

To: Office of Police and Crime Commissioner – Management Meeting

Date: 19th December 2016

By: Paul Bundy

Title: POCA Performance

1. Purpose of Report:

- 1.1. The purpose of this paper is to provide an update to the PCC Management Meeting on the use of POCA funds received by Surrey Police, through the Asset Recovery Incentivisation Scheme (ARIS).
 - 1.2. ARIS was set up in 2006 and it replaced a previous Police Incentivisation Scheme which ran for two years from 2004. ARIS incentivises all law enforcement agencies. The Scheme is a mechanism for returning to law enforcement agencies, a proportion of the assets they recover. The objective of the incentive scheme is to provide law enforcement agencies with incentives to boost asset recovery as a contribution to reducing crime and delivering justice by giving them a direct stake in the proceeds they generate from that work. Although primarily aimed at driving up asset recovery performance, the money returned is not ring-fenced and can be used for a number of purposes in the context of reducing harm; including community project funding.
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2. Background:

- 2.1. The Proceeds of Crime Act was introduced in 2002 which provides for the cash forfeiture, confiscation and civil recovery of proceeds from crime, the Act also contains the principal money laundering legislation.
- 2.2. The Act covers a number matters of UK law on proceeds of crime issues including confiscation orders against convicted individuals, civil recovery of proceeds of crime from un-convicted individuals, taxation of profits generated from crime, UK anti-money laundering legislation, powers of investigation into suspected proceeds of crime offences and international co-operation by UK law enforcement agencies against money laundering.
- 2.3. POCA funding is managed by the Home Office through ARIS, whereby law enforcement agencies get back a percentage of criminal finances they seize through Cash Forfeitures, Confiscation Orders obtained under the Proceeds of Crime Act 2002, together with monies from referrals for civil recovery. The Force receives 50% of cash forfeitures and 18.75% of confiscation orders fulfilled, the total of the receipt due is top sliced by £5m. Civil recovery referrals are paid at 25%, net of deductions for receiver's costs.
- 2.4. The income stream from POCA is volatile, over the past seven years, Surrey Police has received an average of £279k per annum.
- 2.5. The current Home Office guidance states use of ARIS money is a matter for each agency. Due to the unpredictable nature of ARIS income, ministers were reluctant to lay down specific guidance on its use. Ministers expressed a wish to see ARIS money reinvested in asset recovery work to drive up performance and where appropriate, to fund local crime fighting priorities for the benefit of the community. Any expenditure that can show that it will benefit asset recovery performance or result in crime reduction or benefit the community would be acceptable. The Scheme has been monitored every

year and the results show that over 90% of ARIS money is re-invested in asset recovery work such as recruitment of financial investigators and the balance is spent on police operations and community projects.

- 2.6. The Head of Finance completes an annual Home Office monitoring form, confirming the amount of ARIS money received for the year and how this has been spent.
- 2.7. In some cases POCA funds are paid directly to victims of crime as a result of a compensation order from confiscation. In these cases Surrey Police would receive no ARIS receipt. Over the past 7 years (2010/11 to date) Surrey Police ECU have obtained compensation orders totalling nearly £3m.
- 2.8. The majority of ARIS monies, (£210k for 2016/17) have been used to pay for the salaries of 5 Surrey Police Economic Crime Unit (ECU) Financial Investigators. Between 2011 and 2015, an additional £200k (£50k per annum) was used to pay for temporary ECU Financial Intelligence Officers (FIO's).
- 2.9. For three years from 2011/2012, the POCA Cash for Communities scheme ran and made sixteen payments totalling £60k to support community initiatives that reduced crime, reduced fear of crime, helped combat anti-social behaviour or complemented local policing priorities. The last grant scheme was in 2013 as the Office of the PCC took on this responsibility and employed the Community Safety Fund to meet these bids.
- 2.10. In addition to supporting the above posts, POCA income has also supported the corporate budget in the past, this was withdrawn in 2016/17.

3. Finance

- 3.1. POCA funding is paid to the force quarterly in arrears by the Home Office. The table below shows the total funding received over the past seven years. The annual average over the period was £279k; this reduces to £233k excluding 2013/14 which was an unusually high year.

Funding Received

Year	£
2015/16	201,973
2014/15	240,434
2013/14	553,360
2012/13	230,844
2011/12	213,608
2010/11	155,617
2009/10	357,181
7 Year Total	1,953,017
7 Year Average	279,002

- 3.2. The table below shows how the funding has been allocated for 2016/17 and over the past four years.

Proceeds Of Crime Act (POCA) - Financial Position as at December 2016

	ACTUAL £ 2012/13	ACTUAL £ 2013/14	ACTUAL £ 2014/15	ACTUAL £ 2015/16	ACTUAL £ 2016/17
Opening Balance	(667,296)	(505,412)	(634,922)	(472,356)	(271,329)
Expenditure					
Revenue funding for 5 FIO Posts	210,000	210,000	210,000	210,000	210,000
Temporary Requirement for 2 FIO Posts	50,000	50,000	50,000	50,000	-
Corporate Funding to support annual budget	112,728	143,000	143,000	143,000	-
POCA Cash To Communities	20,000	20,850			
Op Drive Down					
Total Expenditure	392,728	423,850	403,000	403,000	210,000
Income					
Asset recovery Incentivisaion Scheme (ARIS)	(230,844)	(553,360)	(240,434)	(201,973)	(64,583)
Closing Balance	(505,412)	(634,922)	(472,356)	(271,329)	(125,912)
Forecast: 2016/17 ARIS Receipts					(135,000)
Forecast 2016/17 Year End Balance					(260,912)

- 3.3. The 2015/16 funding (£202k) did not cover the Financial Investigator posts (£210k); the shortfall has been met from prior year surpluses.
- 3.4. The 2015/16 closing balance (£271k) has been used to fund the 2016/17 financial investigator posts in advance of any funding being received.
- 3.5. If POCA funding remains at the forecast position of £200k per annum, the current surplus will continue to fund the shortfall (£10k) required for the financial investigator posts.
- 3.6. Asset recovery is dependent on the priorities of the Force and as such there is a risk that POCA receipts will reduce as the work of the Serious & Organised Crime Unit moves away from drugs trafficking and more towards targeting high risk public protection offenders, such as those engaged in Child Sexual Exploitation.
- 3.7. The Detective Superintendent with responsibility for Serious Organised Crime & Economic Crime Unit considers that POCA funding is currently being used to its maximum benefit, and is aligned with other forces in its use for financial investigator posts.
- 3.8. If receipts increase in the future, this may give rise to an opportunity to bring POCA funding together with Community Safety. This should be reviewed on an annual basis along with the financial investigator posts requirements.

Decisions Required

- 3.9. To continue funding 5 financial investigators posts from POCA receipts in 2017/18.
- 3.10. To review the use of the fund on an annual basis, after the quarter 4 receipt is received in June.

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