

Rt Hon Meg Hillier MP  
Chair, Public Accounts Committee  
House of Commons  
Westminster  
SW1A 0AA

**SARs Reform Programme**

13 July 2022

Dear Chair,

I am writing in response to your letter dated 29 June 2022 on the Accounting Officer Assessment of the Suspicious Activity Reports (SARs) Reform Programme.

You highlighted that the Department did not provide you with a summary of the assessments as stipulated in HM Treasury's (HMT) guidance on Accounting Officer (AO) Assessments. I apologise for this. The Home Office has recently updated our processes and guidance for programmes to ensure full compliance with the updated HMT guidance including ensuring all AO Assessments are shared with the PAC. I was interviewed in April as part of the NAO's cross government review of AO Assessments and have recently reviewed the report published this week. The Home Office is responding to the recommendations in this report to ensure our full compliance with the guidance.

You asked about progress on the SARs Reform Programme. Overall, whilst a challenging programme, the programme is progressing well. A recent IPA Gateway 0 assurance review (May 2022) rated the Programme with a Delivery Confidence Assessment of GREEN that indicates "successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery." The report also found that SARs Reform is "a well-run programme (exemplary) and it has worked hard to establish a culture of collaboration, openness, and honesty. Despite the challenges of managing complex relationships across a wide range of senior stakeholders, for example banks, other financial Regulators, Law Enforcement, Cross Government."

My responses to your questions are:

1. The **legacy IT system** being replaced by the SARs Reform Programme is the National Crime Agency's SARs database (known as ELMER) and the portals used by law enforcement agencies to access SARs.

2. **The key objectives of the SARs Reform Programme** are to: i) help the Anti-Money Laundering (AML) regulated sector prevent and detect money laundering; ii) disrupt criminality; and iii) recover criminal assets. The Programme comprises six projects to deliver these outcomes:

- UK Financial Intelligence Unit (UKFIU) staff uplift (in progress)
- UKFIU feedback and engagement (complete)
- Regional Organised Crime Unit (ROCU) staff uplift (complete)
- Defence Against Money Laundering (DAML) review (complete)
- Improved SARs Guidance (complete)
- New SARs digital service (in progress).

The Programme regularly **monitors the delivery of milestones as well as benefits realisation** and in FY21/22 the Programme has exceeded the majority of its benefit targets.

3. In terms of the **timetable for delivery**, four of the six projects are now complete. The remaining two projects are the UKFIU staff uplift which is on track to complete by the end of FY22/23 and the delivery of the new SARs Digital Service. The first release of the Digital Service which will introduce a new SARs Online Portal and bulk submission method for the AML regulated sector to report SARs will be delivered by January 2023. IT delivery will continue throughout FY23/24 and FY24/25 (on an Agile, incremental basis) to replace the SARs database and law enforcement analytical tools.
4. **The Programme budget** for FY22/23 is £18.1m and the whole life costs for the programme are £139m.
5. **The expected benefit-cost ratio** (BCR) of the Programme is 3.15:1, delivering net benefits of £357m over ten years.
6. The current key **risks to delivery** are contained in the Programme risk register and are outlined in Annex A. In terms of working in partnership with the AML regulated sector and law enforcement agencies, there are specified project managers to help them with their connections to the new SARs Digital Service as well as a dedicated business change and communications team. The SARs Reform Programme Board includes representatives from across the AML regulated sector and law enforcement agencies.

Future AO Assessments will be published in a timely manner. The SARs Reform Programme AO Assessment, based on the Programme's Full Business Case, was published on gov.uk in May 2022 <sup>1</sup>. We will comply with the AO guidance and further AO Assessments will be published in the coming months. For your information, I attach recently produced AO Assessments for the following Home Office programmes: International Law Enforcement Alerts Platform (I-LEAP); Emergency Services Mobile Communications Programme (ESMCP); and Home Office

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<sup>1</sup> [Accounting Officer memorandum: Suspicious Activity Reports \(SARs\) reform programme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/108444/Accounting-Officer-memorandum-Suspicious-Activity-Reports-SARs-reform-programme-2022-05-20.pdf)

Biometrics (HOB) programme. I-LEAP and ESCMP are published on GOV.UK <sup>2</sup> and HOB will be shortly.

I hope this provides the clarification you requested.

With my very best wishes,

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Matthew Rycroft', with a long horizontal flourish extending to the right.

**Matthew Rycroft CBE**

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<sup>2</sup> As [Home Office major programmes: accounting officer assessments - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

## ANNEX A Key SARs Reform Programme Risks (as of July 2022)

#	Risk	Mitigating actions
55	<b>Reduction in Civil Service headcount across Home Office and the National Crime Agency (NCA) impact on programme delivery</b> There is a risk that civil service headcount reductions will impact our ability to deliver the SARs Reform Programme and to deliver programme benefits if the UKFIU staff uplift is impacted	Continued engagement with the NCA sponsorship team to assess potential impact and ensure implications are clear to Ministers in advice and commissions
63	<b>Bulk Reporters (14 largest SARs reporters by volume) connection to new submission interface.</b> There is a risk that not all Bulk Reporters may transition to the new reporting interface and may need to continue with the historical submission method (CSV files), requiring continued support from the NCA and delaying the decommissioning of the old service.	Dedicated project managers to assist with bulk reporter readiness & technical queries, regular monitoring of progress, and assessment of whether some reporters could submit SARs via the Online Portal instead of in bulk
48	<b>LEAs Conflicting Priorities.</b> There is a risk that the programme benefits owned by the LEAs (Law Enforcement Agencies) may not be fully realised as set out in the business case due to conflicting priorities (SARs v other operational / BAU activities).	Named ownership of all benefits and bi-monthly benefits monitoring is now established. New digital service also to make the recording and reporting of benefits easier, through improved management information
59	<b>Increasing Volumes of SARs</b> There is a risk that the new SARs operating model may not be able to cope with the increasing volume of SARs received which are beyond the anticipated volumes.	Legislative changes being implemented through the third session Economic Crime and Corporate Transparency Bill are expected to reduce the volume of “ineffective” reports in certain categories. UKFIU operating model and opportunities for increased automation will remain under review
81	<b>Dependency on the delivery of the NCA enterprise wide Tier 1 cloud environment</b> The new SARs IT system is now subject to delay due to its dependency on the delivery of the NCA enterprise wide Tier 1 cloud environment which has now been delayed by 2-4 months.	NCA to provide update on Tier 1 readiness as well as a new Bulk release plan.