HM Customs and Excise : the prevention of drug smuggling : report / by the Comptroller and Auditor General.

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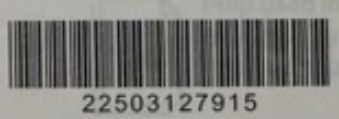
Report by the
Comptroller and Auditor General

HM Customs and Excise

The Prevention of Drug Smuggling

HC 854 Session 1997-98
15 July 1998



Report by the
Comptroller and Auditor General

HM Customs and Excise

The Prevention of Drug Smuggling

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John Bourn
Comptroller and Auditor General

National Audit Office
8 July 1998

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Contents

Executive summary 1

Part 1: HM Customs and Excise's drugs prevention role 5

National Drugs Policy 5
The role of HM Customs and Excise 6
Setting aims, objectives and targets 7
Drugs prevention strategy 10
Scope of the Report 11

Part 2: Deploying resources 13

The structure of drug prevention within HM Customs and Excise 13
Review of anti-smuggling 14
Review of investigation and intelligence 16
Staff deployment 16

Part 3: Results achieved 19

Measuring outputs: basic data 19
Assessing impact: Customs key performance indicators 21
Operational effectiveness 24
Establishing anti-drugs partnerships 26

Part 4: The wider impact of the Department's activities 29

Introduction 29
Identifying the impact of enforcement efforts 29
Assessment of risk 30
Deterrent effects 32
Information about the drugs market 32

Cover photograph: Dog Handler Marcia Cook with Diesel

Table of Figures

Figure 1:	National structure for delivering drugs strategy	7
Figure 2:	The place of the prevention of drug smuggling within HM Customs and Excise	8
Figure 3:	Customs' management structure for the "protection of society"	8
Figure 4:	Staff years employed on the "protection of society"	17
Figure 5:	Basic data	19
Figure 6:	The Drugs Prevented Indicator	22
Figure 7:	The number of organisations dismantled by the Department	24
Figure 8:	Operational Effectiveness	25
Figure 9:	An example of the intervention approach to preventing drug smuggling	28
Figure 10:	Risk assessment and anti smuggling resource deployment	31
Figure 11:	Street level values of drugs	35

Executive summary

1 This Report examines the contribution made by HM Customs and Excise to tackling the problem of drug misuse in the United Kingdom. In doing so it covers the Department's obligations set out in the White Paper "Tackling Drugs Together" (Cm 2846, May 1995), followed in April 1998 by a further White Paper "Tackling Drugs to Build a Better Britain" (Cm 3945). The Department have the lead responsibility for preventing the illegal importation or exportation of drugs, and they have defined their key objective for drug prevention as:

"To improve the effectiveness of drugs enforcement, with particular emphasis on commercial smuggling and disrupting the international supply of drugs"

2 For 1997-98, their key targets for drug prevention were:

a) the prevention of the importation of drugs to a street value of £1,670 million;

b) the dismantling or significant disruption of 108 smuggling organisations.

c) to achieve specified targets for the identification and confiscation of the proceeds of drug trafficking; and

d) to fulfil the obligations laid to the Department in "Tackling Drugs Together".

3 The increasing focus of the Department's strategy has been the targeting of known or suspected smugglers, and increasing efficiency in their anti-smuggling activity in general. This has been reflected between 1989-90 and 1997-98 in a 44 per cent growth in the number of investigation staff years employed in countering drug smuggling, and decreases of 20 per cent in the number of anti-smuggling staff years and six per cent of intelligence staff years used on drugs enforcement work. Overall staff years used to counter drug smuggling reduced by 10 per cent over this period, to 4,548.

4 The Department's performance data for 1997-98 are based on provisional results. Nonetheless, data for the period since 1989-90 show the results of their strategy. Although the number of seizures has remained relatively stable over the nine years to 1997-98, all other indicators show a significant increase in the second half of the period as compared to the first, for example;

a) the average value of a seizure has increased from £46,200 to £80,400, or 74 per cent (at 1997-98 prices using the GDP deflator); and

b) the average annual weight of cannabis seizures has increased by 97 per cent; cocaine seizures by 54 per cent; heroin seizures by 139 per cent; seizures of synthetic drugs (including MDMA, usually known as Ecstasy) have increased over sixfold.

The average size of individual seizures has grown considerably leading to a substantial increase in the overall quantity of drugs seized, although the number of commercial shipments seized each year has remained fairly constant.

5 The Department seek to provide a best estimate of the overall impact of seizures by estimating the "value of drugs prevented", that is an estimate of the value of drugs which would have been imported in one year if the Department had not intervened. They also estimate the number of smuggling organisations dismantled or significantly disrupted by their operations. These indicators show that:

a) between 1989-90 and 1997-98 the value of drugs prevented increased (at 1997-98 prices) from £679 million to £3,308 million, or 22 per cent per annum; and

b) in 1997-98 the Department's actions achieved the dismantling of 130 organisations against a target of 108.

Per £1 spent by the Department, the value of drugs prevented from entering the United Kingdom has increased from £4 to nearly £19 over the last nine years, an average annual compound rate of over 21 per cent. In addition the Department have pursued a number of collaborative approaches aimed at limiting the United Kingdom's exposure to illegal drug imports.

6 The drugs prevented indicator is based on a systematic approach and the results are randomly assured by the Policy Team of the Department's National Investigation Service. The National Audit Office believe that consistency of the means of calculation will over time allow valid comparisons of the changing effectiveness of the Department's investigations. And confidence in the indicator could be further enhanced by implementation of the Committee of Public Accounts' general recommendations for fully independent performance validation in their report on Resource Accounting (Ninth Report, Session 1996-97, HC 167).

7 In the past, the Department have revised their provisional performance targets and forecasts for a three year forward period following annual reviews of performance. The Department provisionally report that, in 1997-98, they prevented the importation of drugs to a street value of £3,308 million compared to their forecasts of £1,670 million for that year and £2,050 million for 1998-99. Following the Government's announcement, in July 1997, of a comprehensive spending review across all departments, they have not currently set their performance targets beyond 1998-99. Targets for future years will be set when the outcome of the review is known in the summer of 1998.

8 Thus the Department have secured notable increases since 1989-90 in the value of drugs seized each year and in the estimated value of drugs prevented from entering the United Kingdom through improved targeting of known or suspected smugglers. These results, which (except for 1995-96) have exceeded the key performance targets agreed with Ministers each year, have been achieved through the more effective deployment of reduced resources. They suggest that the Department's developing strategy for combating drug smuggling has been soundly based, and represent a creditable achievement in difficult circumstances.

9 The Department's current performance indicators do not provide an assessment of whether increased seizures reflect their success in inhibiting the illegal trade in drugs or more simply the effects of any general increase in that trade. A possible consequence is that if their efforts over time lead to a reduction in the number of seizures this could be interpreted simply as a failure to achieve a targeted level of seizures, rather than an indication of the broader success of the Department's strategies.

10 Difficulties in assessing the nature and scale of the Department's wider impact include: the clandestine nature of both the trafficking and the misuse of drugs; the lack of reliable evidence as to the totality either of the supply of illegal drugs or of the demand for them; and isolating the impact of the Department from that of other agencies tackling drug misuse, such as the police or health and education authorities.

11 The problem of drug misuse calls for action at three levels: the suppression of demand from drug misusers; disruption of drug trading within the United Kingdom; and limiting the supply of drugs to the United Kingdom market, the majority of which is based on illegal importation. Customs and Excise responsibility for demand issues is to make a contribution to the disruption of drug trading channels within the United Kingdom in collaboration with other agencies, as required by both "Tackling Drugs Together" and "Tackling Drugs to Build a Better Britain". As shown above, their main contribution, in which they take the lead, is in the prevention of illegal drugs entering the country, and the Department are developing a range of additional performance measures to demonstrate further their effectiveness, for example with respect to disruption of the illegal drugs trade caused by their overseas activity.

12 We recommend that, within the strategy now proposed in "Tackling Drugs to Build a Better Britain":

1 The Department should aim to provide a broader assessment of their effectiveness, reporting on the extent to which they not only disrupt and limit the illegal drugs trade, but also hinder its ability to adapt to and circumvent, enforcement measures. Such an assessment should draw on the full range of information available, including material from risk assessment work, from ongoing research into deterrence, and from data on drug use and prices, as well as conventional performance indicators.

2 The Department should ensure that their published performance measures properly reflect the full range of their drugs enforcement work. At present, the Department's measures focus on output directly related to seizures and do not recognise the broader, preventive objectives of their anti-drugs work, which are supported by their collaborative approaches to enforcement which are undertaken alongside the more conventional approach to Customs and Excise' control.

3 The Department should introduce their intended measures, reflecting the increasing emphasis placed on international co-operation, as quickly as possible. Otherwise, the more successfully the Department co-operate with overseas agencies in preventing drugs from reaching the United Kingdom, the less successful they will appear to be within this country.

