

Resourcing UK law enforcement to tackle grand corruption and kleptocracy

*report of a roundtable convened by the
Centre for the Study of Corruption in June 2021*

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1. Background

The past twelve months have brought significant change to global efforts to combat corruption. These had been marking time since the London Anti-Corruption Summit of 2016 and the election of President Trump. However, the election of President Biden, along with his commitment to treat corruption as a matter of national security, has reinserted the fight against corruption into the international agenda.

In this context, on June 15th 2021, an expert panel on “Resourcing UK law enforcement capability to tackle grand corruption and kleptocracy” was convened by the Centre for the Study of Corruption at the University of Sussex and hosted by Outer Temple Chambers. The expert panel consisted of:

- Chair: Michael Bowes QC, Outer Temple Chambers
- Dame Margaret Hodge, MP for Barking and Dagenham and Chair of the All-Party Parliamentary Group on Anti-Corruption and Responsible Tax
- Sir David Green QC, Former Director of the Serious Fraud Office
- Jonathon Benton, Founder of Intelligent Sanctuary

The invited audience comprised stakeholders from academia, civil society, think tanks, parliament, the legal profession, law enforcement agencies, and current and former practitioners. The discussion focussed on the extent to which UK law enforcement resourcing was adequate to tackle the twin challenges of grand corruption¹ and kleptocracy.

This Working Paper is based on the discussions that took place at this event. It looks both at how the UK can allocate its existing law enforcement resources most effectively, and also whether additional resources would help to secure better outcomes. Prior to the event, a background paper was commissioned² on the level of current resourcing for key UK law enforcement agencies with a responsibility for grand corruption and kleptocracy. A summary of the findings can be found in Annex I.

Box: current levels of UK law enforcement resourcing for tackling kleptocracy and grand corruption

Our research estimates that £43.1 million of resourcing is allocated annually to enforcement activity which relates to the tackling of grand corruption, foreign bribery and related money-laundering and confiscation of proceeds. The National Crime Agency states that ‘Money laundering costs the UK more than £100 billion pounds a year’, although only a proportion of this relates to the proceeds of corruption and kleptocracy.³

Of this £43.1 million, around half the budget and staff are allotted to HMRC, whose AML enforcement Transparency International has described as offering ‘little deterrent.’⁴

Some key law enforcement units assigned to the task of tackling money laundering do not appear to have any full-time staff dedicated to this exercise.

Source: Annex I: Background paper by Helena Wood

Note: The report on ‘Closing the UK’s economic crime enforcement gap’ from Spotlight on Corruption published in January 2022 cites a figure of £852 million for the UK’s overall spend on economic crime. The figure cited in this Working Paper of £43.1 million is an assessment of the funds allocated to tackling grand corruption and kleptocracy, and is broadly a subset of the overall spend on economic crime.

¹ Grand corruption is defined by Transparency International as the abuse of high-level power that benefits the few at the expense of the many, causing serious and widespread harm to individuals in society.

² The background paper was written by Helena Wood

³ <https://www.nationalcrimeagency.gov.uk/news/national-economic-crime-centre-leads-push-to-identify-money-laundering-activity>

⁴ Financial Times July 8th 2018 <https://www.ft.com/content/7782eeac-7fc4-11e8-bc55-50daf11b720d>

2. Key messages from the panel

Sir David Green

- “My best guess would be that about 20% of [the Serious Fraud Office] budget and staffing is devoted to investigations related to grand corruption.”
- “The budget could easily double. I say that because one of the biggest problems we face and the biggest hole in our defences [...] is the slew of dirty money coming into London. That money comes from grand corruption abroad and we are helping kleptocrats to launder their money through our property market, through our company law and all sorts of mechanisms which allow dirty money to be hidden. So, what would you spend an increase in budget on? I would say it needs to be spent primarily on intelligence. If you look, for instance, at SARs and suspicious transaction reports, what actual use is made of those reports when they are filed by professionals? I heard [reports] of the same problem in America from colleagues in the FBI and the Justice Department. The reporting requirements produce vast amounts of data in relation to suspicious transactions and yet, very little is actually done to harvest this data and do something about it. So, whether this is a technological problem or whether it underlines a requirement for expert investigators I’m not sure, but certainly much more attention needs to be focussed in intelligence teams on harvesting this material and using it as the basis for criminal investigations.”
- “The money needs to be spent on intelligence, harvesting intelligence, developing it, and coordinating between specialist investigators; and using the private sector, on certain particular cases in order to chase the money down. [...] Large budgets would also have the effect of speeding up investigations, which is one of the SFO’s huge problems.”
- “Would a doubling of a budget from £52 million to £104 million be justified? Well, [...] the SFO is certainly not a profit centre. Between 2016 and 2020, the SFO contributed £1.3 billion to the Treasury; that is six times its own cost to the taxpayer. So, [...] of course it’s justified. Should the budget go up? Yes.”

