly pose when I am there. I am not in a position to answer that. It also spills over into operational territory as well.

Q21 Chairman: Excellent. Mr Prosser has just returned from Madrid, where the Committee has been looking at the issue of drugs.

Sir Ian Andrews: In that case, he is better placed to comment than I am!

Q22 Gwyn Prosser: Sir Ian, we were also in Portugal and we talked to the European Monitoring Centre where they look at issues of drug taking and related matters. They confirmed the view of the Committee that whereas in the rest of Europe cocaine use and trading seems to be stabilising and, in some places, declining, in the UK we are bucking that trend and it is increasing. When your predecessor came before the Committee he told us that his number one priority was to combat the trading of drugs. Cocaine is a special interest, at the moment, because it is a subject we are inquiring into. How do you feel SOCA has done in meeting your predecessor’s aim?

Sir Ian Andrews: As I said to an earlier question, the direction in terms of priorities that SOCA had in 2005 is carried forward, and that has not changed as a result of the change in Chair. It is a huge priority. I think when Mr Hughes and Sir Stephen were in front of you in June they took you through some of the operational examples—or Mr Hughes did—where we had had success. Indeed, the level of
Q23 Gwyn Prosser: Within that priority, you have mentioned attacking the big fish, the organisers, who operate internationally, of course, but, also, on the supply side. You can say that we want to tackle both but there must be a priority. Again, when we were doing our visit yesterday and the day before, we were told about the complexities of the big, major organised crime squads and how difficult it was to penetrate the top people. Where will your priority be within SOCA? Will it be with regards to the organisers (you have told us about the Kent story) or will it be generally across the land? Is there a priority?

Sir Ian Andrews: My perspective and my understanding is that the priority is actually the serious organised criminals. Indeed, I was being briefed by a former Customs & Excise officer, now part of SOCA, who was explaining to me that going after the powder does not get results, it is going after the money that gets results. That is how we take these people down.

Q24 Mrs Dean: Sir Ian, as predicted, fraud of all kinds appears to be rising during the economic recession. How is SOCA responding and will you need to adjust your priorities?

Sir Ian Andrews: As far as fraud is concerned, there is, of course, the National Fraud Authority which co-ordinates activity across the piece in this area. We work very closely with the NFA, and we have done a lot of work on mass-marketing fraud and publicised earlier this year an operation where we have actually intercepted and are sending money back to people who have been defrauded. It is interesting. My predecessor was asked this question in June, what the impact of the recession had been on levels of crime, and I think the jury is still out on that. Clearly, there are opportunities, and we and the NFA are very conscious of that and we are doing everything we can to expose the weak links. If fraud becomes a priority then I would expect some encouragement to put some resources into it, but we already work very strongly in those areas now. The Chief Executive of the National Fraud Authority, when I saw him only last week, was saying how important the support that SOCA provided to the anti-fraud agenda was and what a key role we had to play.

Q25 Mr Winnick: There are numerous converted and imitation firearms in circulation which cause a great deal of harm. Is it part of your agenda to try and see a substantial reduction in such arms?

Sir Ian Andrews: The additional priority that we were given, I think it was last year or the year before, was to focus on firearms, both real and imitation. This is getting into the operational space, but there was a major operation, as I recall, in Greater Manchester, which we were very closely involved in earlier this year, and, indeed, there are others of which I am aware which are going through the criminal justice system at the moment. I would not, obviously, want to comment on those.

Q26 Mrs Cryer: Sir Ian, there has been some criticism about SOCA, both from outside the organisation and from within the organisation, and there has been some talk of low morale within the organisation because of this criticism. Do you see that there is a problem with low morale, and, if you think there is, what can you do about it?

Sir Ian Andrews: I am aware of those reports. I have to say that in all of my visits so far I have come across an organisation which is staffed by enthusiastic, committed and thoroughly professional people whose morale seems to me to be pretty high. Whatever the reports are, the fact is that morale is high, people are committed and people are focused on actually making a difference. When you talk to people who are involved in the pursuit of serious organised criminals, their enthusiasm and commitment— their passion and excitement—really comes through. Actually, I would not have wanted to join an organisation which I thought was not that, because I get out of bed in the morning to make things better. That is the vision I am bringing. However, we should be in no doubt that it is because of the work that Mr Hughes and my predecessor did to build the foundations of this organisation in very challenging circumstances, bringing three or four organisations with their own identity together. That was a huge challenge, but it is working and it is now making a difference, and huge credit to my predecessor for turning a concept into something which is actually, as I said, making this country really unfriendly to organised criminals.

Q27 Chairman: Do you think you can stem the flow of resignations from SOCA? In answer to a Parliamentary question—not in evidence to this Committee—in the year 2008-2009, 203 staff had resigned from SOCA. Do you think that that is now going to stop?

Sir Ian Andrews: I think there is an issue of natural turnover here. Our turnover, as an organisation, I think, is about 7%. That compares quite well with other public sector organisations, so I do not foresee it as a problem. There is an issue, possibly, about retirements coming from people who originally joined the police, but we have got to maintain the
skills, we have got to maintain the capabilities and that is the challenge we have got to try and find our way through. We are now recruiting people who are coming to SOCA and giving them the skills and competences that they need. So it is the transition from the organisations we had before into where we are now.