Part 1: HM Customs and Excise's drugs prevention role

National Drugs Policy

1.1 There is a national policy to address the supply of, and demand for, illegal drugs and to deal with the consequences of their misuse, within which HM Customs and Excise play a key role. Between May 1995 and April 1998 the policy governing the Department's activities was, as set out in the White Paper "Tackling Drugs Together" (Cm 2846):

"to take effective action by vigorous law enforcement, accessible treatment and a new emphasis on education and prevention to:

a) increase the safety of communities from drug related crime;

b) reduce the acceptability and availability of drugs to young people; and

c) reduce the health risks and other damage related to drug misuse."

1.2 "Tackling Drugs Together" was concerned solely with action within England; similar strategies were in place, or were being developed, in Wales, Northern Ireland and Scotland. In line with proposals contained in the White Paper, the previous Government established a Ministerial Sub-Committee on the Misuse of Drugs, now chaired by the President of the Council. It also established the "Central Drugs Co-ordination Unit" (now known as the United Kingdom Anti-Drugs Co-ordination Unit), which reports directly to the Chair of the Sub-Committee, and co-ordinates the work of central government departments, the police and of local "Drug Action Teams". In October 1997, the Government appointed a United Kingdom Anti-Drugs Co-ordinator (the "Drugs Czar") to take on a senior role in the co-ordination of national strategy.

1.3 In April 1998, based on a report by the United Kingdom Anti-Drugs Co-ordinator, the Government published a revised strategy in a further White Paper "Tackling Drugs to Build a Better Britain" (Cm 3945). This sets out a strategy for tackling drug misuse for the next 10 years and places particular emphasis on the need for greater collaboration between all relevant agencies and an increased focus on those illegal substances that cause the greatest damage, including heroin and cocaine. The revised strategy comprises four key aims, including stifling the

availability of illegal drugs on our streets. Within this aim, the strategy requires Customs and Excise to maintain their commitment to funding drug-related activity. In common with other agencies covered by the strategy, the Department will, by March 1999, realign their priorities, resources and operational focus with the revised strategy and develop appropriate corporate and individual performance targets and measures.

1.4 Co-ordination of the United Kingdom's role overseas is the responsibility of the Foreign and Commonwealth Office. They have established a small unit, the Drugs and International Crime Department, to co-ordinate the activities of all departments with responsibility for tackling the drugs problem overseas, in line with the Government's new 10-year strategy for tackling drugs misuse. A Special Representative for International Drugs Issues has been appointed to oversee the work of the Drugs and International Crime Department, and works closely with the United Kingdom Anti-Drugs Co-ordinator in ensuring a coherent approach to reducing the flow of drugs to the United Kingdom. HM Customs and Excise play a key part in these arrangements.

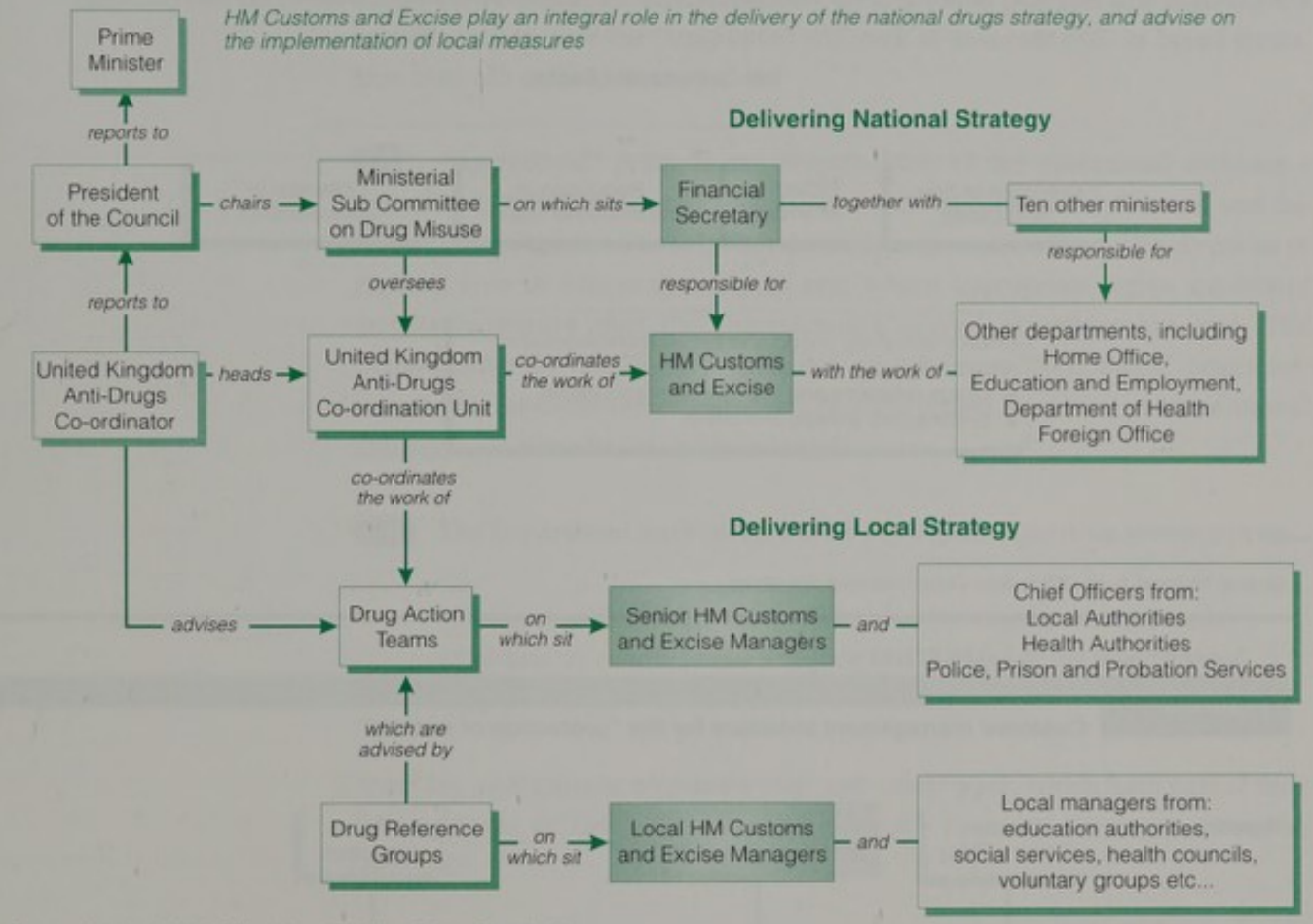
The role of HM Customs and Excise

1.5 Figure 1 identifies the key elements of the national structure for addressing drug misuse in England, and highlights the role played by HM Customs and Excise. "Tackling Drugs Together" confirmed the Department's lead role in preventing the importation or exportation of drugs. Investigating drug distribution is primarily the responsibility of the police. Customs and the police have agreed protocols to determine who should take the lead in cases where operations overlap.

1.6 The Department's powers to deal with drug trafficking derive primarily from the Customs and Excise Management Act 1979, and include the power, in England and Wales, to initiate their own prosecutions of those involved. (In Scotland and Northern Ireland the prosecuting authorities are respectively the Procurator Fiscal and the Northern Ireland Director of Public Prosecutions). Other legislation gives the Department powers to identify the proceeds of drug smuggling which the courts can then seize. In the course of their work, the Department generate intelligence that is passed to other United Kingdom or overseas agencies, and which may lead directly to drug seizures elsewhere.

Figure 1

National structure for delivering drugs strategy



Source: National Audit Office, from "Tackling Drugs Together"

1.7 The Department's drugs enforcement role forms part of the "protection of society" business (Figure 2), which encompasses the enforcement of prohibitions and restrictions on imports and exports. While preventing the importation of drugs forms the major part of the "protecting society" business, the Department's remit also includes obscene material (with priority being given to paedophilia), weapons and explosives, endangered animal and plant species, and a range of other items subject to prohibition, restriction or embargo.