Jonathon Benton

- “I turned down at least one case almost every single week [at the National Crime Agency]. [...] Our hands were often tied because it was a jurisdiction where we knew we couldn’t get any international cooperation.”
- “If there was [...] an increase in resources, one would expect to see more cases coming through with time. The other question is [...] have we got the right people doing the right job? I’ve learned huge amounts since moving into the private sector and I’ve had the privilege of working with some really interesting people, from NGOs to international banks and sovereign states. It’s really opened my eyes as to [...] how insular policing and law enforcement is and how it’s not harnessing the expertise and the resources that are out there.”
- “The international corruption unit is largely [comprised of] detectives, whereas the model adopted in the US where you would have an experienced detective leading a number of analysts and other specialist personnel that aren’t as expensive and can get [through more] cases.”
- “I would like to stress [...] the role of private sector FinTech solutions and how they can help [to] accelerate cases. I would say that, at best, law enforcement is at least a decade behind the technology available in the private sector. At worst, it is even more than that.”

- “I think that there’s every argument to increase at least the resources within the National Crime Agency by 100%. One shouldn’t forget that around that is a huge amount of other resources that support it. [...] I’m pretty confident that you would see that uptick in cases as one has seen in other areas, like counterterrorism.”

Dame Margaret Hodge

- “If you’re going to argue for more money, one of the things that we need to do is improve the quality of our data. I was very taken with the document put together by U4 which looked at ten global corruption statistics [...] and they found that none of them passed the total legitimacy test, four produced completely unfounded figures, six were problematic and only two of those came close to credibility. If one is going to mount an argument for government resources, using credible statistics to demonstrate the size of the problem [...] is important.”
- “My perception is that there isn’t the political will to prioritise the pursuit of dirty money and kleptocrats sufficiently. [...] You see that in the way that resources are allocated within the agencies that we currently have [...] Getting that priority and getting the political will is still a challenge.”
- “If you want money to be spent more effectively, I do think you have to come back to some change in legislation. I don’t think it’s only a question of implementation. For example, the disappointment in the performance [of] some of the new powers in the Unexplained Wealth Orders. If we could limit the financial cost [of] failure, that would release more resources to pursue [cases] more vigorously. That requires a legislative change [...] and a willingness to take risks. I think there is not a willingness by so many of our enforcement agencies to risk losing so if they were covered by that it would be better.”
- Other issues that we’re campaigning on, such as the reform of corporate liability, the register of corporate ownership of property [...], and the Companies House reform which keeps getting pushed back – all these reforms would assist in ensuring better value for money in enforcement and I don’t think we should lose sight of that.
- Money has been taken away from this field and we haven’t shouted loudly enough about the reduction in resources, whether it’s the failure of the NCA to meet the commitments under the Economic Crime Plan, [...] the CPS cuts, [or] the SFO bearing the cost of losing cases, you have to be much tougher on that to release resources.

3. How much resourcing is enough?

The common diagnosis of the expert panel and invited audience identified five key areas for consideration:

1. Whether it is necessary to **increase the budgets** of the UK agencies responsible for grand corruption and kleptocracy, and thereby increase among other areas the **headcount**.
2. How to create a career path that **attracts and retains qualified staff**.
3. How to expand the use of **technology** to target and investigate suspicious cases.
4. What role **private sector experts** and tech might play in investigation if budgets were available, as well as in assisting with civil prosecutions.
5. How to create effective **international cooperation networks** that are necessary to handle transnational corruption cases.

3.1 All about the money?

In simple terms, the discussants agreed that greater financial resources are only a partial answer. The predominant view was that although increased funding could allow more resources for different work streams, the commonly encountered barriers to opening or carrying out an investigation are as much related to structural issues present within the law enforcement agencies as to a lack of money. In fact, some participants cautioned that too rapid an increase in the funding available to law enforcement agencies could jeopardize their efficiency.

However, funding does constrain capacity. For example: high staff turnover (with staff often lost to the private sector) creates difficulties in preserving institutional memory through time and consequently harms ongoing investigations; and the lack of adequate technologies hampers the ability to analyse suspicious activities data and use smart approaches to prioritise and pump-prime investigations. An example of constraints beyond solely financing is the lack of cooperation from overseas authorities in countries from which the proceeds of corruption have originated.

Clearly, more funding could help law enforcement agencies to design and implement policies aimed at tackling such issues. The discussants stressed the importance of law enforcement agencies grounding their arguments for more resources in evidence-based analysis, to illustrate where and why additional funding would make a difference. This would allow them to build clear rationales and narratives about value for money.