Q28 David Davies: Sir Ian, notwithstanding the obvious enthusiasm and dedication that I have seen from all SOCA officers I have met, is there not a problem that officers will say: “We’ve been involved in this number of arrests, this amount of drugs seized, this amount of money taken”, and it is always fairly hard for them to actually state what the involvement was? There is an air of secrecy, which is understandable, around SOCA, but how can we, as representatives of the public, be convinced that SOCA really are as involved in these operations as they will claim, and not simply feeding in a little bit of information and then taking the credit for an arrest that has come about as a result of work by the police force?

Sir Ian Andrews: I do not think it is because I have been particularly sensitised to this over the last couple of months, but I think SOCA is progressively achieving a higher profile as we have things we can talk about. What struck me, as I said, observing the Organised Crime Partnership Board only this week, was how there was an absolutely strong sense of: “We’re all in this together and we’re all driving it forward together”. It is not competition, it is collaboration.

Q29 David Davies: That is all very well, but my concern is that you could be doing a little bit towards one operation and then claiming the credit for the whole thing, while the police force is claiming credit for the whole thing as well. (I am not sure that is happening, by the way—I just do not know.) My second concern is that the level of scrutiny that you are under is actually less, as I see it, than that of the intelligence agencies, because they have to answer to Parliament. I look forward to future opportunities to do this. That is part of this process.

Q30 David Davies: So who is overseeing you in the way that MI5 and MI6 are overseen by the relevant committee, or the police forces are overseen by a police authority?

Sir Ian Andrews: That is, clearly, the Home Secretary, and through Home Secretary to Parliament, and you are part of that process.

Q31 David Davies: We cannot know all the details of an operation in the way that the ISC can know the details of an MI5 operation.

Sir Ian Andrews: I cannot comment on what the ISC would or would not know about the intelligence services.

Q32 David Davies: They get everything.

Sir Ian Andrews: That may be entirely possible, but we are looking here at SOCA and what SOCA’s accountability is. I am very clear that the Home Secretary directs what he or she believes our priorities should be. What I do with my Board is to then put together a plan—

Q33 David Davies: They do not know all the details of an operation, do they?

Sir Ian Andrews: Who?

Q34 David Davies: The Home Secretary would know the details but nobody else would. Who is actually standing up for the public and saying: “Do you deliver value for money?”

Sir Ian Andrews: The issue here is that having worked out what our priorities are and where we are going to allocate our resources we publish our business plan. That is on the record and it is available to Parliament. The Director General then has the operational independence to decide what he does and how. He is accountable to the Board. We are required to produce an annual report, as we did earlier this year, in May, on which you took evidence at the last session. I, as the Chair, am responsible to the Home Secretary and, through him, to Parliament. I look forward to future opportunities to do this. That is part of this process.

Q35 David Davies: Do you have a standards department within SOCA?

Sir Ian Andrews: We do.

Q36 David Davies: They are actively looking for examples of malpractice by SOCA officers?

Sir Ian Andrews: Them?

Q37 David Davies: Yes.

Sir Ian Andrews: Yes, it is called the Counter Corruption Department.

Q38 Mr Winnick: We have had one or two earlier questions asked about your background, and without in any way reflecting on your long service in public life—and I genuinely mean that—your last position was Second Permanent Secretary at the Ministry of Defence. Am I right?

Sir Ian Andrews: You are, yes.

Q39 Mr Winnick: Is there not a danger that people might cynically see your appointment, without any reflection on yourself, as a sort of “Yes, Minister” scenario; that having done this senior job over a period of time you have been found a slot as Chair of this organisation without any direct police experience?
Sir Ian Andrews: I fundamentally do not accept that. This was an appointment for which there was a competitive process which the Home Secretary himself was the final arbiter of, and, having gone through it, it was actually a very rigorous process.

Q40 Mr Winnick: Were many short-listed?
Sir Ian Andrews: I cannot comment on that; all I know is that I was short-listed! I believe there were others. I took a decision, because I had been working as the Second Permanent Secretary for six or seven years, that the time had come to move on, and I formally left the Ministry of Defence in March and I was appointed to this role in July. I wanted to have the opportunity to pursue this sort of opportunity out there in the wider national security space. So if that is what you are talking about, yes, but it is not that; I retired and then, four months later, as a result of a competitive process, I got this opportunity.

Q41 Chairman: Sir Ian, we do not need anything further, but you understand Mr Winnick is doing what every Select Committee Member should be doing: probing the Chairman of any organisation.
Sir Ian Andrews: Indeed. I hope I was convincing.