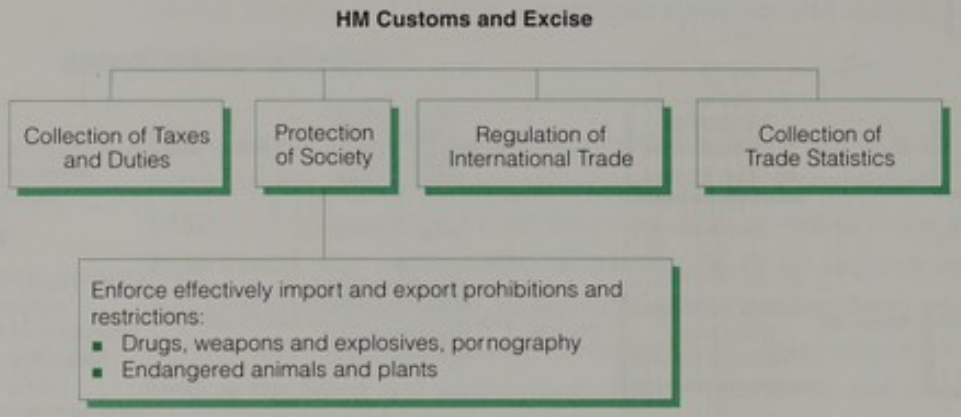
Setting aims, objectives and targets

1.8 Figure 3 sets out the structure by which the Department set policy for and manage the protection of society business. The Department distinguish between "pure" policy and "operational" policy. "Pure" policy making is the responsibility of the Criminal and Enforcement Policy Group. They agree enforcement needs with

Figure 2

The place of the prevention of drug smuggling within HM Customs and Excise

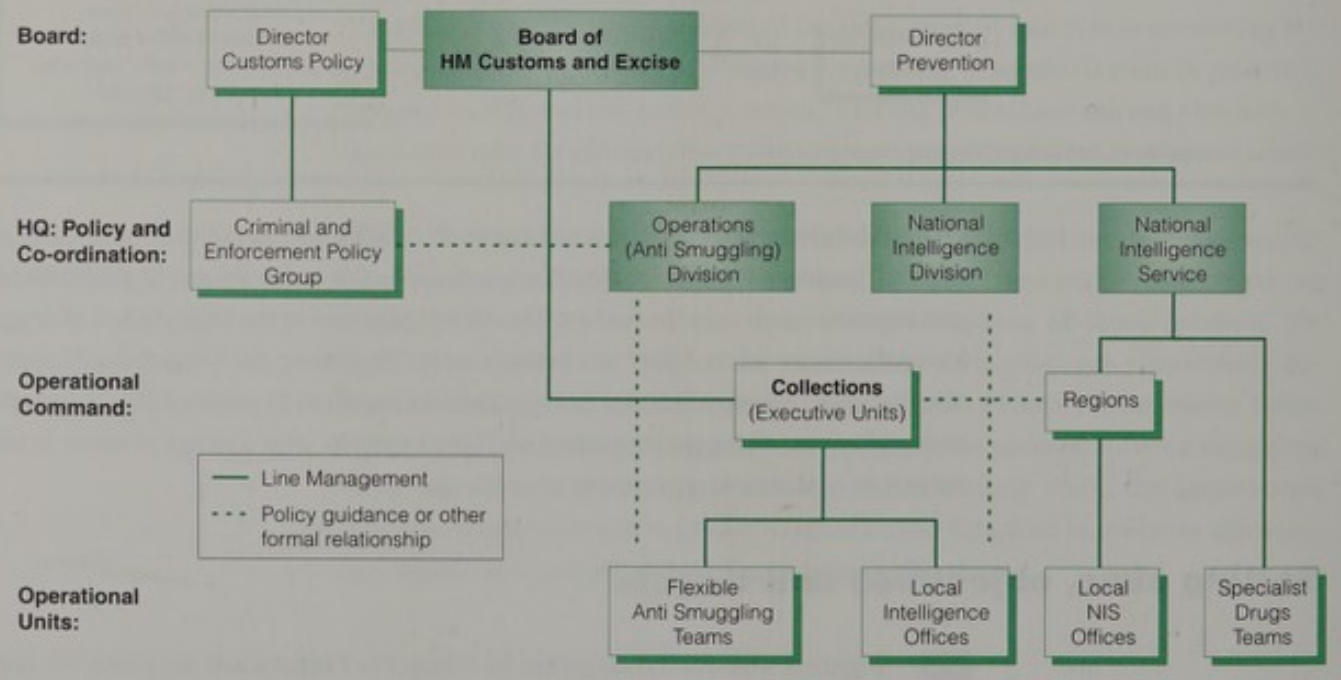
Prevention of drug smuggling forms part of the "Protection of Society" business: one of the Department's four core businesses



Source: National Audit Office, from Departmental publications

Figure 3

Customs' management structure for the "protection of society"



Source: National Audit Office

the operations division and then, through consultation both within and outside the Department, determine what the Department's key aims and objectives will be. These are recorded as "Statements of Needs", which describe and quantify the specific outputs that the Department will seek to generate and, in broad terms, how they will achieve them.

1.9 "Operational" policy is the responsibility of the operational divisions - Operations (Anti Smuggling) Division, the National Intelligence Division and the National Investigation Service. They determine, in consultation with collections or regions, how to deliver the outputs and, where appropriate, agree subsidiary targets to ensure that the Department's overall objectives are met. The Department's 14 collections - executive units run on "Next Steps" principles, responsible for the geographical coverage of the United Kingdom - produce annual management plans based on these targets.

1.10 The Department have defined their key objective for drug prevention as:

> "To improve the effectiveness of drugs enforcement, with particular emphasis on commercial smuggling and disrupting the international supply of drugs".

Their key performance targets for their anti-drugs work, which form part of their "Management by Outputs" agreement with the Financial Secretary, were, for 1997-98:

a) to prevent the importation of drugs to a total street value of £1,670 million (the "drugs prevented" indicator);

b) to dismantle or significantly disrupt 108 smuggling organisations (the "organisations dismantled" indicator);

c) to achieve specified targets for the identification and confiscation of the proceeds of drug trafficking; and

d) to fulfil the obligations laid on the Department in "Tackling Drugs Together".

This Report considers the Department's performance in preventing and detecting drug smuggling. In doing so it covers the Department's obligations under "Tackling Drugs Together", which require the Department to review their drugs operations, annual targets and other contributions to the strategy for England each year and

to make any changes necessary. A report of each review is submitted to Ministers. We reported on the Department's identification and confiscation of the proceeds of drug trafficking in our Report: "The Seizure of Drug Traffickers' Assets" (HC668 1995-96), published in August 1996.

Drugs prevention strategy

1.11 Operational policy to counter drug smuggling has evolved in response to changes in the trading and travelling environment, a marked increase in serious crime involving drug trafficking, and the pressure for greater efficiency and effectiveness. The creation of the Single European Market in January 1993 constituted an important development in the environment within which the Department operate. While it did not reduce Customs' powers in relation to preventing drug smuggling, it fundamentally altered the relationship between Customs' staff and travellers crossing borders within the European Community. The Single Market gave added impetus to Customs' policy of selective, carefully targeted checks and put a new emphasis on minimising the impact of their activity on legitimate traffic.

1.12 In preparation for the advent of the Single Market, the Department undertook a wide ranging "Review of Anti-Smuggling Controls" in 1989. The review led to the complete separation of anti-smuggling work from routine fiscal control and the creation of "flexible anti-smuggling teams" which worked with greater autonomy, under new arrangements that replaced overtime payments with a system of flexible rosters and allowances to compensate for late changes to hours of duty. The review also led to the wider use of risk assessment as the basic criterion for resource deployment, and of new techniques for targeting likely smugglers, based on intelligence. The then Investigation Division was increased in size and expanded its operations overseas to compensate, in part, for the reduction in intelligence arising from the loss of routine challenges by anti-smuggling staff. A review of the drugs liaison officer network in 1990, for example, led to a doubling of their strength.

1.13 Six key themes have evolved to govern drugs prevention strategy in recent years. In summary they are:

a) **Developing specialist skills:** the increased focus on risk and the development of professional expertise has led to anti-smuggling being established as a discrete function; all investigation staff have been brought together under one management structure in the National Investigation Service; and intelligence has been established as a

separate specialism directed by the National Intelligence Division with staff working and managed at local level close to operational areas. Working closely in partnership, these now discrete functions provide specialist skills to the Department's overall drug enforcement effort.

b) **Enhanced flexibility and mobility:** the focus on risk and on quality results has been accompanied by greater flexibility for local managers to deploy resources where and when they are needed, affecting the location of teams, working practices, and personnel policies.

c) **Focus on risk:** the Department's approach has steadily evolved away from routine processing of freight and passenger traffic, towards the targeting and profiling of particular traffic based on quantified risk factors. The Department now deploy resources, both strategically and tactically, almost exclusively on the basis of assessed risk or in response to specific intelligence.

d) **Focus on quality:** the Department's efforts have increasingly focused on the detection of large scale, commercial smuggling, giving a lower priority to smaller "personal use" seizures. This, in turn, has led to a greater emphasis on the targeting of known or suspected smugglers rather than the routine detection of individual instances of smuggling.

e) **Establishing anti-drugs partnerships with the business community and others:** by tackling drug smuggling in partnership with commercial and other organisations, the Department often obtain early access to information which can be of prime importance in detecting smugglers and smuggling activity, and are able to enlist the support of company employees and others in detecting smuggling activity.

f) **Enhanced use of information technology:** the Operational Anti-Smuggling Information Systems programme has automated a number of aspects of anti-smuggling control, such as the routine checking of passenger lists and cargo manifests, and has increased the amount of operational intelligence available to staff.