The discussion also highlighted the importance of innovation in non-financial human resource strategies to retain the right people for the job in the public service.

Two areas for innovation were strongly flagged in the debate. First, the advantages of fostering public-private partnerships to give law enforcement agencies access to surge capacity for investigations, different investigative techniques, and the latest tech capabilities. Such partnerships might, for example, involve data intelligence firms or forensic accountants using latest-generation AI. Secondly, making more use of civil litigation instruments to expedite legal proceedings and thereby increase both the case load and the chances of success.

The discussion also focused on the question of whether, with more funding, agencies should focus more on investing in people or technology. On the one hand, it is important to invest in recruiting the right people for the job. On the other, creating or adapting technologies, such as Artificial Intelligence and Machine Learning, to increase agencies' processing power, capitalising on the rise of data analysis tools to examine big data and cross-reference information from different sources.

3.2 Retaining talent

Talent retention within the agencies that are charged with tackling corruption in the UK was a matter of lively discussion. One issue highlighted was the possible effect of increasing public sector salaries to offer a more equal playing field with the private sector, which is very successful in offering higher salaries, development paths, and work conditions. Some participants who had worked in law enforcement agencies highlighted the staff losses and high turnover they had suffered in managerial positions and their implications, such as the erosion of institutional memory, momentum, or resources for ongoing investigations.

By contrast, it was argued that the creation of an organisational culture that engages people and makes them feel part of a greater cause, in which they are making a positive difference for society, is enough reward to offset the attractive salaries and benefits packages in the private sector.

It was generally agreed that both measures are important to retain motivated law enforcement agents with the necessary resources to achieve good performance.

3.3 Technological frontier

The rise of digital banking, globalisation, and the exponential increase in connectivity between financial systems have advanced the financial services industry in areas such as security and compliance. The technological advances also provide opportunities for kleptocrats and others to exploit the system, particularly in the rapid movement of funds and in keeping their funds under conditions of secrecy.

Law enforcement agencies are clearly lagging behind in their tech capabilities. This includes both the access to tech solutions and personnel capable of planning and implementing a tech-driven law enforcement approach. However, such approaches have become common within the private sector, for example in asset tracing.

There is consequently an urgent need both to invest in new technologies and to buy in expertise and capabilities from the private sector for specific investigations. This would also help make better use of human resources. For example, better technological capabilities to scan and target big datasets would free up personnel capacity to focus on cases with higher risk-return rates.

4. Transnational efforts for transnational crimes

Capacity was frequently raised in the discussion as a problem area, and related to how many cases are taken on, and why some cases are dropped. However, this lack of capacity was not solely financial and within the UK, but also based on the shortage of capable (and sometimes trustworthy) counterparts in other countries to carry out the necessary investigations, or even to process simple data and information-sharing requests.

Although what takes place overseas is outside the UK's direct control, the UK can still play a role via the work performed by the Foreign, Commonwealth & Development Office (FCDO) and via the UK's own institutional arrangements. The International Anti-Corruption Coordination Centre was specifically created to help transnational cooperation in investigating grand corruption; and there is a unit in the Home Office Central Authority to expedite MLA requests relating to grand corruption cases and the build capacity abroad around making MLA requests to the UK. As with other aspects of law enforcement capability, these creative approaches still require long-term funding, the right resourcing levels, staff retention and innovative approaches.

A further need is for a transnational network of governmental agencies committed to pursuing anti-corruption efforts.⁵ However, participants noted a number of challenges in trying to create this type of international effort. These include the different priority level given to anti-corruption efforts across countries, the uneven level of resources available to perform investigation and enforcement tasks and, crucially, the power that international corrupt actors exert over their local governments, managing to delay and block local authorities' attempts to investigate any indicator of wrongdoing.

5. Conclusion

The panel and discussion concluded:

1. More money alone is not enough - but is necessary if grand corruption and kleptocracy are to be better tackled by UK law enforcement agencies.
2. It would be desirable to double the budgets of key agencies.
3. Political will within the incumbent government is also a necessary component, both for budget allocation and creating an environment that is favourable to investigations and prosecutions.
4. This should go hand in hand with practical reforms, including:
 - a) better use of tech
 - b) measures to improve staff retention
 - c) much quicker case progression using a variety of legal routes
 - d) buying-in tech and other expertise from the private sector
 - e) key legislative solutions such as corporate liability reform.

Action in these areas should help to increase value for money, staff morale and the credibility of the threat of enforcement, which ultimately should reduce the attractiveness of the UK as a safe haven for the proceeds of grand corruption and kleptocracy.

⁵ Note, however, the GloBE network, recently established as a result of the Saudi Arabia G20 Presidency.