Q42 Chairman: We were not doing the appointing; unfortunately, the Home Secretary has not given us that power yet. What concerns us (if I say this in conclusion), is that this is an organisation that is competitive as, I think, Ministers expected it to be. You now have a budget of £430 million and almost 4,000 members of staff. The Asset Recovery Agency was wound up because it had a budget of £65 million and only recovered £23 million. At the end of the day, Parliament and the taxpayer need to know they are getting value for money, and this is a very, very large budget indeed. Unfortunately, some of the benchmarks are going to be on the amount of assets recovered from the criminals. Those assets are going to be put against your budget. Are you aware that this is one of the issues that will be raised in the future? We will not expect to see the same rate of return as the Asset Recovery Agency managed.

Sir Ian Andrews: I absolutely understand the issue because it was exposed at the last evidence session you had, and I believe Mr Hughes wrote a clarifying note subsequently. I come back to my point that asset recovery is just one thing that SOCA does. Yes, of course, we are focused on it; we want to get as much back from these criminals as we possibly can. My fundamental understanding, as part of my induction process, of my experience was exposures, communications and raising the brand, is another thing that I have got huge confidence in. As the Chair of our Audit Committee, is also very experienced in this area. I have got huge confidence. I met up with the other two non-executives as well last week, and they are all up for driving this forward; driven—as you are and as I am—by making life really unpleasant for bad people.

Q43 Chairman: Of course.
Sir Ian Andrews: We will do that. However, that is not the sole measure of the success of SOCA, nor is the number of prosecutions and convictions, nor is any particular item; it is using the full range of tools which are there, put in place by Parliament—“lawfully audacious”, I think, was the point in the original White Paper—

Q44 Chairman: There is no dispute about that, but I think what Parliament is looking for and what this Committee is looking for—that is why we are so glad you have come before us so early—is a set of benchmarks over a wide variety of issues: prosecutions, assets seized and disruption of criminal gangs. That is what SOCA exists for and that is why Parliament has given you £430 million—a very, very large budget indeed. At the end of the day, we need to be convinced that the benchmarks are being met; that it is not going to be sufficient to come up with figures such as the previous agency, which was a 3:1 ratio. We have just returned from Lisbon and Madrid; we have seen the value of the seizure of cocaine—it runs into billions of euros, billions of pounds—and the fact is it is not happening at the moment in the United Kingdom. That is why we will keep returning to this subject in the future. You are quite right, it is for this Committee to hold you to account, not just the Home Secretary, and that is what we are here to do. What we will do in the next few months is come and visit SOCA headquarters, not necessarily for oral briefings; we actually want to go and see operational issues because these are the things that I think Mr Davies, in particular, is very keen to see. The public want to see these gangs disrupted; it is a number one priority for our constituents and we need to make sure it happens. You are aware that the expectations are extremely high indeed for you and your new Board.

Sir Ian Andrews: Yes. Thank you for that. You will be most welcome, Chairman, with your Committee, to come and visit. I think there is an outstanding invitation, actually, to you to do that. From my point of view, it has been really helpful to get an understanding, as part of my induction process, of the overall picture. The annual report which was published in May, which you talked about last time, has a huge number of examples of where we are actually making a difference. I very much hope—I know we will—that next year we will be able to point to a whole lot of other things that we have done. However, we have got to look at it in the round, not just narrowing in on one particular area.

Q45 Chairman: You mentioned Peter Clarke in answer to David Winnick. Who are the other two non-executive directors, and do they have policing experience?
Sir Ian Andrews: No. Peter Clarke is the law enforcement expert from the non-execs; Sue Garrard, who is on the Department for Work and Pensions Board but with expertise in media and communications and raising the brand, is another one, and a Mr Francis Plovdan, who has joined us as the Chair of our Audit Committee, is also very experienced in this area. I have got huge confidence. I met up with the other two non-execs as well last week, and they are all up for driving this forward; driven—as you are and as I am—by making life really unpleasant for bad people.

Q46 Chairman: We have this relationship with UKBA, in which they write to us over a period of time and update us on developments, and it would be very helpful if you could write to us in, say, three months’ time and set out any developments or...
updates that you think would be of value to this Committee, and indeed, if the Minister agrees, place a copy of that letter in the Library in the House. Would you do that for us?

Sir Ian Andrews: Of course. As you said, if the Home Secretary would agree to that, I would be pleased to do so.

Q47 Chairman: Thank you very much, and thank you very much for coming at such short notice.

Sir Ian Andrews: Thank you very much for the opportunity.

Extract from memorandum submitted by the Chair of SOCA

Mr Russell asked whether there were any difficulties in delivering results through Europol where non-EU Member States were concerned. I have recently returned from the visit to The Hague during which I explored this issue and learned that the appropriate mechanisms are in place to address it. In addition to the 27 Member States of the EU, Australia, Canada, Croatia, Colombia, Iceland, Norway and Switzerland all have liaison bureaux within the Europol Headquarters. The US are also represented by liaison officers. Relationships between Europol and third countries, as well as those with EU and other international agencies are governed by co-operation agreements negotiated by Europol and approved by the ministerial Justice and Home Affairs Council. There are two types of agreement. One, a strategic agreement, permits the exchange of non-personal data, the other, an operational agreement, also allows for the exchange of personal data. Switzerland, for example, has an operational agreement with Europol which came into force on 1 March 2006 with the posting of their liaison officer to Europol.

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