Scope of the Report

1.14 Five of the above themes are examined in the remainder of this Report:

a) Part 2 covers the development of specialisms and enhanced flexibility and mobility; and

b) Part 3 reviews the effectiveness of the Department's focus on risk and quality, and the establishment of anti-drugs partnerships.

Part 4 considers whether the Department are able to assess the wider impact of their efforts in terms of stemming the overall flow of drugs into the United Kingdom.

Part 2: Deploying resources

The structure of drug prevention within HM Customs and Excise

2.1 The prevention of drug smuggling (as with other activities within the protection of society business; see Figure 3) involves three key operational disciplines; uniformed anti-smuggling, intelligence, and investigation:

a) Anti-smuggling staff are uniformed Customs officers responsible for enforcing anti-smuggling controls at the United Kingdom frontier. They target passengers and freight arriving (or leaving) through ports and airports and the channel tunnel, and they monitor numerous airfields and the coastline for suspicious activity. They work in flexible, mobile teams based at strategic locations around the country. The headquarters Operations (Anti-Smuggling) Division is responsible for operational anti-smuggling policy and for providing assurance to the Board on anti-smuggling performance.

b) Intelligence staff analyse and disseminate information on smuggling trends in general and identify indicators of smuggling activity. The National Intelligence Division formulates and disseminates intelligence policy and guidance to local units. It provides strategic threat assessments to inform the work of policy makers and of local intelligence units in the collections. Local intelligence units work alongside anti-smuggling staff and undertake threat analysis at operational level.

c) Investigation staff focus on known or suspected smugglers, targeting individuals or organisations involved in drug trafficking and following up major seizures of drugs by anti-smuggling staff. They belong to the Department's National Investigation Service. Each region of the National Investigation Service is linked by a framework agreement to one or more collections, which specifies the nature and level of the service to be provided. National Investigation Service management, based in London, co-ordinate the activities of its eight geographical regions, and directly control a number of specialist drugs teams whose remit is not limited to a particular region.

2.2 Whilst elements of the National Investigation Service are specifically tasked with drug prevention work, anti-smuggling and intelligence staff are generally employed across the range of protection of society work. The National Investigation Service also manage the Department's network of drugs liaison officers, who are posted overseas to liaise with foreign customs services and law enforcement agencies, and to provide first hand intelligence from drug producing and other countries.

Review of anti-smuggling

2.3 A fundamental expenditure review of anti-smuggling, conducted in 1994, built on the 1989 review (paragraph 1.12). It found that a disproportionate number of staff were working in locations where there was a relatively low risk of drug smuggling. It concluded that while re-assigning those staff to high risk locations might lead to more drugs being seized, it would entail a marked, and potentially unacceptable, increase in disruption to the free flow of legitimate passengers and freight. It further concluded that the deterrent effect currently provided by these staff could be achieved more economically by a fast, mobile response rather than a static presence. The fundamental expenditure review introduced the concept of "brigading": the temporary amalgamation of two or more anti-smuggling teams to address a particular risk. It also recommended enhanced intelligence support for anti-smuggling work in order to maximise effectiveness.

2.4 The review calculated that the intelligence and investigation functions each contributed around 30 per cent of the total value of drugs seizures made by the Department and that this proportion was increasing. It recommended that the Department should shed some 600 posts (21 per cent) from the total of 2,820 directly deployed on anti-smuggling work. It also recommended a range of adjustments to anti-smuggling methods which would allow the Department to at least maintain its effectiveness (including its performance against the "drugs prevented" indicator) for less cost, to increase their capacity to target major drug traffickers and their organisations, and to build on the approach outlined in the 1989 review (paragraph 1.12).

2.5 Ministers agreed to implement the recommended 600 staff reductions in two phases, a year apart, to allow for an interim evaluation of the effect of the first round of the cuts, and that 50 anti-smuggling posts be re-assigned to intelligence and investigation pending a full review of these functions. During 1995 and early

1996, 292 anti-smuggling staff posts were cut, but no posts were cut in any of the high drugs yield points of entry (ie Heathrow, Gatwick, Dover and Anglia Collection). The cuts were implemented by:

a) reducing the number of staff permanently based at a port or airport, or withdrawing them all in favour of risk-based visits;

b) reducing the amount of routine visits to the coastline and remote airfields in favour of selective visits, and closing some small, outlying offices; and

c) using fewer but larger and more mobile teams based at strategic locations in the geographically larger collections.

2.6 During 1996-97 the Department monitored the effect of the first phase of staff cuts, and they submitted an evaluation report to Ministers in May 1997. The report concluded that the staff reductions had not resulted in any loss of performance, and that the fundamental expenditure review's recommendations on revised working practices had been adopted and were proving effective. With respect to further staff cuts, however, the Department were concerned that:

a) their threat assessments showed that the drug risk to the United Kingdom was both growing and dispersing, with minor entry points receiving a growing share of high risk traffic;

b) a visible presence of uniformed anti-smuggling staff was required to reassure the public; and

c) further cuts in anti-smuggling staff would endanger their ability to make effective use of the increased provision of intelligence, to support investigation service operations, and to continue with the Department's programme of structured risk testing.

In July 1997, the Financial Secretary announced that the second round of staff cuts would not proceed. Funding for the posts would be contained within the Department's existing provision and the target for "drugs prevented" in 1997-98 would be increased by £50 million to £1,670 million (paragraph 1.10). The Department are currently evaluating the impact of the effects of retaining the 300 posts in the light of the emerging year end results, a report was submitted to Ministers in May 1998.

Review of investigation and intelligence

2.7 In 1995, a fundamental expenditure review of investigation and intelligence was undertaken. This followed on from the 1994 anti-smuggling review. It identified opportunities for the Department to increase outputs in all areas of work by reallocating, increasing or restructuring existing investigation and intelligence resources to areas where results were more certain.

2.8 On the investigation function, the review recommended restructuring around a national network of regional offices to create a National Investigation Service within the Department. It further recommended that the criteria for taking on cases should be revised to enable the Service to focus on cases of national and international significance.

2.9 On the intelligence function, the review recommended that it remain locally based, but that separate management structures be established for intelligence and anti-smuggling functions. The relationship between anti-smuggling and intelligence was reviewed, methods of intelligence gathering and analysis were improved, and new computer systems to assist analysis were recommended. The review also recommended the creation of the National Intelligence Division to provide central co-ordination of intelligence and to undertake strategic analysis.

2.10 In total, the review recommended that 106 additional staff should be assigned to drugs investigation, to enable the National Investigation Service to implement more active targeting, together with a further 50 staff to intelligence work, in addition to the extra 50 posts that resulted from the earlier fundamental expenditure review of anti-smuggling. Together, the two fundamental expenditure reviews have resulted in the allocation of an additional 206 staff to investigation and intelligence work, and a reduction of 292 anti-smuggling staff, a net reduction of 86 staff, or 1.7 per cent, against the 1994-95 total.

Staff deployment

2.11 Figure 4a shows staffing levels for the three disciplines which, together, comprise the operational element of the protection of society business area. Overall, the Department have reduced staff years devoted to protecting society between 1989-90 and 1997-98 by ten per cent.

Figure 4

Staff years employed on the "protection of society"

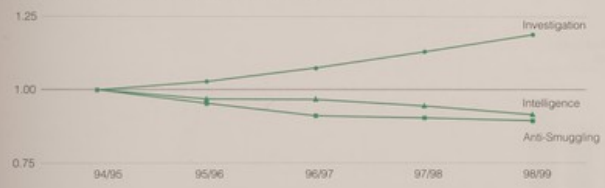
The total number of operational staff years employed in countering drug smuggling will reduce to 4,534 by 1998-99, a ten per cent reduction since 1989-90 ...

(a) Staff Years

	← Estimated Outturn →					← Outturn →				Target
Staff Years	**89/90**	**90/91**	**91/92**	**92/93**	**93/94**	**94/95**	**95/96**	**96/97**	**97/98**	**98/99**
Investigation	646	659	670	731	750	825	848	885	932	980
Intelligence	778	778	778	778	778	778	753	751	733	710
Anti Smuggling	3,615	3,630	3,626	3,409	3,406	3,195	3,042	2,908	2,883	2,844
Total	**5,039**	**5,066**	**5,074**	**4,918**	**4,933**	**4,798**	**4,643**	**4,543**	**4,548**	**4,534**

... and following the fundamental expenditure reviews, the balance will shift further from anti-smuggling and intelligence towards investigation.

(b) Relative changes in staff deployment since the fundamental expenditure reviews



Notes: 1. These figures are for "staff years", and, because of overtime and part time working, are not identical to staff numbers.