Annex I: Current resourcing of key agencies

Overview

The [UK's Anti-Corruption Strategy 2017-2022](#) committed to “stronger law enforcement, prosecutorial and criminal justice action” on corruption, including stronger prosecution, asset return and action on anti-money laundering (AML) relating to grand corruption.

The background paper produced for the workshop by Helena Wood, summarised in the table that follows here, explores the role of some of the major UK agencies involved in anti-bribery and corruption (ABC) enforcement activity, sets out their budgets and headcount, and where possible sets out the ABC enforcement budget (or an estimate in the absence of data). It also explores the role of some of the major UK Overseas Development Assistance (ODA) funding streams in supporting ABC enforcement in the UK and upstream. The full paper is available on request from the Centre for the Study of Corruption.

Methodology

Scope of research

The information covers the following categories of enforcement activity:

- Enforcement activity which relates to the tackling of grand corruption, foreign bribery and related money-laundering and confiscation of proceeds. *This paper does not therefore cover UK domestic corruption enforcement.*
- This includes the investigation of criminal offences, the enforcement of related money-laundering regulations and the criminal and civil investigation of proceeds derived from these offences.
- Enforcement activity within the UK as well as UK-sponsored ‘upstream’ enforcement activity with a nexus to the UK.
- UK ODA-sponsored activity to support upstream capacity-building of ‘at source’ ABC enforcement activity.

Caveats on the data

- The paper is not intended as a conclusive picture of all UK ABC enforcement activity, rather it presents an overview of the landscape and a summary of the main units and funding streams available for ABC enforcement.
- It does not cover the lower-level enforcement activity undertaken by territorial policing or local prosecution units within their wider remits, given the paucity of information relating to their role in ABC enforcement.
- In most instances ABC enforcement is undertaken as part of a broader-based responsibility. **Budgetary and headcount estimates are therefore heavily caveated** and based on broad assumptions on the proportions of individual agency activity relating to ABC enforcement. For researchers wishing to see the full detail on the basis for assumptions made and detailed results, the full paper can be made available.

Summary of agencies, budgets and headcount [for 2019-20]

Agency	Applicable laws	Current/ latest Budget	Historical budget (year)	Current/ latest headcount (year)	Historical headcount (year)	Notes/ assumptions
NCA – ICU	BA, POCA, CFA	£4m	£4	50	50	Funded from DFID/FCDO UKACT Programme
NCA-IACCC	BA, POCA, CFA	£500,000*	£1m set up cost - 2017	Unknown	Unknown	Funded from the x-HMG Prosperity Fund
NCA - CRT	POCA, CFA	£3m*	Unknown	No specific posts – assumed FTE equivalent 20	Unknown	Work undertaken as part of wider role; no specific ABC headcount Figure based on assumption of 20% of CRT work allocated to ABC.
NCA – UKFIU (PEPs)	POCA	£80,000*	Unknown	2*	2*	Figure relates to UKFIU PEPs desk, assuming 2 FTE employees.
NCA ILO	BA, POCA	£1m*	Unknown	No specific posts	No specific posts	No specific ABC posts; work undertaken as part of wider work of the NCA international network.
NCA – JMLIT	POCA, MLRs	£20,000*	£20,000*	0.5 FTE*	0.5 FTE*	Staffing levels unknown – assumption based on FTE equivalent allocated to the JMLIT Bribery and Corruption Working Group
SFO	BA, POCA, CFA	£13m*	Unknown	No specific posts – assumed FTE equivalent 115*	Unknown	Figures based on assumption of 25% of SFO work directed to ABC enforcement.
CPS	BA, POCA, CFA	£3.2m*	Unknown	No specific posts	No specific posts	Figures based assumption of 0.5% of CPS activity directed to ABC enforcement.
HMRC AML Supervision (AMLS)	MLRs	£16.8m (see notes)	Unknown	280 (see notes)	200	Figures relate to broader AMLS role – not specific to ABC enforcement.
FCA - OPBAS	MLRs, POCA	£1.5m	£1.2m	20*	20*	Wider FCA figures can be found in section 2 of background paper – not possible to extrapolate ABC figures from wider FCA role
DFID (Now FCDO)	N/A - funder	£4m (allocated to ICU above)	2016-2020 £21m	n/a funder	n/a funder	This relates to UKACT Programme – funding largely allocated to NCA ICU noted above.

*Estimated figure based on assumptions set out in background paper prepared for workshop.

Acronyms: POCA = Proceeds of Crime Act 2020. BA = Bribery Act 2010. MLRs = **Money Laundering Regulations 2017** (as amended in 2020). FSMA = Financial Markets and Services Act 2020, CFA = Criminal Finances Act. ABC = Anti-Bribery and Corruption. UK ACT = UK Action.

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