2. Data before 1994/95 (the year of the "baseline" exercise, see paragraph 2.12) are not calculated on the same basis as later figures due to: changes in the organisation and structure of the Department; the changing definition of activities; and the method of calculating overtime staff years. However, the figures are broadly comparable.

3. Some staff, who perform an intelligence function within the National Investigation Service, are classified as investigation staff - see paragraph 2.12.

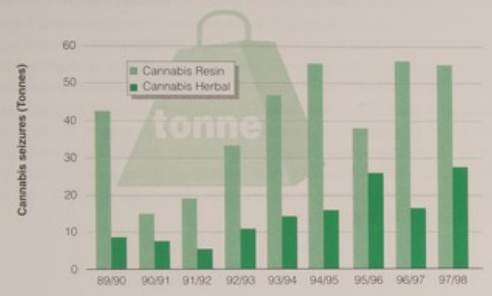
Source: HM Customs and Excise

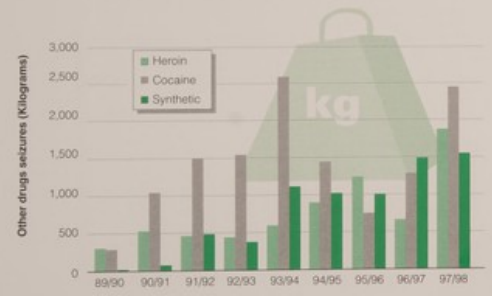
2.12 In 1994-95, a baseline exercise was undertaken as part of the fundamental expenditure review to determine the number of staff working in each operational category. Figure 4b examines changes in their balance since that exercise. It shows that the fundamental expenditure reviews, which first affected figures for 1995-96, led to a relative increase (13 per cent) in the number of investigation staff years, and a relative decrease in the numbers of anti-smuggling (10 per cent) and intelligence staff years (six per cent). The reported decline in intelligence staff years, in apparent conflict with the result of the fundamental expenditure reviews (paragraph 2.10), reflects some blurring in the designation of staff roles between years where intelligence and investigation activities are carried out in close proximity, for example within a single division, team or, occasionally, an individual officer. These changes reflect Customs' strategy of giving greater priority to targeting known or suspected smugglers, while giving lesser priority to routine checking of traffic at frontier controls.

Figure 5 overleaf

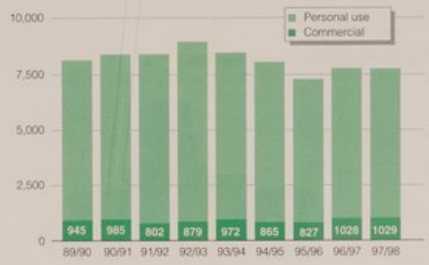
Figure 5 Basic data

(a) Drug seizures by weights



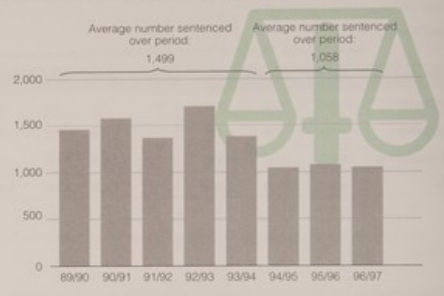


(b) Number of seizures



(c) Average value of seizures

(d) Numbers of persons sentenced for drug smuggling



Notes: 1. Where shown, 1997-98 data is provisional

2. Data on the numbers of persons sentenced for drug smuggling in 1997/98 were not available at the time of publication of this Report

3. All values have been converted to 1997-98 prices using the GDP deflator

Source: NAO analysis of HM Customs and Excise data

Part 3: Results achieved

3.1 This Part of the Report analyses the outputs relating to drugs for which Customs and Excise are responsible, such as seizures, arrests and prosecutions, and the performance indicators that the Department have derived from these data. These have been compared with the level of resources devoted by the Department to "the protection of society", which includes in addition to drug prevention the detection and prevention of the importation and exportation of other prohibited and restricted goods. Finally, this Part of the Report describes the Department's establishment of anti-drugs partnerships.

Measuring outputs: basic data

3.2 Figure 5 examines data collated by the Department on the weights, values and number of seizures made, and the number of people sentenced for drug smuggling. These reflect the results of much of the activity through which the Department seek to have an impact on the illegal drugs market. The data show that the number of seizures has remained relatively stable over the nine years to 1997-98. All other indicators however show a significant increase in the second half of the period as compared to the first:

a) the average value of a seizure has increased from £46,200 to £80,400 (74 per cent) at 1997-98 prices;

b) the average annual weight of cannabis seizures has increased from 35,900 kilograms to 70,700 kilograms (97 per cent);

c) the average annual weight of cocaine seizures has increased from 1,099 kilograms to 1,693 kilograms (54 per cent);

d) the average annual weight of heroin seizures has increased from 445 kilograms to 1,063 kilograms (139 per cent);

e) seizures of synthetic drugs (including MDMA, usually known as Ecstasy) which totalled 994 kilograms in the first half of the period increased more than sixfold to a total of 6,191 kilograms in the second.

3.3 Research undertaken by the Department during the fundamental expenditure reviews concluded that up to 90 per cent of the value of seizures derived from 10 per cent of their number. Our analysis of the years 1993-94 to 1995-96 showed that for each year the 100 largest seizures, representing about one per cent of the total number, accounted for between 70 and 90 per cent of the total quantity of drugs seized. A relatively small number of seizures therefore had a disproportionate influence on the total quantity of drugs seized each year, giving rise to the volatility of quantities seized from one year to the next observed at Figure 5a.

3.4 Figure 5d examines the number of people sentenced for drugs offences over the period. The number sentenced, having averaged 1,499 over the period 1989-90 to 1993-94, has declined to an average of 1,058 during the last three years. The Department attribute much of this decline to their concentration on seeking the conviction of offenders in the more significant commercial trafficking cases, in addition to reflecting:

a) the effect of new rules of disclosure in cases where the confidentiality of investigation techniques might be compromised; and

b) strict adherence to the Attorney General's guidelines on the prospect of success criteria when applied to defendants playing a minor role.

The decline in the number of people sentenced may also be evidence of the increasing incidence of legal proceedings overseas where drugs have been seized prior to reaching the United Kingdom.

3.5 Taken together, the charts in Figure 5a to d illustrate the results of a number of aspects of Customs' strategy since the early 1990s (paragraph 1.13) including the targeting of resources against commercial shipments of drugs and against major importers and principals while giving lower priority to personal users. The results show that the average size of individual seizures has grown considerably leading to a substantial increase in the overall quantity of drugs seized, although the number of commercial shipments seized each year has remained fairly constant.

Assessing impact: Customs key performance indicators

3.6 The data above give no more than an initial insight into the impact that the Department have on the importation of illegal drugs and the Department do not, therefore, use them as key performance indicators. Building on this data, however, they have established two key indicators for their anti-drugs work against which they measure their performance. Departmental targets are set for both of the indicators and they form part of the Department's Management by Outputs agreement with the Financial Secretary.

The Drugs Prevented Indicator

3.7 The drugs prevented indicator, reported in detail in Figure 6, represents the Department's best estimate of the overall impact of all the Department's anti-drugs activities. It comprises two elements:

a) the "seized element": the total value of drugs physically seized by the Department during the year; and

b) the "additionally prevented element": an estimate of the value of additional drugs that successful seizure operations have prevented individuals or organisations from importing.

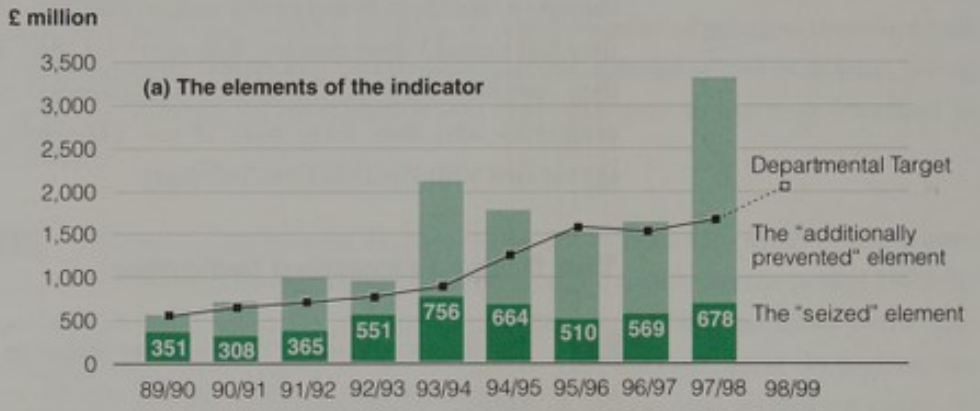
The concept is that where a seizure has led to the arrest of the principals or organisers behind drug trafficking, the Department will have prevented the importation of further consignments of drugs that would have otherwise occurred. Although necessarily subjective, the assessment is based on a systematic approach. For each case investigated by the National Investigation Service, the Department estimate both the degree of disruption that they have caused to an individual or organisation and the value of drugs that would have been imported in one year had the Department not intervened.

3.8 The final estimated drugs prevented value depends upon the circumstances of each case. In some circumstances it may be limited to the value of the seizure, in others, it may be as much as the value of the total estimated importations that would have taken place in a calendar year. The accuracy of the figure - arrived at by experienced investigators - is wholly dependent upon the available data and intelligence to illustrate the degree of disruption or permanent damage caused to a trafficking organisation. The results of this exercise are randomly assured by the Policy Team of the National Investigation Service. In reviewing these results, the National Audit Office found that, although necessarily subjective, the consistency

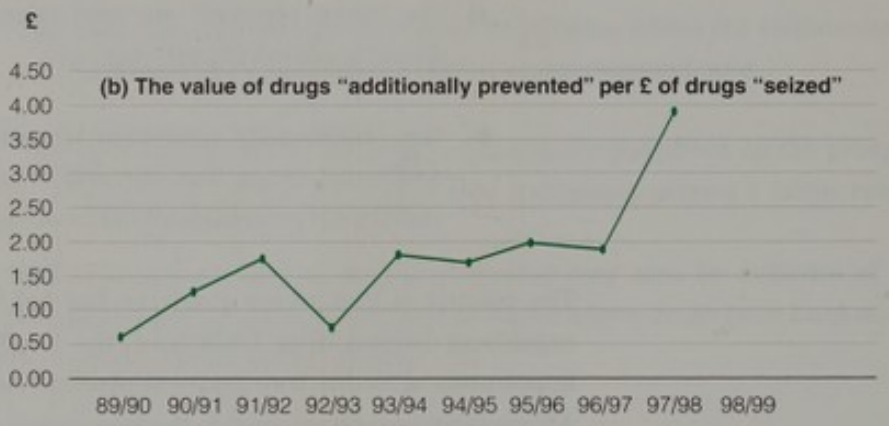
The Drugs Prevented Indicator

Figure 6

The combined value of drugs seized and additionally prevented has increased sixfold over the last nine years ...



... as investigations have been assessed to have added increased value to seizures.



Source: National Audit Office analysis of HM Customs and Excise data

Notes: 1997-98 data is provisional
All figures have been converted to 1997-98 prices using the GDP deflator

of the means of calculation should allow valid comparisons over time to indicate the changing effectiveness of the Department's investigations. The National Audit Office believe that confidence in this measure would, however, be enhanced were it subject to fully independent validation. Such validation would be in line with the Committee of Public Accounts' recommendations on performance validation in their report on Resource Accounting (Ninth Report, Session 1996-97, HC 167).

3.9 The Department have an annual performance target for the drugs prevented indicator. The value of drugs prevented has risen, reflecting a steady improvement in the results achieved since 1989-90. Prior to the fundamental expenditure review in 1995, the Department aimed to achieve an increase of between three and five per cent over the average result for the previous three years. Figure 6a shows that the Department achieved this target in every year except for 1995-96 when exceptional results in the two preceding years pushed the target above the long term trend and they narrowly failed to achieve the targeted improvement in performance. At 1997-98 prices using the GDP deflator, between 1989-90 and 1997-98 the estimated value of drugs prevented from entering the United Kingdom has risen from £679 million to £3,308 million, an average annual compound rate of 22 per cent. However, the overall trend in the period was affected by exceptional increases in 1993-94 and again in 1997-98. The Department reported that the exceptional increase in 1997-98 resulted from their having prevented a small number of criminal organisations smuggling unusually significant quantities of drugs into the United Kingdom.

3.10 Figure 6b shows the relationship between the two elements of the indicator. In 1989-90, the Department's indicator suggested that for each £1 of drugs seized, their investigations prevented the importation of a further £0.93 of drugs. For most of the rest of the decade that figure was nearer £2 but in 1997-98 rose to £3.88 of drugs additionally prevented for each £1 of drugs seized - an increase of 317 per cent since 1989-90. This increase in the value of drugs additionally prevented per £ of drugs seized reflects Customs and Excise' assessment that, through their investigations, they are being ever more successful in securing the arrest and conviction of the more serious offenders.

3.11 Based on provisional data, the Department prevented the importation of drugs to a street value of £3,308 million in 1997-98 compared to their forecast of £1,670 million for that year. Following the Government's announcement, in July 1997, of a comprehensive spending review across all departments, Customs and Excise have set a provisional target for the value of drugs prevented in 1998-99 of £2,050 million. Targets for future years will be set when the outcome of the review is known in the summer of 1998.

Organisations dismantled

3.12 Since 1990, the Department have published their estimate of the number of smuggling organisations dismantled or significantly disrupted by their operations. Figure 7 shows that this number has varied widely; the outturn of 130 for 1997-98 was achieved against a target of 108 for that year. The Department

recognised the degree of subjectivity in reporting against this indicator, and did not set it as a key performance indicator until 1996-97. In order to achieve greater consistency and uniformity when recording performance, they have changed the definition of an organisation, set stricter criteria for claiming success, and introduced an internal audit of the total. The reduced target of 100 for 1996-97 was the first to take account of these improvements and should in future allow year on year comparisons as a basis for judging trends in the effects of the Department's investigations.

Figure 7

The number of organisations dismantled by the Department

There have been considerable fluctuations in the assessed number of drug smuggling organisations dismantled or significantly disrupted in recent years ...

	← Outturn							→ Target	
Organisations dismantled	**89/90**	**90/91**	**91/92**	**92/93**	**93/94**	**94/95**	**95/96**	**96/97**	**97/98**	**98/99**
Total	161	163	65	47	69	200	173	103	130	115

Source: HM Customs and Excise

Note: 1997-98 data is provisional

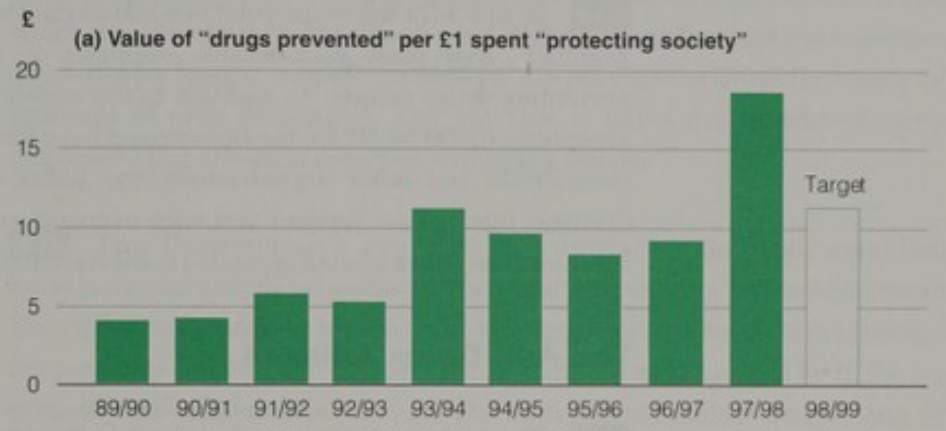
Operational effectiveness

3.13 Figure 8 brings together data on Customs and Excise' outputs and resource costs for the Protection of Society business from 1989-90 to 1998-99. As noted at Figure 2 and paragraph 1.7, the Protection of Society business area includes the prevention of other prohibited or restricted goods as well as the enforcement of drugs prohibitions. Resource costs consist of the running costs of anti-smuggling staff (operational and headquarters) and of the proportion of the Department's investigation, intelligence and policy staff that are attributable to the Protection of Society business.

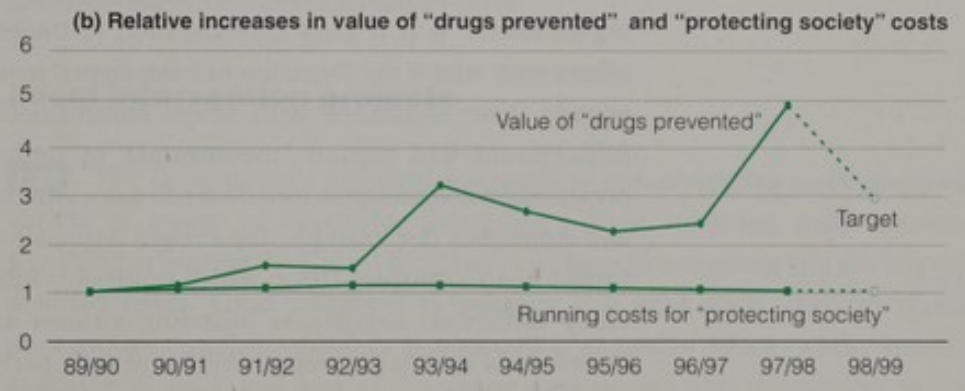
3.14 Figure 8a shows that, since 1989-90, Customs and Excise have increased the value of drugs that they prevent from entering the United Kingdom for every £1 spent "protecting society" from £4.00 in 1989-90 to £18.69 in 1997-98, almost a fivefold increase. Figure 8b shows how the assessed value of outputs has increased at a significantly faster rate than running costs, which have remained relatively constant over the period.

Figure 8

The Department are preventing more drugs from being imported into the United Kingdom for each £ spent ...



... because the value of "drugs prevented" has increased while the costs of "protecting society" have remained fairly constant.



Source: National Audit Office analysis of HM Customs and Excise data

Note: 1997-98 data is provisional

3.15 The figures for 1997-98 reflect the Financial Secretary's announcement in July 1997. This committed the Department to generating an additional £50 million of drugs prevented in that year in return for retention of the 300 anti-smuggling posts that were due to be lost in 1997-98 and 1998-99. Under revised plans for 1998-99, Customs have set a target of £2,050 million for the value of drugs prevented, which implies a value of £11.29 drugs prevented per £1 spent. This forecast is well below the exceptionally high result achieved in 1997-98, and is more in line with the trend over the full period.

Establishing anti-drugs partnerships

Collaborative measures

3.16 In line with the responsibilities laid to the Department in 'Tackling Drugs Together', they place considerable emphasis on a collaborative approach to preventing drugs misuse. In addition to the widely publicised Drugs Smuggling Freephone (0800 59 5000), the Department have fostered close partnerships with commercial and other organisations, the police service, NCIS (the National Criminal Intelligence Service) and with overseas customs and law enforcement agencies. They have 55 staff seconded to the National Criminal Intelligence Service.

The Anti Drugs Alliance

3.17 The Anti Drugs Alliance is a key example of the Department's collaborative approach to drugs prevention and is one of the Department's longest standing "non-traditional" anti-smuggling initiatives. Its launch in 1991 responded to the need to tackle drug smuggling in partnership with commercial and other organisations. It is a loose confederation of traders, transport companies and others with whom the Department have signed memoranda of understanding to engage their assistance with drugs enforcement. By September 1997, the Department had signed "memoranda of understanding" with over 100 organisations; signatories include trade associations, on behalf of their members and employees (for example, the Freight Association), trade unions (such as the United Road Transport Union which represents international lorry drivers), and many individual companies including airlines and ferry companies. These memoranda specify the responsibilities of each party to the other.

3.18 Through the Anti Drugs Alliance the Department have established contacts and developed co-operative relationships with the trade, leading to:

a) an increased flow of information from traders, enabling Customs to develop and refine intelligence profiles, identify potential targets and make drug seizures and arrests;

b) the heightened awareness of traders to the drugs risk (arising, in some cases, from the opportunity for Customs officers to train members of traders' staff);

c) the tightening up of traders' control systems; and

d) the generally higher profile given to drugs which may lead to an overall reduction in the amount of drugs unwittingly imported by individual organisations.

Through the Anti Drugs Alliance, Customs often obtain early access to information, which may be of prime importance in detecting smuggling and the movement of drugs money (that is, money intended for the purchase of drugs for supply or the proceeds of drug trafficking), and are able to enlist the support of company employees and others in detecting smuggling activity.

3.19 The Department's input to this initiative includes establishing arrangements, making educational visits and following up information received. They have not quantified precisely the resource input to this initiative, because of the part-time involvement of a number of staff, but estimate it to be in the region of twenty five staff years per annum. The Department consider that the Anti Drugs Alliance is a valuable initiative. They are not currently able to quantify its effectiveness, which they believe would need to be done in the broadest sense and not just in respect of directly attributable seizures. Work is in progress on the development of systems to monitor results.

Local intervention projects

3.20 The Department's principal approach to anti-smuggling work involves a variety of means of identifying smuggling activity involving traffic entering, transiting or leaving the United Kingdom, and then investigating and dealing with detected cases. Local initiatives to enhance this work have, through specific projects, seen staff increasingly implementing strategies which, whilst aimed at detection of individual acts of smuggling activity, are also intervening in, and reducing, opportunities for smuggling. Figure 9 provides an example of an intervention project carried out by anti-smuggling staff.

International co-operation

3.21 The Department's contribution to enforcement work outside the United Kingdom includes the provision of intelligence and other assistance to other countries' law enforcement agencies. They exchange staff with foreign agencies, offer intensive training in their risk based methods and have well-tried and long-established conduits for the spontaneous exchange of tactical intelligence. Despite the availability of positive information regarding the outcome of enforcement effort outside the United Kingdom, the Department's reasons for not including these results in their published performance indicators are:

An example of the intervention approach to preventing drug smuggling

Figure 9

At a particular location, identified as presenting risks of drug smuggling, a small anti-smuggling team had been set up, experimentally, to research and seek to prevent the involvement of local employees in drug smuggling.

In its first nine months of operation, the team had:-

- established liaison with employers, as a result of which additional closed circuit television had been installed to monitor loading and unloading activity;
- identified a number of employees with recent criminal convictions for drugs or other serious offences, that had not been declared as required, whom the employers then took action against;
- advised colleagues and employers how working practices could be revised to increase the prospects of detecting such involvement;
- undertaken regular high profile patrols and risk tests of shipments; and
- generated intelligence that had been passed to other Customs units.

Whilst not leading directly to any drug seizures, this project has effected a reduction in the location's exposure to a number of recognised risks .

a) the difficulty of assessing the importance of the Department's contribution;

b) the uncertainty of the intended destination of drugs seized;

c) the risk of double counting results; and

d) the risk to the security of their overseas drugs liaison officers.

They are currently, however, developing performance measures to reflect for example the lasting effectiveness of disruption to illegal activities overseas.

Part 4: The wider impact of the Department's activities

Introduction

4.1 The earlier parts of this Report have discussed the effectiveness of the Department's drugs enforcement work and the efficiency with which they use their resources to achieve their targets. This Part of the Report considers the availability of evidence as to whether their drugs enforcement work has any wider effect in stemming the overall flow of drugs into the United Kingdom.

Identifying the impact of enforcement efforts

4.2 The Criminal and Enforcement Policy Group (Figure 3) are responsible for determining the Department's general approach to enforcement. The division consult widely within and outside the Department before producing annual statements of enforcement needs, which set the Department's policy objectives and targets. Following discussion and agreement with the operations division these targets are subsequently written into the Customs and Excise' annual strategic management plan, where they accompany a brief statement of the Department's policy objectives. The annual plan is agreed with Ministers.

4.3 The Department's statement of enforcement needs for drugs focuses on the interception of illegal consignments. It states that the Department's enforcement policy is "...to operate proactive, selective, intelligence based checks targeted by specific, profiled or trend intelligence". It states that tackling drug smuggling is an equal top priority of the Department (together with collecting and managing the taxes for which they are responsible) and that the highest specific priority is to be given to the interception of commercial trafficking and the prosecution of those involved; lower specific priority is to be given to intercepting smaller quantities of drugs for "personal use". The Department's key performance targets, drugs prevented and organisations dismantled (paragraphs 3.7 to 3.12), are directly concerned with measuring the achievement of this priority.

4.4 While these performance indicators inform the Department's key objective (paragraph 1.10) in that they show the aggregate success of Customs and Excise' drugs enforcement work, they do not show the extent to which the Department have any overall impact on the illegal drugs market within the United Kingdom.

either in the short or longer term. Increases in drug seizures may indicate that Customs and Excise have seized a greater proportion of the drugs available on the illegal market or they may, alternatively, reflect a growth in the volume of drugs smuggled. And increases in the drugs prevented or organisations dismantled indicators, whilst confirming that some organisations have been prevented from importing drugs into the United Kingdom, do not show whether there has been any overall reduction in supply, since other organisations may have stepped in to make up any shortfall.

4.5 Difficulties faced by the Department in assessing their wider impact on the illegal drugs market include

a) the clandestine nature of both the trafficking and the misuse of drugs;

b) the availability of reliable evidence as to the totality either of the available supply of illegal drugs or of the demand for them; and

c) isolating the impact of the Department from that of other agencies tackling drug misuse, such as the police or health and education authorities.

Assessment of risk

4.6 To increase the operational effectiveness with which they use their anti-smuggling resources, and maximise their impact on the drugs trade, the Department have developed a methodology to inform the allocation by collection of their anti-smuggling resources in line with the assessed proportion of the risk. They assess risks by reference to a range of factors including the origin of the traffic, past seizures and mode of transport. Risk analysis brings together statistical information, intelligence and expert opinion from a number of internal and external sources.

4.7 The assessment of risk and deployment of resources is a multi-level exercise (Figure 10). At a strategic level, the Department utilise the Anti Smuggling Risk Assessment System to assist in the strategic deployment of operational resources to collections. This is a computer based model that calculates a share of the total national drug smuggling risk for each collection based on a range of factors, including volumes of traffic, traffic type, country of origin, past seizures and intelligence forecasts. For some types of risk (for example, smuggling by small boats, away from ports) the small number of seizures inhibits such an analysis and this aspect of the model considers specific additional factors such as suspicious activity and the proximity of possible landing sites to the Continent. Lower level tactical deployment of resources within collections and at specific locations is more

Risk assessment and anti smuggling resource deployment

Figure 10

All anti-smuggling resources are deployed against risk. The risk assessment principles involved are consistent at all levels (headquarters, collections and ports).

Resource deployment		Methodology and main sources of information
From	**To**	
Departmental headquarters	Collection	Assessment of the overall share of drug smuggling risk faced by each collection, including traffic flows and origin of risk ratings. A computer model (the Anti Smuggling Risk Assessment System) is used to collate these data and apportion risk.
Collection	Port or other location.	Assessment of risks faced at each location, including the analysis of local traffic flows, intelligence reports, geographical considerations and the identified need for specialist skills.
Port	Specific time, place, task, etc.	Immediate (day to day) decisions regarding the deployment of staff, based on, for example, the origin of traffic, examination of manifests, passenger lists, and other sources of information to identify most likely targets.

reliant on localised threat assessments and reactions to the nature and type of traffic passing through a port or airport at any given time. This information is supplemented, to varying degrees, by tactical intelligence and/or confidential information available to the National Investigation Service.

4.8 The Department have been implementing a structured risk testing initiative since May 1996 to try to improve and maintain their understanding of risks and to evaluate the effectiveness with which they were tackling them. This requires collections to assess all smuggling risks against a common standard and to test them over a period of time. Under this initiative, information about checks of passengers, vehicles or cargoes made within the structured risk testing programme is recorded and fed into a central computer database, which can be interrogated at headquarters and locally. The first year's results are already being used to validate and refine assessments of risk within the separate Anti-Smuggling Risk Assessment System.

4.9 The Department update the output from their risk modelling at regular intervals drawing on a variety of sources including changes in traffic volumes and level of seizures. The model is designed to quantify *relative* risks. The Department do not seek to quantify the *absolute* risk in any one location. They do not use risk

modelling formally to evaluate whether their actions have led to any reduction in specified levels of risk or to distinguish the effect of their actions from that of other factors influencing risk; although intelligence or information gathered can sometimes identify where action has deterred smugglers from using a particular route, method or entry point.

Deterrent effects

4.10 The Department's two key performance indicators, drugs prevented and organisations dismantled (paragraphs 3.7 to 3.12), address the impact of their anti-smuggling activities on those directly concerned in particular drug importations. A further dimension to assessing the effectiveness of the Department's actions, and through these their impact on the flow of drugs into the United Kingdom, would be to evaluate whether others are deterred by, for example, the successful interception of drug shipments.

4.11 The Department strongly believe that the sum of their enforcement activity produces a wider deterrent effect which inhibits overall quantities imported to a much greater extent than the amount that they report as prevented. They have recently undertaken research into the nature of deterrence to try to gain an insight into the aspects of Customs and Excise' control that generate a deterrent effect and those that do not. The research has been carried out in a number of phases and is not yet complete. It has included interviews with Customs' informants and convicted drug traffickers, and econometric analysis of drugs supply chains. The Department's objectives for this research are to assist in their understanding of the deterrent effect of their operations and in the development of appropriate operational strategies. They have yet to quantify the scale of the deterrent effect as they believe that any estimate would be hypothetical, extremely difficult to verify and add little value to the process.

Information about the drugs market

4.12 Examples of available information about the national and international drugs market, that might be used to put Customs and Excise' results into context and to provide an insight into their wider impact on the drugs market, are shown below. The Department use these, together with other data sources, to inform their strategic assessments and risk profiles and to determine their intervention strategies. They do not, however, use such information to provide a quantified assessment of their success in inhibiting the United Kingdom's exposure to the international drugs trade.

The World Drug Report

4.13 The "World Drug Report" was commissioned by the United Nations International Drug Control Programme to collate economic, social and other data on the world drugs problem. Its findings, published in June 1997, included the following statistics:

a) the best estimate of the global turnover of the illegal drugs trade was in the region of US$400 billion annually - approximately eight per cent of total legitimate international trade;

b) cultivation of coca leaf (the base for cocaine) had more than doubled since 1985, and an estimated 1,000 tonnes of cocaine was produced in 1996, of which some 25 per cent was seized by law enforcement agencies;

c) the cultivation of opium (the raw material of heroin) had more than tripled since 1985; with more than 300 tonnes produced annually, and global seizure rates running at about 10 per cent;

d) no estimates for the global production of cannabis were given, but seizures had more than doubled since 1985, with 3,000 tonnes of herbal and 1,000 of resin seized in 1995; and

e) in the case of synthetic drugs, trafficking figures were less relevant because drugs were usually produced nearer the point of consumption, but there had been an estimated annual increase of 16 per cent in seizures in recent years.

This report aimed to provide a broad overview of the world drug situation and to raise public awareness of the scope and complexity of drug problems, rather than to explain patterns of drug trafficking in respect of any particular country.

The National Threat Assessment

4.14 In January 1997, the Department's National Intelligence Division produced its first strategic assessment of the threat to the United Kingdom from world drug trafficking. Although its detailed findings are confidential it reported, in general terms, an increasing threat to Customs and Excise' controls arising from:

a) a general increase in international drug production and in drugs targeted at the United Kingdom market;

b) increased diversification of routes and methods of smuggling;

c) a trend to greater flexibility and increased sophistication by drug smugglers, including the ability to respond quickly to enforcement efforts by diverting consignments elsewhere; and

d) increased co-operation and networking between criminal groups involved in drug smuggling.

The National Threat Assessment report was not produced for the purpose of performance evaluation, and did not, therefore, seek to make quantitative assessments of the size of the United Kingdom market.

"Drug Misuse in Britain"

4.15 The United Kingdom's Institute for the Study of Drug Dependence publishes a biennial review of "Drug Misuse in Britain", which collates all official statistics and data from studies relating to the prevalence of drug misuse. The most recent edition, published in 1996, made particular use of the Home Office's "British Crime Survey 1996" and reported that:

a) at least 25 per cent of the United Kingdom population have used drugs at some point in their lives; 10 per cent (four million people) have done so in the last year and 5 per cent (two million) within the last month;

b) in total, 21 per cent of the population have tried cannabis and 5 per cent are still using it every month;

c) cannabis is responsible for over 80 per cent of reported drug use, but two in five of those who have used cannabis in the last year have also used another drug;

d) use of heroin, cocaine and crack, is recorded at low but measurable levels in the general population, with around one to two per cent having used them (around six hundred thousand people);

e) half of young people aged between 16 and 25 (three and a half million) say they have taken drugs, of which a third say that they are still using them; and

f) about 14 per cent of young people have used either amphetamine or LSD, while some 8 per cent have tried ecstasy.

Street level values of drugs

4.16 Using 1989-90 as the base year, Figure 11 shows price indices for the major drug types, alongside the alcohol and tobacco element of the Retail Price Index over the same period. The drugs price indices are national averages, derived from intelligence obtained by police and Customs and Excise for the street level values at which drugs are traded. Only cannabis resin has ended this period significantly higher than it started. Synthetic drugs and cocaine have fallen in price, while heroin and herbal cannabis have ended the period at the same price. In each case, the overall trend masks considerable volatility from one year to the next, which may partly reflect any inherent unreliability of the data. In response to enquiries from the Committee of Public Accounts in March 1997 (16th Report, Session 1997-98, HC424), the Department said that, in addition to purities of drugs, street level prices were affected by other considerations such as the increasing trend in the stockpiling of drugs. Subject to these limitations, the price trends do not suggest that, nationally, supply has become more restrictive relative to demand.

Street level values of drugs

Figure 11

Street prices of most types of drug have shown a flat or falling trend over the period...

Drug price indices	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98
Synthetic	**1.00**	1.01	0.96	1.00	0.88	0.77	0.70	0.63	0.59
Heroin	**1.00**	0.96	0.88	0.96	1.00	1.03	1.00	1.10	1.01
Cocaine	**1.00**	0.90	0.83	0.75	1.23	0.79	0.70	0.63	0.83
Cannabis Resin	**1.00**	0.84	0.92	0.90	1.20	1.38	1.20	1.40	1.34
Cannabis Herbal	**1.00**	1.20	1.14	1.17	1.14	1.17	1.07	0.93	1.00
Retail Price Index (alcohol & tobacco)	**1.00**	*1.09*	*1.23*	*1.32*	*1.40*	*1.46*	*1.53*	*1.59*	*1.65*

Source: National Audit Office analyisis of HM Customs and Excise data

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